UNIVERSAL REGISTRATION DOCUMENT 2023

+ including the annual financial report, the non-financial performance statement and the duty of care plan

MICHELIN

CONTENTS

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This is a translation into English of the Universal Registration Document of the Company issued in French and it is available on the website of the Issuer. All possible care has been taken to ensure that this translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

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.

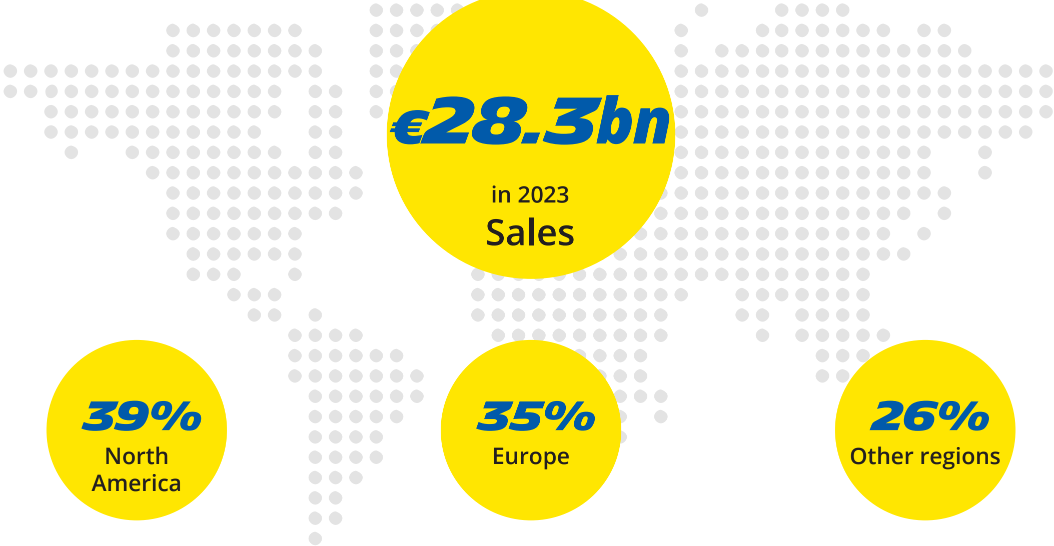
The Annual Financial Report included in the Universal Registration Document is a translation of the official version of the Annual Financial Report in format ESEF (European Single Electronic Format), which may be found on the www.michelin.com website.

1 PRESENTATION AND STRATEGY OF THE MICHELIN GROUP

Offering everyone a better way forward is our purpose.

Michelin believes that the future can only be built on a sustainable growth model. With its unrivaled expertise in composites and advanced manufacturing processes, Michelin is constantly innovating to design premium tires, polymer-based components for critical applications, connected solutions for fleets and remarkable experiences curated by the MICHELIN GUIDE.

MICHELIN, AN INNOVATION-DRIVEN GLOBAL LEADER



€28.3bn
in 2023
Sales

39% North America

35% Europe

26% Other regions

AUTOMOTIVE	LONG DISTANCE AND URBAN TRANSPORTATION	SPECIALTY BUSINESSES	
50%	**25%**	**20%**	**5%**
Original equipment and replacement tires	Heavy truck, light truck and van tires Connected solutions	**Beyond-road tires** Mining, agricultural, construction, materials handling and aircraft tires	**High-tech materials** Coated fabrics, films, conveyors, belts, seals, inflatable structures, biomaterials, etc.

EMPLOYEES

132,500
people worldwide at year-end 2023

LIVING WAGE
CERTIFIED

INNOVATION

6,000
people in R&D

€1.2bn
2023 innovation budget

PRODUCTION

86
tire production facilities

45
high-tech materials production facilities

PLANET

-6%
CO_2 emissions in 2023 vs. 2022

-10%
water withdrawals in 2023 vs. 2022

INTERVIEW WITH MANAGING CHAIRMAN FLORENT MENEGAUX

WE WANT TO CONTINUE CREATING VALUE FOR PEOPLE, THE PLANET AND OUR OWN BOTTOM LINE. THIS MEANS CONTINUING TO EXPLORE NEW FRONTIERS, WHERE WE CAN FULLY EXPRESS OUR EXPERTISE BOTH IN HIGH-TECH MATERIALS AND IN CUSTOMER EXPERIENCES."

How would you describe Michelin's performance in 2023?

> Florent Ménégaux: Michelin delivered a very robust performance in what is still a highly complex environment.

Financially, our segment operating income improved significantly to €3,572 million, and our cash flow from operations rose to an all-time high of €3,009 million.

In terms of people, the employee engagement rate continued to improve, gaining one point over the year to 83.5% in 2023. At the same time, we made progress in increasing the number of women in management positions and in further reducing the TCIR, which measures the frequency and severity of occupational accidents.

On the environmental front, I would like to highlight the significant 6% year-on-year decline in our carbon emissions achieved in 2023.
We also reduced the amount of water withdrawn for our manufacturing operations by 10% compared with 2022.

These outcomes are indicative of the overall progress we're making on the three People, Profit and Planet bottom lines. Year after year, we're demonstrating that not only is it possible to strike the right balance of creating value in these three areas, but also that their interdependence is the only way for us to drive sustainable growth.
I'd like to congratulate all our employees. This performance is theirs, and we can all be proud of it together.

How did the different business lines contribute to the year's performance?

>FM: These results attest to the collective performance of all our employees. Our customers increasingly understand and value the quality of our solutions, products and services, which is why our financial performance improved despite the decline in volumes. Our operational management also enabled us to sharply scale back inventories, which helped to increase cash flow.

The non-tire businesses, whose sales rose by 10% over the year, are proving to be a sustainable growth engine for the Group. I'm thinking, for example, of conveyors, which are part of our high-tech materials business, or our fleet services. The integration of Flex Composite Group is going smoothly and is already creating value. The performance of our Lifestyle operations is also promising.

Do these results mark the success of your value-first approach?

>FM: We want to create value simultaneously for people, the planet and our own bottom line.

Value isn't a niche strategy. Our customers recognize the quality and performance of our products. They're willing to pay the right price for the real-world benefits we deliver. In this sense, value is embodied in our brand, which has always been a hallmark of trust and innovation. Value also stems directly from the quality of our employees, who work tirelessly to deploy our expertise and offer our customers the very best.

By recognizing and promoting the value of what we do today, we'll be able to design even more environmentally friendly products and services tomorrow, thanks to teams that are increasingly better trained and more engaged. The value-first approach is therefore a source of general progress that we think should benefit as many people as possible.

How would you assess the first years of the Michelin in Motion plan?

>FM: The Group is continuing to execute its strategy and is on track to fulfill its 2030 ambitions.

We've seen that by maintaining our course, we've been able to successfully navigate a complex, ever-shifting environment. Our strategy acts as a compass, guiding us to make the right choices. Because our destination is clear, we can constantly adjust our course to reach it.

The second major lesson is the way that our strategy has strengthened our resilience. By deploying our core capabilities in new markets, the strategy is broadening our playing field and reducing our cyclical exposure. This was demonstrated once again this year by the growth in our non-tire businesses.

Lastly, this success has only been possible because the strategic plan's six transformations are all delivering their benefits. We can see their real-life impact every day in the personal growth of our employees, in the experience we offer our customers, and in the design of our products, which are now engineered from the outset to minimize their life-cycle environmental impacts. These advances are interconnected, and it's by driving all the transformations forward that we'll be able to fulfill our ambitions.

What do you consider to be the highlights of the past year?

>FM: The year was shaped by game-changing innovations and progress in every aspect of our business, as you'll see in the following pages.

But I'd like to come back to the announced winding down of some of our production plants in Germany and the United States. This is one of hardest decisions to make when you are looking to prepare a company to face the future, and we made it in response to changes in our competitive environment and structural factors impacting the competitiveness of our output. Despite the tremendous dedication and hard work of the plants' employees, the situation made it impossible to maintain these operations without compromising the Group's ability to make today's performance the springboard for tomorrow's success.

That's why our current priority is to support not only every person directly impacted by these decisions, but also their communities. As Michelin has shown in the past, when such decisions have had to be made, the Group stands totally with the employees. Even after the facilities close, Michelin continues to assume its responsibility by proposing solutions, revitalizing the local ecosystem and creating new jobs.

In the face of rising competitive pressure, Michelin is determined to continue strengthening its local-to-local production strategy, which makes the most environmental, financial and social sense. Making the most effective use of our existing capacity is fundamental, and one of the drivers of our future success.

How does the global environment impact Michelin?

>FM: As we all know, these are times of geopolitical rigidity and rising tensions. I believe that a company has a major responsibility in responding to these challenges, as well as an important role to play.

At Michelin, we pay particular attention to deepening our social cohesion, which is the foundation of our performance over time. By deploying our universal social protection floor, but also by offering all employees at least a living wage, we're making sure that everyone in the corporate community can access a set of guaranteed fundamental rights that enable them and their families to live with dignity and cope with the unexpected.

One thing about us is that we don't give up. Where others see threats, we choose to see opportunities. We are always part of the solution. That's our DNA and our unshakable faith in human progress.

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What gives you confidence in Michelin's future?

>FM: My deepest source of confidence in the future is the quality of Michelin people. I often say that a manager's task is to ensure that each Michelin employee can succeed, because when each employee succeeds, the company as a whole will also succeed. The people that make up our Group are its primary asset, and the source of its success. We want our company to remain a place of lifelong learning where everyone, regardless of background or education, can grow and build their career paths in line with their aspirations.

Of course, our technological expertise and capacity for innovation are fundamental, but they are only meaningful when they serve human needs. When we deploy new technology in our plants, for example, we make sure that it helps employees to do their jobs better and makes their work more stimulating.

Another reason for confidence is our ability to scale up disruptive innovations and bring them to market. We'll need innovation to meet the environmental, social and business challenges we are all facing together. Few companies are as capable as Michelin in supporting innovation, from the emergence of an idea to its widespread deployment.

How do you see 2024? What are the Group's major challenges that have to be addressed?

>FM: We want to continue creating value for people, the planet and our own bottom line. This means continuing to explore new frontiers, where we can fully express our expertise both in high-tech materials and in customer experiences.

We'll need to focus our resources as effectively as possible, zeroing in on where we can have the greatest impact, where Michelin can really make a difference.

Michelin has what it takes to become a global leader in composites and in experiences that can change people's lives. With tires, we've already mastered the most critical composite, one that is expected to deliver the most performance, sometimes in contradictory ways, for example by being both round and flat, flexible and rigid, exposed to high stress yet also highly resistant. These features and products are in high demand in many other markets, from aerospace and construction to energy and healthcare.

The high standards and care we demonstrate in offering customers exceptional experiences is also a strength we'll be leveraging in every aspect of our business.

Is Michelin still perceived as a pioneer?

>FM: By continuing to write the Michelin saga, we are projecting our exceptional heritage into the future.

We can do this because we know that some things never change. Our pioneer DNA is constantly driving us to explore new fields, as Michelin has always done throughout its history. This is what makes us optimistic about our ability to make a decisive contribution to many of the great challenges facing humanity.

In doing so, we know that we can count on the strengths that Michelin has demonstrated from the beginning: the engagement of our teams combined with our technological expertise and spirit of innovation to help advance human progress, as well as our overriding confidence in people.

CAPITALIZING ON OUR FUNDAMENTALS

THE MAJOR TRENDS RESHAPING A WORLD IN TRANSITION

Michelin's operating environment is being reshaped by three deep structural trends. In response, the Group intends to capitalize on its powerful innovation and its All Sustainable vision, consistent with its corporate dream of being recognized in 2050 as a leader in innovation capable of helping humanity to explore new frontiers.

THE ENVIRONMENTAL TRANSITION

With global warming, ecosystem degradation and biodiversity loss, humanity is facing an unprecedented challenge. Given that planetary resources are limited, the current growth model has to be reinvented to become lower carbon, more energy-efficient, more circular and more resilient. We also have to rethink the ways we produce and consume, so that resources can be better used.

The resulting challenges for Michelin

- **Making ecodesign standard practice** and performing life cycle assessments on all our products and services.
- **Improving our ability to safeguard** natural resources by expanding the circular economy and increasing the proportion of renewable and recycled materials used in our products.
- **Reaching net-zero carbon emissions** by 2050 in Scopes 1 and 2 and in the Scope 3 categories of upstream and downstream logistics activities, suppliers, treatment of end-of-life tires and energy.
- **Continuing to improve the energy efficiency** of our products and further reducing tire and road wear particle emissions.
- **Reducing our water withdrawals more quickly.**

THE TECHNOLOGICAL TRANSITION

As digitalization becomes ever-more pervasive, lifestyles, workstyles and the ways that products, services and processes are developed are all changing dramatically. Everything seems faster, closer and, as such, more accessible or easier. This new technological landscape is opening up a myriad of opportunities, including instantaneous access to information, the growing power of artificial intelligence, the proliferation of connected objects, the emergence of new approaches to social and business relationships, the transformation of usage patterns, the development of Industry 4.0 systems and the new impetus in research.

The resulting challenges for Michelin

- **Developing new, high value-added services** based on contextualized data.
- **Extensively deploying artificial intelligence** to make our production processes safer and more efficient.
- **Offering a holistic approach to connected mobility** with our range of services and solutions.
- **Streamlining and simplifying our customer relationships.**

THE SOCIAL TRANSITION

Societies are undergoing deep-seated change, transforming our relationship with work. Employees are seeking more flexible, less restrictive and hybrid working conditions, while employers have to reinvent themselves to remain attractive. Lifestyles are also changing, with a growing sensitivity to sustainability, a search for greater resource efficiency, ubiquitous connectivity, the emergence of hybrid travel and an appetite for new solutions.

The resulting challenges for Michelin

- **Enhancing the appeal of manufacturing jobs** with Industry 4.0 practices.
- **Enabling customers and employees to improve productivity, safety and ergonomics** thanks to the technological advances delivered by our innovation and our proficiency in renewable and recycled materials.
- **Helping to decarbonize** city centers with our electric mobility solutions for business fleets.
- **Speeding up the development of connected products and solutions.**

OUR BUSINESS MODEL

WE ARE MOBILIZING OUR UNIQUE COMPETITIVE STRENGTHS...

- **A deep understanding of the uses and science of materials**
  As our core expertise, our knowledge of materials science enables us increasingly to combine and deliver, in the same product, all the performance our customers expect.
- **The ability to process engineer complex products**
  For our tires, process innovation goes hand in hand with product innovation, a distinctive capability that is also being leveraged in our high-tech materials business.
- **Engaged employees**
  In the company:
  83.5% of employees engaged.
  With customers:
  a Net Promoter Score of 43.
  In host communities:
  more than 19,700 local volunteer programs involving employees.
- **A capital of trust**
  MICHELIN, the world's leading high-performance tire brand, with leadership based on 133 years of innovations that make all the difference for our customers.

...TO DRIVE

TIRES

Automotive, road transportation, specialties

OUR PURPOSE:

WE CARE ABOUT GIVING PEOPLE A BETTER WAY FORWARD

HIGH-TECH MATERIALS

Flexible composite solutions, engineered polymers, emerging value chains

SUSTAINABLE GROWTH...

...AND CREATE VALUE FOR ALL OUR STAKEHOLDERS

CONNECTED SOLUTIONS

for fleet operators and monetization of collected data

OUR STRENGTHS:

our materials expertise

our proficiency in complex production processes

the strength of our brand

our close customer relationships

MICHELIN

TRENDS & CHALLENGES

The environmental, technological and social transitions

VALUES BUILT ON RESPECT

respect for facts, people, customers, shareholders and the environment

- **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**
  Michelin delivers robust, value-creating economic performance and is committed to paying out around half of consolidated net income in dividends by 2030.
- **Suppliers**
  Our supplier relationships are governed by transparency and a commitment to moving forward together.
- **Society**
  Through our solutions and initiatives, we are contributing to the vitality of our host communities, to human progress and to a more sustainable world.
- **Environment**
  We are taking action, both upstream and downstream from our operations, to fight climate change, conserve natural resources and protect biodiversity.

OUR STRENGTHS

Michelin enjoys strategic strengths that are at once rare, inimitable and value-creating.

OUR DISTINCTIVE CAPABILITIES ARE A POWERFUL STRATEGIC RESOURCE

Designing and process engineering innovative materials

Michelin has developed distinctive expertise, unequaled anywhere in the market, in the design, development and production of innovative materials, such as wire or cord reinforcements and all types of polymers. As structural elements, materials play a decisive role in delivering a tire's end performance in terms of endurance, longevity, abrasion and energy efficiency.
This is why our expertise is expressed in the ability to understand the mechanics of materials in use, to combine components with antagonistic properties and to mass-produce our own reinforcements and polymers when no other supplier is capable of providing us with the requisite levels of performance.
Building on this expertise, the Group develops increasingly innovative products offering ever-higher performance.

Examples include:

- **Tires containing 45% to 63% renewable or recycled materials**
- **Fully EV-compatible tire lines**
- **Conveyor systems made from tire-derived semi-finished product wastage**
- **Non-toxic adhesive resins from ResiCare**
- **Biomaterials from Solesis**

Designing flexible composite products

Our expertise in designing flexible composite products stems from our unparalleled ability to engineer structures that are rigid overall, but locally highly deformable, in which managing the stress between hard and soft materials plays a decisive role. This is the expertise that has enabled Michelin to grow in the tire business, and that the Group is leveraging to expand into new business territories – a tire, for example, has to absorb more than 100 million deformations during its in-use phase, while remaining rigid enough to carry and guide the vehicle.

This expertise is expressed through the combination of three key capabilities: (i) a perfect understanding of how our products are used; (ii) outstanding proficiency in modeling and characterizing flexible structures; and (iii) multi-scale prototyping abilities, along with testing and measurement resources to support the seamless transition from virtual to real.

Examples include:

- **Innovation leadership in airless tire technologies, such as Tweel, UPTIS and the moon wheel**
- **The WISAMO inflatable wing-sail for container ships**
- **MICHELIN AirProne air cushions for medical applications**
- **Fenner Eagle XLD belts providing four times the load capacity of the prior generation**

Designing dedicated production processes

Michelin's ability to design dedicated, one-of-a-kind production processes is one of its key success factors and sources of competitive differentiation. This expertise is characterized by our ability to design the dedicated machines needed to support the broad-scale deployment of our innovations, particularly when new components or materials with novel features have to be incorporated into our products. Throughout its history, Michelin has developed proficiency in flexible composites guiding and assembly processes, as well as the ability to manufacture multi-technology assembly machines, from design to configuration.

Capitalizing on open innovation opportunities, Michelin is working with start-ups and academia to explore innovative technologies. The Group is using artificial intelligence to develop robotic solutions purpose-designed for the complex handling of flexible composites.

Examples of applications include:

- **Tires made from bio-based or recycled materials**
- **An industrial demonstrator unit capable of producing biobased butadiene in partnership with IFPen and Axens**

Transforming our granular understanding of customer usage patterns into customer value

The Group has acquired unique capabilities across the data value chain, from capturing descriptive data on customer usage patterns to interpreting and transforming these data into action levers or solutions that in turn enhance customer performance. Taking this holistic approach has enabled us to develop an unequaled ability to create value from data.

With the acquisition of Sascar in 2014, Nextraq in 2017 and Masternaut in 2019, Michelin has accelerated its development in data science and the design of leading-edge algorithms. Now combined under the MICHELIN Connected Fleet brand, these three companies' onboard telematics display units are currently fitted on more than one million trucks and vans. This wealth of data gives Michelin unrivaled understanding of usage patterns and behavior, enabling us to offer our fleet manager customers a wide range of connected services and solutions, such as tire inspection technologies or the production of insights to enhance road infrastructure safety.

Examples of applications include:

- **MICHELIN Connected Fleet**
- **MICHELIN Mobility Intelligence**

A POWERFUL, ICONIC, UNIVERSAL BRAND

Created more than 130 years ago, the MICHELIN brand expresses the Group's values and commitments to its customers and partners around the world. Embodied by the MICHELIN Man – voted Icon of the Millennium by New York's Advertising Week in 2018 and Best Logo of the Century by the Financial Times in 2000 – the brand symbolizes innovation, quality, safety and performance, all of which are manifested in the products and services designed and developed by Michelin. As such, it is a key success driver of the Michelin in Motion strategic plan and one of the Group's most valuable assets.

With its excellent reputation, the brand has enabled the Group to build market recognition, expand into new growth territories and stand at the top in industry rankings. For example, Michelin has been identified as one of the 100 most innovative companies in the world (Clarivate Top 100 Global Innovators) and was named the number one employer in the automotive category on the 2023 Forbes list of America's Best Large Employers. The MICHELIN brand enjoys an extraordinary capital of trust and a reputation that speaks reliability, pursuit of excellence and positive impact.

OUR MICHELIN IN MOTION STRATEGY

Launched in 2021, the Michelin in Motion strategic plan sets out the Group's roadmap to 2030. As part of our All Sustainable vision, it lays the foundations for sustainable growth in three areas: tires, connected solutions and high-tech materials.

OUR PURPOSE

WE CARE ABOUT GIVING PEOPLE A BETTER WAY FORWARD

VALUES BUILT ON RESPECT

Respect for facts, people, customers, shareholders and the environment.

THE ALL SUSTAINABLE VISION

We believe that tomorrow, everything will be sustainable at Michelin. This vision of the future informs all our decisions, which are grounded in a constant search for the right balance between People, Profit and the Planet.

ROBUST STRUCTURAL FUNDAMENTALS

A STRATEGY RESOLUTELY FOCUSED ON INNOVATION AND PERFORMANCE

TIRES

Our value proposition

Michelin offers retail and business customers products that deliver unrivaled performance and durability in all sorts of conditions of use, while helping to advance sustainable mobility.

Our objectives

- Target high value-added market segments, in particular premium tires for cars, two-wheel vehicles, bicycles, trucks and specialty vehicles (mining, farming, construction and materials handling machinery, and aircraft).
- Produce as close to customers as possible with Industry 4.0 plants.
- Provide excellent customer service.
- Broaden the B2B services portfolio.

Our strengths

- **A portfolio of market-leading brands**
- **Proprietary and franchised dealership networks**
- **A strong position in online retailing**

CONNECTED SOLUTIONS

Our value proposition

Michelin offers a comprehensive portfolio of fleet management services and mobility data solutions that help to optimize the business and operational performance of our customers and facilitate their transition to accident-free, zero emissions fleets.

Our objectives

- Increase tire-as-a-service sales and offer fleet managers purpose-designed services.
- Facilitate the transition to electric fleets and continue to improve efficiency, safety and environment protection.
- Leverage the Internet of things and data analytics to apply our acquired connected mobility expertise in new business territories.

Our strengths

- **An unrivaled range of services**
- **Recognized leadership in connected tires**
- **Solutions tailored to each customer**

HIGH-TECH MATERIALS

Our value proposition

Michelin is deploying its expertise in high-tech polymer-based materials in growing, high value-added markets.

Our products systematically deliver critical properties that enable medical implants, aircraft window seals, automation drive belts and other applications and systems to function properly.

Our objectives

- Develop innovative, high-performance applications for such composite solutions as coated fabrics, films, conveyors, belts, seals and inflatable structures.
- Introduce game-changing innovations in engineered polymers, such as active membranes, biomaterials, non-toxic adhesives and composite reinforcements (for example, with ResiCare or AraNea).
- Forge strategic partnerships to offer very high technology-content products in still emerging markets, with initiatives like Symbio, AddUp and Wisamo.

Our strengths

- **Unparalleled proficiency in materials science and complex industrial processes**
- **An already impactful presence in future-facing markets**

TARGET SEGMENTS AND PRIORITIES FOR 2024

TIRES

AUTOMOTIVE

Our priority targets are:

- Fast growing segments, such as 18-inch and larger, all-season, Super Sport, quiet and self-healing tires, and tires for hybrid and electric vehicles
- Motorists sensitive to the premium experience offered by MICHELIN products
- OEMs that value original equipment of MICHELIN brand tires for their technological content

ROAD TRANSPORTATION

Our primary targets are trucking companies and fleet managers:

- Sensitive to the superior performance of MICHELIN products
- Leveraging new technologies to improve their performance
- Concerned about the environmental impact of their operations

SPECIALTIES

Our priority targets are:

- The mining, farming, aerospace and construction industries
- The growing, fast changing two-wheel tire market

OUR PRIORITIES FOR 2024

1. **Support** the growing popularity of electrified mobility
2. **Continue** to decarbonize our production processes
3. **Improve** the appeal of our jobs and professions

CONNECTED SOLUTIONS

Our priority targets are:

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

OUR PRIORITIES FOR 2024

1. **Continue** to enhance our solutions for fleet managers
2. **Accelerate** the convergence of our service solutions and tire-as-a-service sales
3. **Expand** our solutions for road infrastructure managers following the acquisition of Roadbotics

High-performance resin developed by ResiCare

HIGH-TECH MATERIALS

FLEXIBLE COMPOSITE SOLUTIONS

Our priority targets are:

B2B customers looking for very high-performance components delivering critical properties in the products they design.

ENGINEERED POLYMERS

Our priority targets are:

B2B customers looking for disruptive innovations to drive leapfrog performance gains in their products, based on microscopic innovations.

EMERGING VALUE CHAINS

Our priority targets are:

B2B customers who are taking a chance on new, very high technology content products in emerging value chains.

OUR PRIORITIES FOR 2024

1. **Launch** 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's fuel cell production at the Saint-Fons plant (a joint venture with Stellantis and Forvia)

TIRES

AUTOMOTIVE

Building new capacity at the Shanghai plant

In November 2023, Michelin announced a significant expansion of production capacity at its car tire plant in Shanghai, China.
Scheduled for completion by year-end 2026, the project's first phase will increase annual capacity for high-performance sedan tires by one million units, to 9.5 million tires a year.
The factory of the future, which covers an area of 70,000 sq.m, will be equipped with the latest technologies to support flexibility, artificial intelligence and decarbonization.
Built in 2001, the Shanghai plant is one of Michelin's two production facilities in China, the other being in Shenyang, Liaoning province. In a market driven by growing mobility needs, the rapid transition to EVs and increasingly upmarket demand, Michelin is strengthening its technological leadership and its all-sustainable approach in serving its customers.

Racing tires containing 63% renewable or recycled materials

After shoeing the new all-electric Porsche 718 Cayman GT4 ePerformance in 2022 with tires containing 53% sustainable materials, Michelin unveiled a racing tire made from 63% renewable or recycled materials at the 24 Hours of Le Mans Centenary race in June 2023. The new, ultra-high-performance tire demonstrates Michelin's ability to bring breakthrough technologies to both the track and the street. Its component materials include natural rubber, recycled carbon black from end-of-life tires, recycled steel from scrap metal, orange and lemon peel, fir resin and sunflower oil.
The carbon black and recycled steel are supplied by Michelin partners Enviro and GSW.

Motorists laud the MICHELIN brand

In the 2023 DriverReviews Customer Choice Awards, Michelin took the honors in several categories, based on more than 350,000 customer reviews by motorists who had driven more than 300 million kilometers. In particular, the brand was crowned "winner" in the "Best Tyre for High Performance Cars" category with the MICHELIN Pilot Sport 4S, and in the "Best All Season Tyre" category with the MICHELIN CrossClimate 2. Working with tire dealers and manufacturers, DriverReviews collects thousands of verified reviews and opinions by motorists driving all types of vehicles concerning their choice of tires. These verified reviews enable tire manufacturers like Michelin to enhance their trust capital based on tire user experience and eventually to increase their sales.

TIRES

LONG DISTANCE AND URBAN TRANSPORTATION

Michelin equips Flexy, the SNCF's new road-rail shuttle

In 2024, SNCF plans to trial Flexy, a one-of-a-kind, battery-electric shuttle capable of running on both railway lines and conventional roads, which will help to meet the needs of users living in areas underserved by public transportation. It will carry up to 14 passengers, including the driver, on currently unused train lines, helping to ease the isolation of rural communities. Michelin participated in this unusual project, undertaken with the Railenium Institute in the Movin'On ecosystem, to convert the futuristic shuttle to mixed road-rail use, with the goal of bringing it into service in 2026.

Airless technology, for increasingly sustainable mobility

The UPTIS prototype represents a fundamental milestone in the Group's research on airless technologies. It is an airless, puncture-proof tire and wheel assembly designed for cars and light vehicles, which to date is the only airless tire in use on open roads in real-life conditions under a business contract. By year-end 2023, the prototypes in use had covered 4.5 million kilometers.

UPTIS helps to optimize delivery fleet productivity by eliminating downtime from flats and reducing inflating and pressure-related maintenance, while guaranteeing the safety of drivers and other road users. Since 2023, the prototype has been trialled on last-kilometer delivery routes with customers such as DHL in Singapore and the French Post Office. The trials are enriching Michelin's knowledge of airless technologies by enabling extensive analyses and harnessing advanced expertise.

UPTIS attests to Michelin's leadership in airless technologies, thanks to its proficiency in composites and other high-tech materials. It is also a further illustration of how Michelin's sustainable development model is supporting its ambitious 2050 objectives.

TIRES

BEYOND ROAD TIRES

Investing in agricultural tracks production

Michelin plans to invest $100 million in its Junction City, Kansas (United States) operations over the next five years to increase production capacity of tracks for agricultural equipment. The capital project will enable the facility to meet growing demand for agricultural rubber tracks, particularly in North America. Especially well-suited to large farms, these tracks offer major benefits in protecting the environment and improving productivity, with 5% higher yield than wheeled tractors, lower soil compaction and better access to fields.

The first radial tire for giant loaders

Michelin has introduced the 70/70R57 MICHELIN X Mine L4 tire, the first radial tire for the world's largest wheel loader used in surface mining.
The innovative tire's robust radial design eliminates the need to fit chains to the rear axle, which reduces tread wear while providing a more optimized, even footprint and less contact patch deformation. Engineered to meet the highest traction performance standards on wet and dry surfaces, and compatible with the connected pressure monitoring system, the new model delivers a radical step-change in mine productivity, while also contributing to the safety and sustainability of these operations.

A new version of the MICHELIN EVOBIB tire

In early 2023, Michelin unveiled a new version of the MICHELIN EVOBIB tire, the first tractor tire designed specifically for use with central tire inflation systems. It delivers excellent performance on all types of terrain, with a footprint that is maximized in field use, to reduce soil compaction, and minimized in road use. Thanks to its variable tread pattern and re-engineered tread design, the MICHELIN EVOBIB tire offers excellent traction capabilities until end-of-life and helps to reduce fuel consumption by two liters an hour. It is also Pressure Field Operation (PFO)-certified, so it has a higher load capacity than its predecessor.

MICHELIN Air X SKY LIGHT, a game-changing innovation in the aircraft tire market

Launched as a world first at the Paris Air Show in June 2023, the MICHELIN Air X SKY LIGHT represents a new radial tire technology intended for commercial aviation. It also offers a 15% to 20% longer lifespan, while being lighter than previous generations and delivering better performance. The result of multiple breakthrough innovations in its architecture, use of materials and manufacturing process, the new tire will help to meet the airline industry's decarbonization objectives while reducing maintenance and transportation costs.

CONNECTED SOLUTIONS

Launch of MICHELIN Connected Mobility

Michelin has introduced its latest innovation, MICHELIN Connected Mobility, a comprehensive technological solution designed to respond effectively to a full range of fleet manager needs. From selecting the most suitable tires to managing tire inventory, tracking tire expenditure and performing automatic inspections, Michelin is leveraging all its expertise to enable customers to reduce vehicle downtime, emissions and accidents.

MICHELIN Connected Mobility is an unprecedented alliance between tires and four main support services:

- The provision of premium tires;
- Managing and optimizing tire performance;
- Access to fleet management solutions with MICHELIN Connected Fleet, which matches vehicle data to driver behavior;
- Access to a new automated predictive maintenance and warning solution: **MICHELIN Smart Predictive Tire.**

Watèa develops a hydrogen solution for business fleets

Watèa by Michelin, our subsidiary specialized in transitioning business fleets to EVs, has extended its offering to a full array of hydrogen vehicle solutions. The new service will offer hydrogen mobility enthusiasts qualified Peugeot e-Expert Hydrogen and Citroën e-Jumpy Hydrogen vans with higher uptime than their battery-electric versions, plus a high-performance, low-carbon refueling system, financing and insurance solutions, and a suite of digital services. The new system is already fully up and running in the Auvergne-Rhône-Alpes region, with the support of HYmpulsion, in which Michelin is a shareholder.

Making RFID tags a market standard

Michelin is actively supporting the creation and deployment of RFID technology as the new standard for digitally identifying car, van and truck tires. Assisted by associations like the Global Data Service Organisation (GDSO) and an ecosystem of partners, Michelin is committed to informing, educating and encouraging the take-up of RFID tags as a market standard.
RFID tags and their data are already used by Michelin for their efficiency in optimizing traceability throughout the product life cycle. They have also been embraced and promoted by some of our OEM partners and leading dealers. The technology will play a decisive role in the circular economy process, led by the gradual introduction of the EU Digital Product Passport.
RFID is a core enabler of the Group's strategic focus on developing tire-related services based on value-creating data, as part of an all-sustainable approach.

HIGH-TECH MATERIALS

15% of the patents filed by Michelin in 2023 concerned high-tech materials.

400
employees

€200m
in sales in 2023

9%
organic growth from 2015 to 2023

22%
EBIT margin

6
production plants in Europe

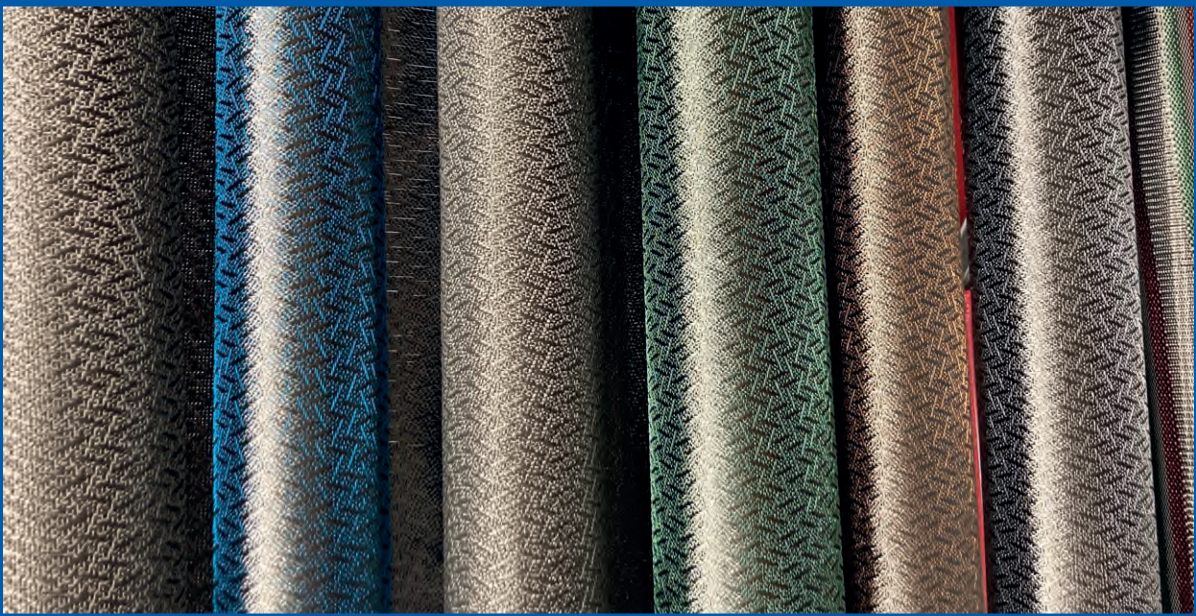
With FCG, Michelin has consolidated a leader in high-tech fabrics and films

FCG
FLEX COMPOSITE GROUP

In September 2023, Michelin announced that it had acquired Flex Composite Group, marking a significant step forward in the development of its high-tech materials business in perfect alignment with the Michelin in Motion 2030 strategy. The new combination is a leader in high-tech fabrics and films, leveraging Michelin's unrivaled innovation and R&D capabilities and FCG's advanced customer intimacy and industrial process expertise.

FCG offers very high value-added applications in extremely technical markets, such as superyachts, supercars and EVs, sports and infrastructure.

The transaction will increase sales of Michelin's High-Tech Materials business by around 20%, positioning the Group as the go-to source of composite solutions.



Carbon-fiber engineered fabrics

HIGH-TECH MATERIALS

A Green Series of conveyors to decarbonize the mining industry

A world leader in conveyor belt solutions and reinforced polymer products, Fenner Conveyors is helping the mining industry decarbonize operations with its Green Series of two conveyor products.
The first, PowerSaver, was designed to reduce energy consumption by supporting the system to operate across longer distances and with higher tonnage. This translates into significant benefits for mine operators, including lower operating costs, increased asset life and reduced carbon emissions.
The second in the Series, Yeloroll-HD, was engineered by Conveyor Products and Solutions, a company Fenner Conveyors acquired in 2022.
It features high-performance composite rollers and a composite shell, which protects the belt more effectively from corrosion and impacts. The composite rollers are 30% to 50% lighter than equivalent steel idlers, resulting in lower energy consumption and much better performance, with fewer noise impacts.
Used in tandem, PowerSaver and Yeloroll-HD provide an efficient solution for overland conveyor systems, as well as a smaller environmental footprint.

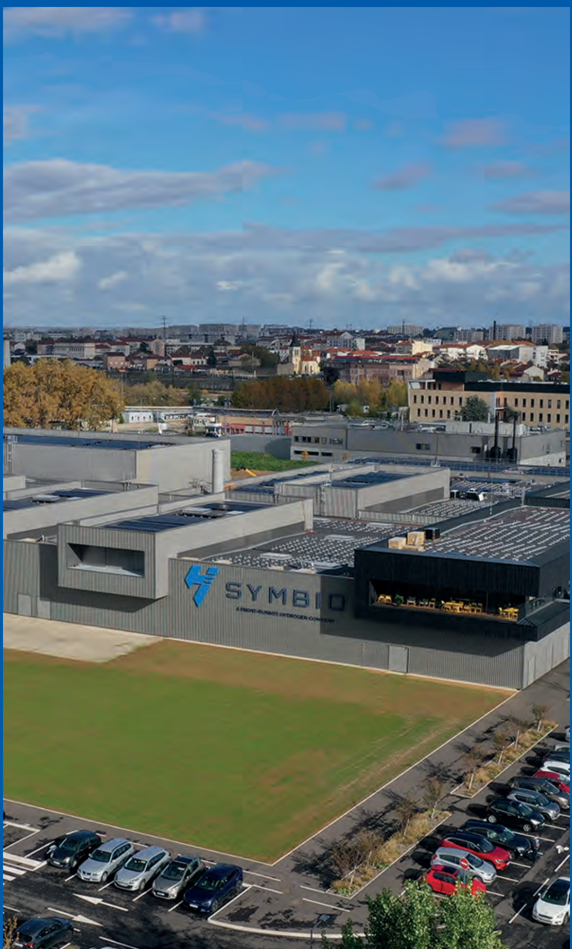
HIGH-TECH MATERIALS

Symbio scales up and accelerates its transformation

2023 was a particularly busy year for Symbio, the innovation and industrialization partner of hydrogen zero-emission mobility pioneers. In July, its ownership structure changed with Michelin's sale of part of its stake to Stellantis, which will help spur Symbio's expansion in Europe and the United States. Following the transaction, Symbio is now equally owned by Michelin, Forvia and Stellantis.

Then, in December, another major event was the inauguration of the company's first gigafactory, SymphonHy, in Saint-Fons in the Auvergne-Rhône-Alpes region in France. The largest integrated fuel cell production plant in Europe, SymphonHy has a high level of automation and robotics, supporting large-scale industrial production at more competitive cost. This important breakthrough has consolidated Symbio's technological and industrial leadership in driving the faster roll-out of clean, competitive, sustainable high-performance hydrogen-powered mobility, thereby helping to further the energy transition and to meet French and European low-carbon objectives. SymphonHy is an integral part of HyMotive, a strategic €1 billion project to develop disruptive technology, supported by the European Union and the French government as part of the IPCEI* program. The site also houses the Group's headquarters, an innovation center of technological and industrial excellence, and the Symbio Hydrogen Academy.

*Important project of common European interest



16,000
fuel cell systems currently produced, 50,000 by 2026

More than **450** engineers, including 100 dedicated to innovation

An energy **SELF-SUFFICIENT** site

A BREEAM **"VERY GOOD"** certified site

ACCELERATING OUR TRANSFORMATION

OUR ALL SUSTAINABLE VISION

At Michelin, we deeply believe that our growth and sustainability depend on achieving the right balance of performance in addressing issues impacting the well-being of the people with whom we interact, our business and financial results, and our ability to safeguard 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.

CREDIT RATING AGENCIES CONFIRM THE GROUP'S ROBUSTNESS

CREDIT RATINGS

At December 31, 2023

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

MICHELIN IS A LEADING SUSTAINABILITY ENABLER, RECOGNIZED BY THE NON-FINANCIAL RATINGS AGENCIES

NON-FINANCIAL RATINGS

At December 31, 2023

	2023 Rating
CDP CLIMATE	A-
CDP WATER	B
MSCI	AAA
SUSTAINALYTICS (risk rating)	Low risk
ISS ESG	B-
MOODY'S ESG Solutions	71/100
ECOVADIS	78/100

Yves Chapot,
General Manager and Chief Financial Officer

OUR PRIORITY IS TO INCREASE THE VALUE THE GROUP CREATES FOR ALL ITS STAKEHOLDERS

WE ARE COMMITTED TO FAIRLY SHARING THE VALUE ADDED WE CREATE."

What levers are you activating at Michelin to create value?

> Yves Chapot: We strongly believe that value is created by striking a subtle balance between caring for People, making a Profit and helping to safeguard the Planet. To put this into practice, we nurture positive interactions with each of our stakeholders, which act as vectors of our long-term performance.
For our customers, we create value by delivering products and services perfectly aligned with their expectations, while constantly striving to raise performance outcomes and foster efficient interaction.
For our employees, we implement policies and initiatives that enable them to work safely in a fulfilling job, with opportunities for career-long learning and development. For our suppliers, our host communities and public authorities, value is created by forging trust-based relationships that enable every stakeholder to plan for future growth and development.
Michelin is also working to reduce its environmental footprint to conserve the planet's resources. This means taking fewer natural resources from the environment and releasing less waste and effluent into it, while increasing the proportion of recycled or renewable materials used in our products.
Creating value for people and the planet in this way ultimately feeds through to strong business and financial performance, with a sales growth target of 5% a year between 2023 and 2030, and a targeted return on capital employed (ROCE) of more than 10.5%.

How does the Group share the created economic value among its stakeholders?

> YC: The Group is committed to sharing the value added it creates fairly among its stakeholders.
In 2023, this value added stood at €13.1 billion. More than half of that was distributed to employees in the form of fixed and variable compensation and benefits. A significant portion – more than 20% – was also used to finance our future-facing capital projects and drive the development of our business activities. The various taxes and duties paid to our host country governments represented 8% of the total value created. Lastly, just over 10% went to lenders and shareholders, who provide the financing that supports the Group's development.

You emphasized that reducing your environmental footprint is a way of creating value. What do you mean by that?

> YC: I mean that it is our responsibility to protect natural ecosystems, which represent a silent stakeholder. To pro-actively track the impact of our operations, which generate both positive and negative externalities, since 2019 we've valued four negative externalities with the goal of reducing them from €590 million in 2019 to €545 million in 2023. We're making progress faster than expected, with a valuation of €436 million at year-end 2023. This initiative will be further fine-tuned in the years ahead, so that we can more effectively disclose the impact of our operations to our stakeholders and more effectively address it in the Group's management practices.

PROFIT

Business and financial performance guarantees the Company's sustainability and independence

Growth is non-negotiable for Michelin. It directly helps to strengthen our technological leadership and keeps us robust, while maintaining our critical mass in line with the world's largest corporations. In this way, growth helps to secure the Group's long-term independence, while providing the resources to prepare for the future.

The resulting profit finances our innovation drive and helps to attract the talent we need. It also enables us to attenuate our environmental impact, with targets of net-zero carbon emissions and 100% renewable or recycled materials in our tires by 2050.

To fulfill this ambition, which stems from a subtle balance between caring for People, making a Profit and helping to safeguard the Planet, Michelin has built an offensive strategy that, in the tire business, consists of systematically positioning the Group in high value-added segments across every market it serves. It also involves new growth drivers, focused on two strategic business segments:

- The worldwide deployment of connected solutions for managing vehicle fleets, to improve operational safety and energy efficiency.
- Impelling faster growth in polymer-based composite solutions by capitalizing on our distinctive expertise in materials science and complex industrial processes.

THE MICHELIN BRAND IS A MAJOR COMPETITIVE ADVANTAGE

Adeline Challon-Kemoun
Executive Vice President, Corporate Engagement and Brands;
Executive Vice President,
Michelin Lifestyle Business Line

"SINCE 2020, THE INITIATIVES UNDERTAKEN AS PART OF THE BRAND PREFERENCE PROGRAM HAVE STRENGTHENED THE BRAND'S POWERFUL VOICE FAR BEYOND THE TIRE INDUSTRY."

What impact does the MICHELIN brand have on the Group's financial performance?

> Adeline Challon-Kemoun: With the MICHELIN brand, the Group enjoys a special competitive advantage that largely contributes to the value we create.
Our brand is both the most recognized and the most recommended by our customers, often far ahead of other tire brands. In a highly competitive environment, it plays a key role in supporting the perceived value of our products and services and in building brand preference.

How do you track the power of the MICHELIN brand?

> A C-K: Since 2020, the initiatives undertaken as part of the Brand Preference transformation program have strengthened the brand's powerful voice far beyond the tire industry. The Brand Vitality Quotient, which compares MICHELIN to other global masterbrands, enables us to measure this progress, by tracking such key brand attributes as consumers' attachment to the brand (brand love) and innovation. In 2023, our score improved by five points year-on-year and by 13 points compared with 2020.

Our efforts to improve the customer experience have also paid off in a significant increase in their satisfaction and their tendency to recommend the brand, as measured by the Net Promoter Score, which stood at 42.7 in 2023, up 1.4 points on 2022 and 2.5 points on 2020.

The Michelin in Motion strategy is now well underway. What role is the brand playing in it?

> A C-K: Our brand power is a decisive success factor in the Group's strategy, by acting as a hallmark of high quality and trust for customers and a beacon for partners and job applicants.
The MICHELIN brand is also a vector of credibility and profitability as we expand into new markets. To optimize the brand's contribution to strategy execution, our priority is to heighten the perception of Michelin's innovation capabilities across all its business activities.

WINNING THE PRODUCT MIX BATTLE

The ongoing enhancement of our product and service offering, which is set to continue in the years ahead, will add more than €100 million to the Group's operating income every year.
In the Automotive segment, for example, this reflects the fact that by 2027, more than a third of new vehicles will be fitted with 19-inch and larger tires, compared with just 20% today. This trend has been underway for a number of years, but it's now being intensified by the growing shift to electric mobility, which requires higher performance tires, a segment where Michelin is already leading the way with tires that are all EV-compatible.
In the replacement segment, 19-inch and larger demand should grow by 18% a year over the 2023-2027 period and account for 20% of the market in 2027 compared with 10% in 2023.
At a time of fast growth in the most value-accretive segments, the Group is continuing to adjust and expand its production capacity, and to create competitive advantage with the durability and performance of its products.
For example, over the past five years, Michelin has reduced TRWP emissions from its tires by a total of 100,000 tonnes.
The Group's massive data processing capabilities enable it to fine-tune its marketing in both Original Equipment and Replacement markets, while also adroitly capturing all the value from its skills and expertise.

Scott Clark
Executive Vice President, Automotive, Motorsports and Two-Wheel Business Lines; Head of the Americas Regions

"BETWEEN NOW AND 2027, DEMAND FOR 19-INCH AND LARGER AUTOMOTIVE TIRES WILL GROW BY 18% A YEAR."

"MICHELIN'S DISTINCTIVE CAPABILITIES ARE ENABLING IT TO EXPAND IN FAST-GROWING MARKETS THAT VALUE INNOVATION AND PERFORMANCE."

Maude Portigliatti,
Executive Vice President, High-Tech Materials Business Line

CREATING VALUE WITH OUR POLYMER-BASED SOLUTIONS

Michelin has always stood out for its scientific and industrial expertise in materials, as well as for its ability to engineer mass production processes for highly technical composite products. These capabilities enable the Group to build positions in such highly demanding markets as medical equipment, aerospace and process automation, which require extremely high-performance, long-lasting products. These products systematically deliver critical properties that enable medical implants, aircraft window seals, automation drive belts and other applications and systems to function properly.

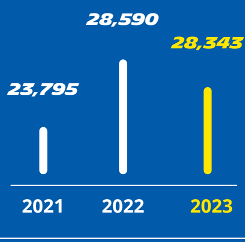
The Group's robust expansion in these markets is being driven both by organic growth in existing businesses and by acquisitions, like Flex Composite Group in 2023, which increased High-Tech Materials sales by 20% and created a new business unit dedicated to coated fabrics and high-tech films.

A LOOK AT OUR PERFORMANCE, 2021-2023

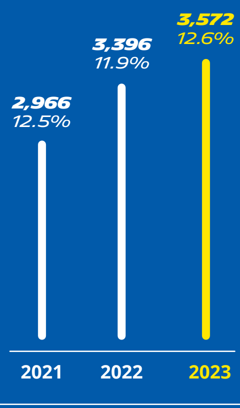
€2.2bn invested in 2023

SALES
(in € millions)

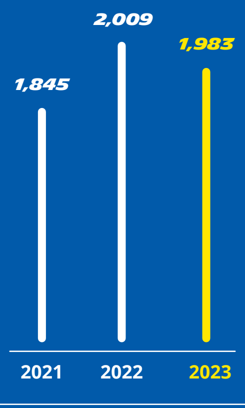
2030 Ambition
Average annual growth in sales of 5% between 2023 and 2030, with 20% to 30% of sales generated by businesses other than tire manufacturing and related distribution in 2030.



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

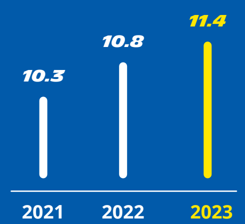


NET INCOME
(in € millions)

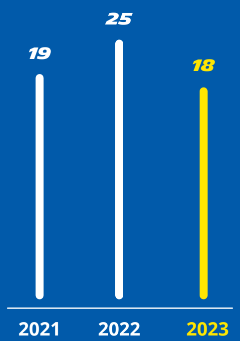


RETURN ON CAPITAL EMPLOYED
(%)

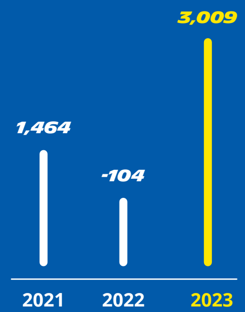
2030 AMBITION
Continuously create value between 2023 and 2030, with a more than **10.5% ROCE** each year



NET DEBT
(as a % of equity)



FREE CASH FLOW BEFORE ACQUISITIONS
(in € millions)



BRAND VITALITY SCORE[2]

	2022	2023	2030
Brand vitality	65	65	73

2030 AMBITION
Maintain the strength of the MICHELIN brand

PRODUCT/SERVICE VITALITY INDICATOR[3]

	2022	2023	2030
Product/ service vitality	31%	31%	>30%

2030 AMBITION
Sustain the 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 five metrics: brand purpose, innovation, communication, brand experience and love.
(3) Percentage of sales from products and services introduced in the last three years.

PEOPLE

Creating an environment for engagement

For Michelin, Group performance is closely tied to employee fulfillment and the quality of its stakeholder dialogue, which is why its vision and strategy have always been people-driven. Believing deeply in the power of collective intelligence, it has made everyone's desire to learn, to improve and to succeed an impetus in its transformation and a key success factor of its innovation drive.

The Group's skills development process, assertive inclusion policies and behavior model focused on engagement, initiative and cooperation, as well as its deployment of living wage and universal social protection initiatives, have all been crafted to support team development and foster mutual trust.

This same trust forms the core of the Group's interactions with its external audiences, particularly the ongoing, open, transparent discussions engaged with its Stakeholder Committee and the structured dialogue it maintains with non-governmental organizations.

As it progresses towards its 2030 goal of setting the global standard in employee engagement, workplace safety, diversity and inclusion, Michelin already stands out with an employee engagement rate of 83.5% in 2023, close to the targeted 85% in 2030. Such a high rate tends to prove that the collective saga that they are embracing through the "I Am Michelin" transformation program, designed to make everyone feel like a real Michelin player, is both exciting and meaningful.

The combination of all these factors will enable Michelin to move forward and continue to make progress for the benefit of all its stakeholders.

ENGAGING IN STAKEHOLDER DIALOGUE TO ENRICH OUR DECISIONS

Lorraine Frega
Executive Vice President, Distribution and Services & Solutions Business Line; Executive Vice President, Strategy, Innovation and Partnerships, Sustainable Development and Impact; Head of the China Region

"THE CHALLENGE IS TO RESPOND AMBITIOUSLY TO CHANGES IN OUR ENVIRONMENT."

What is the role of the Group's External Stakeholders Committee?

> Lorraine Frega Michelin created the External Stakeholders Committee because it believes in the benefits of continuous dialogue with its various stakeholders. The Committee, which comprises people from outside or independent of the Group, as well as members of the Group Executive Committee, acts as a think-tank for the Group's senior management. It gives them greater insight into changes in our operating environment, which in turn helps them to grasp the new expectations and social challenges that the Group must be ready to address. It also paves the way for our transformation by nurturing our foresight and over-the-horizon vision. Its constructive recommendations shed light on the solutions that the Group can implement to help drive the emergence of a more sustainable world.

What role does social dialogue play in the organization?

> LF: The Group's social dialogue process is designed to provide actionable solutions for achieving the right balance between financial performance and social progress and for fostering a sense of ownership and co-destiny. Michelin has long been a pioneer in social progress. In France, we elected employee representatives to the Supervisory Board ahead of the PACTE Act mandating their election, which we supported. Worldwide, we set up a Global Works Council in 2020 to deepen social dialogue across the organization.
The Group also stands out for the progress made in employee benefits, such as the ambitious skills development program focused on improving employability, the universal social protection floor introduced in the Michelin One Care program, whose coverage will be extended worldwide by 2025, and the commitment to the principle of a living wage.

How do Michelin's employee collectives manage to get things moving?

> LF: Our employee collectives, which were spontaneously formed by employees and then supported by the Group, are focused on making the Group's environmental and social transition a reality. Their initiatives are helping to drive progress in such areas as the environment (*One Planet*), diversity and inclusion (*Better Together*) and the development of leadership skills (*ICARE*). They are convinced that Michelin is part of the solution to the immense challenges facing society today.

RESPONDING TO CHANGING MARKETS

Michelin is a leader today because it has always agilely responded to the needs of its time. Through the many shifts in markets and demand that the Group has experienced, and continues to experience today, we have demonstrated responsive adaptability in steadily developing new businesses, realigning certain existing ones and discontinuing others.
When we have to close a production plant or a business, we focus on supporting and retraining employees and on revitalizing the impacted community through dialogue with employees, unions, partners, local authorities and other stakeholders.
In this way, we can transform the changes by building sustainable solutions based on significant investment and new jobs.
One illuminating example is the future-facing project deployed three years ago in response to the closure of the tire plant in Bamberg, Germany, where a research hub, built on the site of the former plant, will house companies active in artificial intelligence, digitalization and sustainable mobility, as well as university faculties, research institutes, SMEs and start-ups.

Bénédicte de Bonnechose
Executive Vice President, Urban and Long-Distance Transportation Business Lines; Head of the European Regions

MICHELIN IS A LEADER TODAY BECAUSE IT HAS ALWAYS AGILELY RESPONDED TO THE NEEDS OF ITS TIME."

WE WANT TO GIVE EVERY EMPLOYEE AND THEIR FAMILY A DECENT STANDARD OF LIVING AND TO SUPPORT THEM AT IMPORTANT MOMENTS IN THEIR LIVES."

Jean-Claude Pats,
Executive Vice President, Personnel

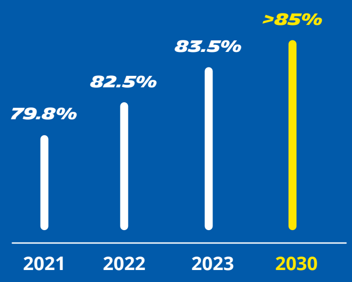
PAYING ATTENTION TO EVERY EMPLOYEE

As part of its social responsibility commitment, Michelin is pursuing two ambitious objectives for its employees and their families. With the Michelin One Care program, we're offering a universal social protection floor, which provides a set of basic social protection benefits to supplement host country social security systems. Designed in 2021, the program will be fully deployed worldwide by 2025. It includes such measures as a minimum 14 weeks of maternity leave and at least four weeks of paternity leave, both fully paid; death benefits equal to at least one year's salary in the event of death while still an employee; and healthcare insurance to supplement national systems in covering care and prevention costs.
The other overarching objective is to guarantee each employee compensation that enables them and their families to live with dignity. This means compensation that enables a family of two adults and two children to meet their basic needs, save for the future and purchase standard consumer goods (depending on each country's standard of living). To fulfill this commitment, Michelin worked with the Fair Wage Network, whose methods and expertise are recognized by leading institutions and a number of NGOs. This resulted in the award of Living Wage Global Employer certification in December 2023.

PERFORMANCE & AMBITIONS

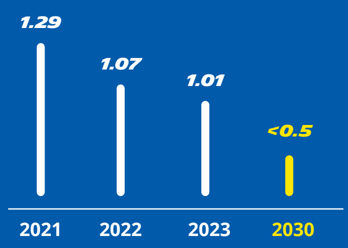
SET THE GLOBAL STANDARD FOR EMPLOYEE ENGAGEMENT, WITH A RATE OF MORE THAN 85%

Employee engagement rate



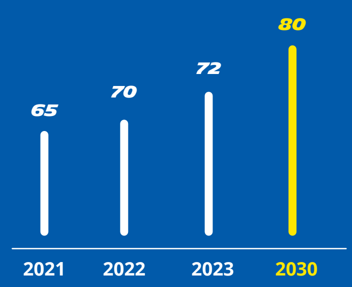
SET THE GLOBAL STANDARD IN WORKPLACE SAFETY

Workplace safety
(Total case incident rate)(1)



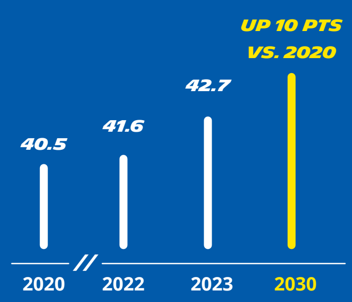
SET THE STANDARD FOR EMPLOYEE DIVERSITY AND INCLUSION

Diversity and inclusion
(diversity and inclusion management index, maximum score = 100)(2)



LEAD THE INDUSTRY in creating customer value

Customer satisfaction
Partner Net Promoter Score



For further information: the summary table of employee data may be found in the Non-Financial Performance pages of the www.michelin.com website

(1) The 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

Contributing positively to the planet and its inhabitants

For Michelin, preserving the planet is an integral part of its history and values. This is why it is one of the three bottom lines in the All Sustainable vision, supported by a set of commitments aimed at reducing the Group's environmental footprint.

By 2030, for example, every product and service line will be covered by life cycle assessments, which are already being performed on new product lines. The Group's objective is to extend this approach to its services portfolio, which is being further enriched every year.

The Group is also committed to incorporating at least 40% renewable and recycled materials in its tires by 2030. In 2023, we were already at 28%. Our progress towards this goal, which is being driven both by internal developments and an array of partnerships, supports our confidence in Michelin's ability to meet the 2030 target, as well as the more ambitious 2050 objective of producing products entirely from renewable and recycled materials. At the same time, the Group is leveraging these initiatives to reduce its biodiversity impact by conserving more of the planet's resources, including water, which is the focus of particular attention.

The last measure being deployed to shrink the Group's environmental impact is the pathway to net-zero carbon emissions by 2050. Several levers are being activated to meet this objective, the most important of which is improving the energy efficiency of our production facilities.

Lastly, our positive contribution to the planet and its inhabitants is underpinned by an offensive innovation policy that is further attenuating the impact of using our products. Two examples of innovation outcomes where Michelin is applying its distinctive expertise are reducing tire rolling resistance and abrasion, without compromising their safety performance.

Éric Philippe Vinesse
Executive Vice President, Research & Development

MICHELIN IS PLAYING A KEY ROLE IN STRUCTURING NEW VALUE CHAINS."

RENEWABLE AND RECYCLED MATERIALS: A HUGE CHALLENGE FOR OUR INDUSTRY

Why is the development of new renewable or recycled materials such a big challenge?

> Eric Philippe Vinesse: The challenge is enormous, because it involves abating the impact of human activity on global warming while protecting the planet's resources and biodiversity. Industry-wide, this means replacing around two-thirds of the materials used today, which are derived from petrochemicals, with renewable or recycled materials. That requires structuring all the value chains, from collecting renewable primary materials and recyclable end-of-life tires or other products to recovering any materials from them that could be reused in new tires.

What role is Michelin playing in this global ecosystem?

> EPV: Michelin is actively supporting the emergence and structuring of these new value chains. This means working together with other tiremakers and with all the emerging value chain stakeholders.
So we're supporting materials processing companies, as well as start-ups developing innovative recycling technologies, by helping them to perfect their technologies and offering market opportunities so that they can move forward to mass production on their own. We're also advocating for legislation that facilitates the production, trade and widespread use of these new materials, which will help drive further progress.

Where is the Group in its commitment to making its products entirely from renewable and recycled materials by 2050?

> EPV: We're on the right track, with a ratio of 28% as of end-2023, and we're stepping up the pace of innovation. We're co-innovating with shared laboratories and research partnerships with leaders in academia and with circular economy consortia, such as BlackCycle and WhiteCycle.
We are also forging targeted partnerships and collaborations, such as the ones with Carbios to develop innovative recycling technologies and with Enviro to recycle end-of-life tires. In addition, we're supporting the development of breakthrough production processes, such as the first industrial-scale pilot plant capable of producing bio-based butadiene.

REDUCING THE ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTION PLANTS

The Group has crafted an ambitious roadmap to reduce its environmental footprint by 2030, focusing on CO_2 emissions and water withdrawals.
By 2030, we're aiming to reduce the energy used per tonne of tires produced by 37%, which will help to lower the Group's carbon emissions. The around €100 million invested every year to meet this goal primarily finances process electrification projects, which then enable us to make greater use of renewable power. Other capital projects are insulating machinery, optimizing the management of production shutdowns and restarts, installing waste heat recovery utilities and managing building ventilation systems.
At a time when many regions of the world are suffering from periods of intense drought, we're stepping up our capital expenditure to reduce the amount of water withdrawn per tonne produced by a third by 2030 compared with 2019.
In addition to these efforts, the Group is also working on addressing issues relating to water quality and adaptation to climate change.

Pierre-Louis Dubourdeau
Executive Vice President, Manufacturing

"OUR ROADMAP AIMS TO MASSIVELY REDUCE OUR CARBON EMISSIONS AND WATER WITHDRAWALS."

"THANKS TO OUR INNOVATIONS, WE'RE HELPING INDUSTRIES THAT ARE VITAL TO SOCIETY TO MEET THEIR CHALLENGES."

Manuel Montana
Executive Vice President, Mining, Beyond Road and Aviation Business Lines;
Head of the Africa/India/Middle East, East Asia and Australia Regions

HELPING THE MINING AND FARMING INDUSTRIES TO REDUCE THEIR ENVIRONMENTAL FOOTPRINT

The mining and farming industries, which are vital to society, now face the massive challenge of continuing to provide their services to the world while reducing their environmental footprint. Mining, for example, enables the electrification of mobility and the transition to renewable energy generation with solar and wind power, while the farming industry must meet the challenge of feeding more and more people from a limited amount of cropland. At Michelin, we're supporting each of these industries with leading-edge innovations.
In 2023, for example, we launched the first radial tire for Komatsu's giant loader, with a useful life around 50% longer than competing tires. In South America, South Africa and Australia, our recycling solutions for end-of-life mining tires are reducing minesite waste, while recovering and reusing tire materials.
For farmers, MICHELIN's solutions are helping to lower soil compaction and save fuel. MICHELIN Ultraflex Technology, for example, which is embedded in all our agricultural tires, improves soil productivity by around 4%. And for tracked machinery, improved soil load distribution further limits compaction, which facilitates water infiltration and the development of a healthier root system.

PERFORMANCE & AMBITIONS

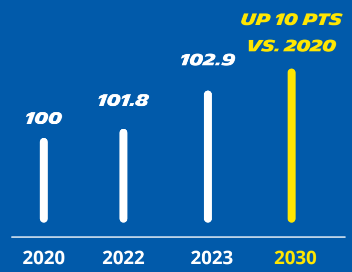
REDUCE OUR CO_2 EMISSIONS BY 50% BY 2030 TO ACHIEVE NET-ZERO EMISSIONS IN 2050

Scope 1 and 2 carbon emissions:
Production operations and energy use
(in millions of tonnes of CO_2, base 100 in 2010)

2010	2022	2023	2030
3.88	2.30	2.16	1.94
100	59	56	50

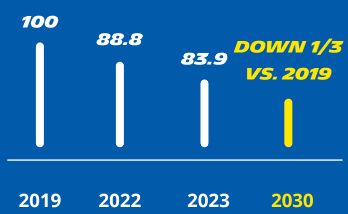
IMPROVE THE ENERGY EFFICIENCY OF OUR PRODUCTS BY 10% BY 2030 TO HELP ACHIEVE NET-ZERO EMISSIONS IN USE

PRODUCT/TIRE ENERGY EFFICIENCY[1]



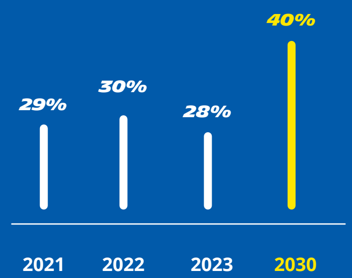
SET THE GLOBAL STANDARD FOR THE ENVIRONMENTAL FOOTPRINT OF MANUFACTURING FACILITIES

Environmental footprint
of Michelin production plants
(I-MEP Michelin)[2]



ENSURE THAT 40% OF THE MATERIALS USED IN OUR TIRES ARE RENEWABLE OR RECYCLABLE IN 2030 AND 100% BY 2050

Renewable[3] or recycled materials used in making a tire



Find out more: the summary table of employee data may be found in the Non-Financial Performance pages of the www.michelin.com website

(1) Reduction in the rolling resistance of 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.

OUTLOOK FOR 2024

In 2024, 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 2% compared to 2023.

- Based on this scenario, Michelin's objective is to deliver segment operating income at constant exchange rates in excess of
  €3.5 BILLION
  and free cash flow before acquisitions of more than
  €1.5 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.

MEETING THE HIGHEST STANDARDS OF GOVERNANCE

STABLE, BALANCED GOVERNANCE

Michelin's governance structure is based on a clear segregation of management and supervisory powers, and grounded in the long-term responsibility of its senior executives.

SUPERVISORY BOARD

Chair:
Barbara Dalibard

GENERAL PARTNERS

with unlimited joint and personal liability for the Company's debts

The Managers administer and manage the Company

Managing Chairman and General Partner

Florent Menegaux

General Manager

Yves Chapot

NON-MANAGING GENERAL PARTNER
(SAGES)
Chair:
Vincent Montagne

STATUTORY AUDITORS

Deloitte & PwC

Collaborate on Manager compensation and succession planning; make recommendations

SHAREHOLDERS

Limited partners, with liability proportionate to their investment

Ownership and voting rights structure is presented in section 3.11

ROLE AND RESPONSIBILITIES OF THE MICHELIN PARTNERSHIP LIMITED BY SHARES

Throughout its history, Compagnie Générale des Établissements Michelin (CGEM), the Group's parent company, has been organized as a partnership limited by shares (SCA). Consistent with this form of corporate organization, Michelin has opted for a distinctive governance structure that is at once robust, responsive, balanced and **capable of deploying its long-term strategy in seamless alignment with shareholder interests.** In addition, the limited partnership is committed to driving continuous improvement in the Group's governance system and practices, in compliance with the recommendations of the AFEP/MEDEF Code.[1]

A GROUP LED BY THE MANAGERS

Elected for four-year terms by shareholders at the Annual Meeting, the Managers **are responsible for administering and managing the Group.** With the endorsement of the Supervisory Board, they may be re-elected directly by the Non-Managing General Partner, i.e. the Société Auxiliaire de Gestion. As a General Partner, the Managing Chairman has unlimited personal liability for Michelin's debts.

THE SUPERVISORY BOARD: PRESENTATION AND ROLES

The Supervisory Board exercises permanent oversight of Michelin's management. In this role, **it 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 asset disposals, as well as Michelin's social responsibility policies and the election or dismissal of Managers and their compensation.
The Supervisory Board is currently comprised of eleven 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.

SOCIÉTÉ AUXILIAIRE DE GESTION (SAGES): ACTIVELY INVOLVED IN ELECTING THE MANAGERS

The Société Auxiliaire de Gestion (SAGES) is a Non-Managing General Partner responsible for selecting the Managers and ensuring the continuity of management. **As such, it participates, alongside the Supervisory Board, in the Manager succession planning and compensation processes.** However, it does not play any part in the Company's 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 Compagnie Générale des Établissements Michelin (CGEM) bylaws. Note that at least 80% of this share is set aside to underwrite the unlimited liability that SAGES shares with the Managing General Partner.

(1) Michelin's corporate governance is described in detail in the "Engagement Governance Roadshow" prepared for investors on October 3, 2022, which may be found on the michelin.com website.

THE MANAGERS AND THE GROUP EXECUTIVE COMMITTEE

at December 31, 2023

THE MANAGERS

The two Managers, **Florent Menegaux and Yves Chapot**, will serve until 2026. They are assisted by the Group Executive Committee.

EXECUTIVE COMMITTEE

Comprised of nine members and chaired by Florent Menegaux, **the Executive Committee** is responsible for making the Group's strategic choices, deciding on such issues as strategic, digital and organizational transformations, the Group's business model, acquisitions policy, performance management, brand strategies and sustainable growth strategies.

MEMBERS OF THE EXECUTIVE COMMITTEE

❶ **Jean-Claude Pats,** Chief People Officer - ❷ **Bénédicte de Bonnechose,** Executive Vice President, Urban and Long-Distance Transportation Business Line; Head of the European Regions - ❸ **Manuel Montana,** Executive Vice President, Mining, Beyond Road(1) and Aircraft Business Lines; Head of the Africa/India/Middle East, East Asia and Australia Regions - ❹ **Yves Chapot,** General Manager and Chief Financial Officer - ❺ **Adeline Challon-Kemoun,** Executive Vice President, Corporate Engagement and Brands; Executive Vice President, Michelin Lifestyle Business Line - ❻ **Éric-Philippe Vinesse,** Executive Vice President, Research & Development ❼ **Lorraine Frega,** Executive Vice President, Distribution and Services & Solutions Business Line; Executive Vice President, Strategy, Innovation and Partnerships, Sustainable Development and Impact; Head of the China Region - ❽ **Pierre-Louis Dubourdeau,** Executive Vice President, Manufacturing - ❾ **Florent Menegaux,** Managing Chairman - ❿ **Maude Portigliatti,** Executive Vice President, High-Tech Materials Business Line - ⓫ **Scott Clark,** Executive Vice President, Automotive, Motorsport, Two-Wheel Business Line; Head of the Americas Regions

(1) Agricultural, Materials Handling, Quarry, Construction, Defense and Powersport tires.

THE GROUP MANAGEMENT COMMITTEE

The Group Management Committee brings together members of following units: Purchasing, Audit, Internal Control and Risk Management, Corporate & Business Services, Finance, Legal Affairs, Quality, Supply Chain, Strategy, Information Systems, North America Region and China Region.

It is tasked with leading transformation, competitiveness, diversity and acquisition integration programs. It also manages the development of the Corporate & Business Services unit and the internal control, quality and risk management processes.

A CUSTOMER-CENTRIC ORGANIZATION

Focused on identifying and meeting customer needs, the Michelin organization is supported by an assertive employee empowerment process being deployed at every level and in every aspect of the business through:

20 Global Business Lines design solutions for customers sharing similar expectations.

9 Regions are responsible for managing customer relationships and increasing sales.

7 operating units provide their expertise and support.

1 lean Corporate Unit comprises departments focused on their strategic missions.

REGULAR, CONSTRUCTIVE STAKEHOLDER DIALOGUE

As part of our good governance practices, we engage in open dialogue with stakeholders at the local, national and international levels. In this way, we can keep our fingers on the pulse of society, gain insight into its expectations and how they are changing, and make better informed decisions. 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**, of whom eight are independent based on the criteria in the AFEP/MEDEF Code. It also includes a Senior Independent Member and two members representing Group employees*

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

Aruna Jayanthi
independent member

Wolf-Henning Scheider
independent member

Jean-Michel Severino
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**

33%
are non-French nationals

45%
are **women**

9
meetings in 2023 with a **100% attendance rate**

SUPERVISORY BOARD COMMITTEES

The Supervisory Board's three standing committees, each chaired by an independent member, assist the Board structuring its deliberations and preparing its decisions.

THE AUDIT COMMITTEE

DUTIES

The Audit Committee primarily oversees the preparation and control of accounting and financial information.

MEMBERS

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

4 independent members

6 meetings

100% attendance rate

THE COMPENSATION AND APPOINTMENTS COMMITTEE

DUTIES

The Compensation and Appointments Committee primarily deals with appointment and compensation policies for senior executives, as well as the compensation policy for the Managers. It is also responsible for assessing Supervisory Board members' independence based on the criteria recommended by AFEP/MEDEF.

MEMBERS

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

3 independent members

1 member representing employees

3 meetings

100% attendance rate

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

DUTIES

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

MEMBERS

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

3 independent members

1 member representing employees

4 meetings

100% attendance rate

A ROBUST RISK MANAGEMENT PROCESS

Michelin's worldwide enterprise risk management (ERM) system 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).

POOLING RISK MANAGEMENT

To foster a shared vision and support robust management of risks and priority issues, Michelin has opted to pool its Internal Audit, Quality, Risk Management and Internal Control activities into a single corporate department. This umbrella organization also facilitates cross-team cooperation throughout the Group and across time frames.

PRIORITIZING RISKS WITH DOUBLE MATERIALITY REVIEWS

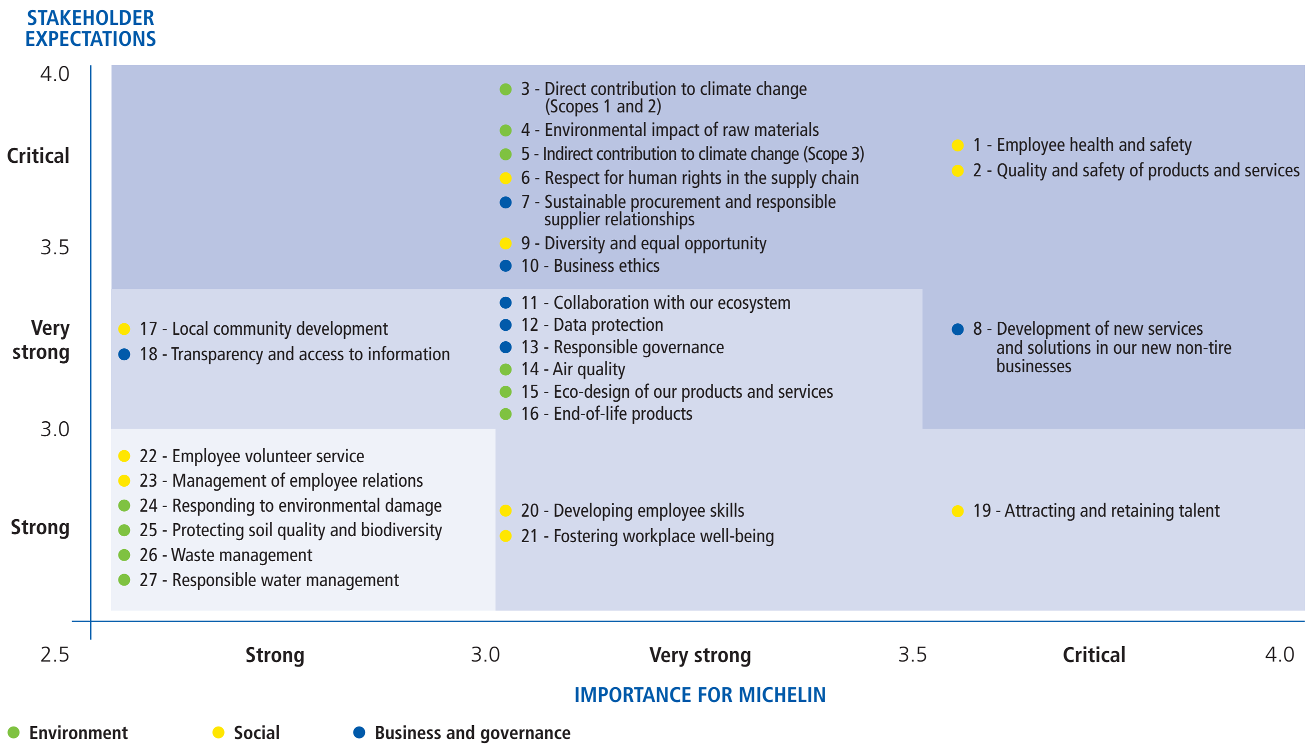
Double materiality consists of measuring and prioritizing both the risks that impact the Group and the risks that the Group potentially poses to its ecosystem. To manage it, Michelin uses a materiality matrix that reflects stakeholder perceptions, as well as the risks identified by the corporate audit and risk management system. In 2023, this double materiality scale was used in 13 audits performed during the year. The risk factors specific to the Group are described in Chapter 2, below, and the main non-financial risks in Chapter 4.

SUPPORTING EFFICIENT CRISIS MANAGEMENT

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, corporate procedures and methodological reference documents. On the front line to guard against cyber security risks, a Computer Emergency Response Team (CERT) tracks cyber intrusions and stands ready to respond quickly and effectively at all times across all continents.

PROTECTING ALL THE GROUP'S MAJORITY-OWNED SUBSIDIARIES

Global insurance programs covering every majority-owned Group subsidiary are in place to protect the Group from the most significant risks, including property & casualty/ business interruption, liability, accidental pollution and cyber intrusions.The Group's insurance programs are worldwide in scope.



ETHICS, THE BEDROCK OF OUR CORPORATE CULTURE

Michelin expects employees to act consistently with integrity and in compliance with the ethical principles that form the bedrock of its corporate culture.

Since its founding, Michelin's employees have embraced the values of respect and integrity that are the building blocks 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.

DEFENDING AND PROMOTING PREVAILING ETHICAL VALUES AND PRINCIPLES

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 business ethics, human rights, the environment and personal data.

A dedicated organization and governance structure is tasked with defining the Group's ethics and compliance strategy, leading its deployment and promoting its ethical values and principles to employees and outside stakeholders.

In addition, a whistleblowing system, designed to ensure the confidentiality of reports and the protection of the reporting individuals, enables any employee or outsider to report behavior that is not aligned with the Group's values or Code of Ethics.

INVESTING IN MICHELIN

Today, more than 240,000 individual shareholders have invested in Michelin, becoming part of an extraordinary human, technological and industrial saga and helping to enable sustainable mobility around the world.

As Michelin shareholders, they are supporting a manufacturing enterprise focused on all three Profit, People and Planet bottom lines. They are also recognizing the extraordinary capacity for innovation of a more than century-old Group whose technological leadership is esteemed in the marketplace and whose All Sustainable vision is creating more value for everyone. Lastly, they are acclaiming our engaged employees and expressing their confidence in a world-renowned brand that is steadily expanding in promising, diversified end-markets around the world

NURTURING TRUSTWORTHY RELATIONSHIPS

In 2023, more than 240,000 individual shareholders and over 4,100 institutional investors were following Michelin's lead. Through its insightful recommendations, the Michelin Shareholders' Committee, comprising three individual shareholders and three employee shareholders, has been steadily enhancing our communications with individual shareholders since 2003.

Michelin engages closely and attentively with shareholders to share its strategy, sustainable ambitions and innovations. Shareholder communication is designed to nurture a special relationship, anchored in trust, transparency and close interaction. For example, the Group shared its strategy, sustainable vision and innovations with individual shareholders at the Investir Day event in Paris on November 28 and 29, 2023 and later at a conference in Nantes.

INCREASING THE PAYOUT RATIO

Michelin is gradually increasing its dividend, so that eventually 50% of net income will be paid out to shareholders, compared with 35% before 2021. As of end-2023, for example, a shareholder who had invested €1,000 in Michelin stock in 2013 and reinvested all the dividends would have an investment worth around €2,260, for a total ten-year return of more than 125%.
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
(at December 31, 2023)
Shares held in the same name for at least four years carry double voting rights.

	Employee share ownership plan	Individual shareholders	French institutional investors	Non-resident institutional investors
% of shares outstanding	2.1%	10.5%	20.4%	67%
% of voting rights	2.3%	11.9%	24.0%	61.8%

Number of shares:
714,958,226

Voting rights outstanding:
990,275,053

SHARE INFORMATION

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

€23.2bn

December 31, 2023

AVERAGE DAILY TRADING VOLUME

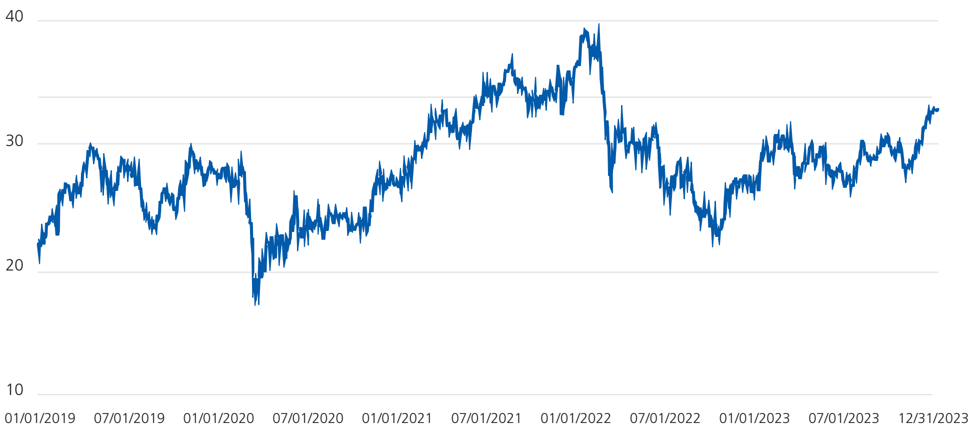
1,419,300

shares in 2023

SRI INDICES

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

CHANGE SINCE 2019



At December 2018
21,675

At December 2023
32,46

SHARE INFORMATION

SHARE PRICE (in €)	2023	2022	2021 (restated)	2021 (reported)	2020	2019
Session high	**32.65**	38.93	36.5	146	112.80	119.50
Session low	**25.60**	21.99	25.83	103.3	68.00	83.74
Closing price, end of period	**32.46**	25.99	36.04	144.15	104.95	109.10
Change over the period	**24.92%**	-27.89%	37.35%	37.35%	-3.80%	+25.84%
Change in the CAC 40 index	**16.52**	-9.50%	28.85%	28.85%	-7.14%	+26.37%

PER-SHARE DATA

(in € per share, except ratios)

	2023	2022	2021 (restated)	2021 (reported)	2020	2019
Net assets	**25.1**	24.0	20.9	83.9	70.8	74.1
Basic earnings	**2.77**	2.81	2.58	10.31	3.52	9.69
Diluted earnings(1)	**2.75**	2.79	2.56	10.24	3.51	9.66
Price earnings ratio	**11.7**	9.3	14.0	14.0	29.8	11.3
Dividend	**1.35***	1.25	1.125	4.50	2.30	2.00
Payout ratio	**49%**	44%	44%	44%	65%	21%
Yield(2)	**4.2%**	4.8%	3.1%	3.1%	2.2%	1.8%

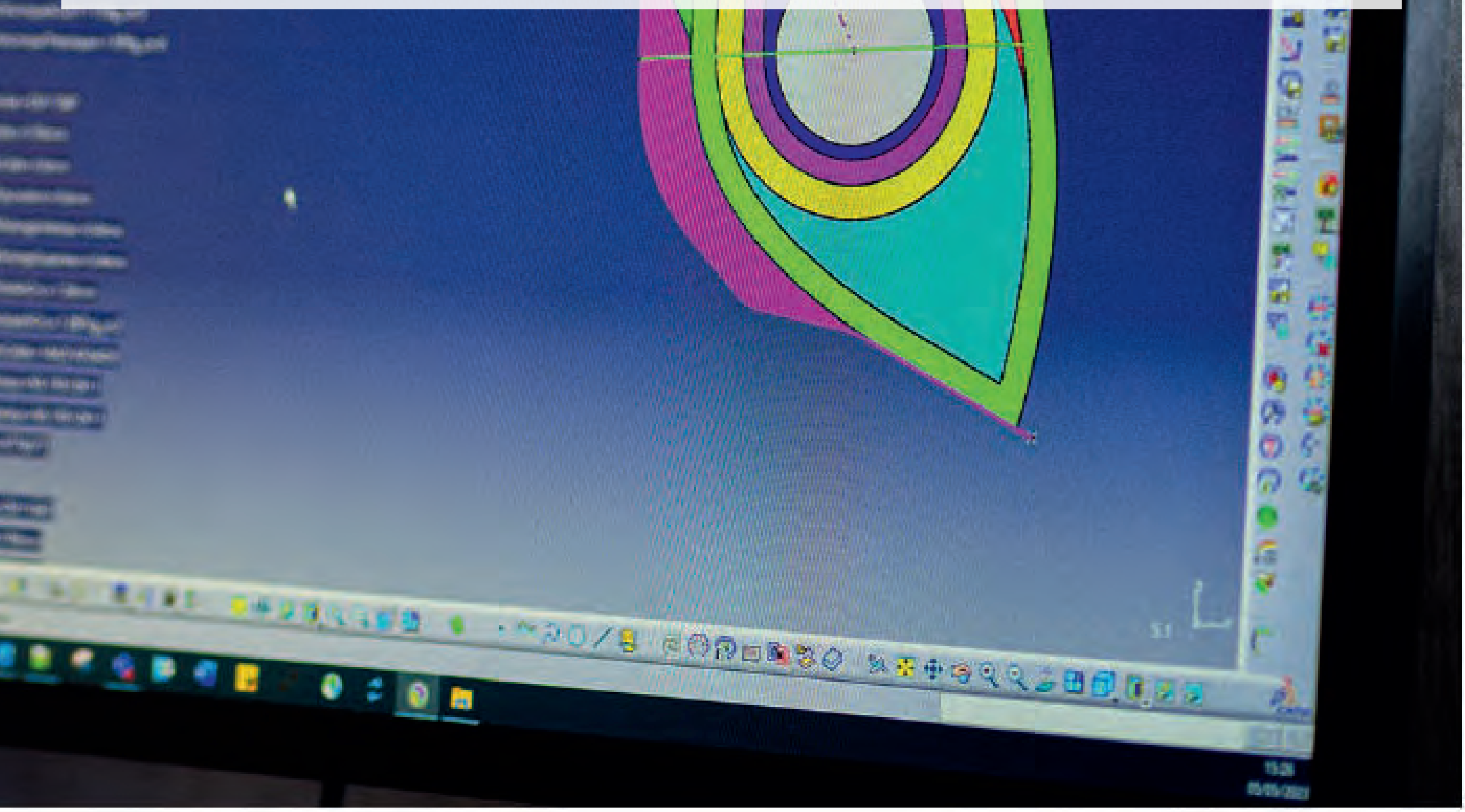
* Subject to approval by shareholders at the Annual Meeting on May 17, 2024. Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022. Prior-year figures correspond to the reported dividend.

(1) Earnings per share adjusted for the effect on net income and on the average number of shares of the exercise of any outstanding dilutive instruments.

(2) Dividend/share price at December 31.


lenovo

2 RISK MANAGEMENT



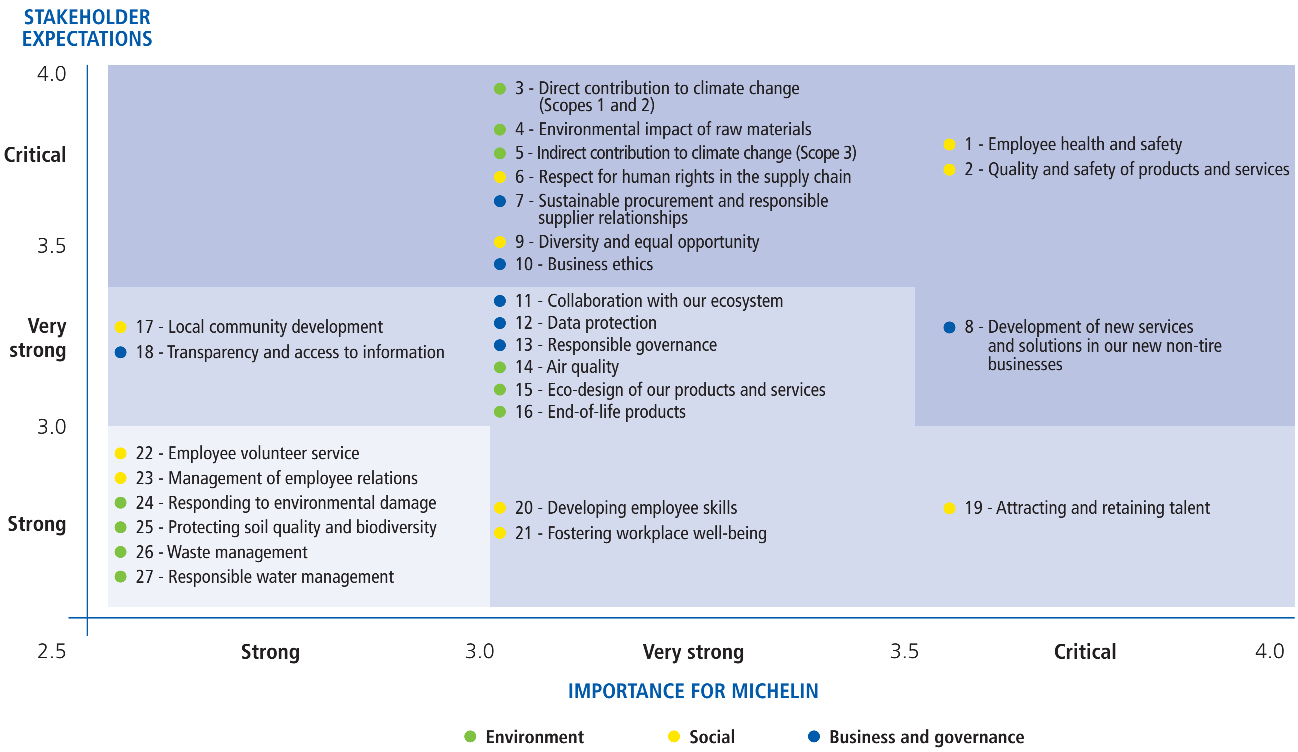
2.1 RISK FACTORS SPECIFIC TO MICHELIN, DESCRIPTION AND RELATED MANAGEMENT SYSTEMS

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. The crisis management system and the full range of prevention and protection measures have been put to the test in recent years, confirming the Group's confidence in its ability to deal with multiple crises on an ongoing basis.

For Michelin, a risk corresponds to the possible occurrence of an event whose consequences could affect its objectives, financial position or reputation, or affect its stakeholders, i.e., events or practices that could have an impact on people, the planet and society. All these risks are reviewed on an ongoing basis 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).

The process is being constantly upgraded to reflect the latest legislation and risk management best practices, thanks in particular to the continuous tracking of recurring risk management publications (*World Economic Forum*, *AXA Future Risks Reports*, *Risk In Focus*, etc.), and the Group's active participation in such outside organizations as the *Association pour le Management des Risques et Assurance de l'Entreprise* (AMRAE) and the *Institut Français de l'Audit et du Contrôle Interne* (IFACI).

In a commitment to ensuring that risks identified internally are aligned with stakeholder expectations, the risk management process is underpinned, in particular, by a materiality matrix specifically designed to address Group issues (see below).



The Group manages and assesses 250 risks (with both gross and net/ residual approaches), organized into 14 families. These 250 risks include both stakeholder expectations (as presented and prioritized in the materiality matrix above) and risks that are deemed critical to the Group and its sustainability.

As part of a continuous improvement process, the Group has also defined a methodology to address double materiality factors, in line with its All Sustainable vision, which focuses on the value created by the Group in the three areas of People, Profit and Planet.

To this end, what were referred to as risks in 2022 have been broken down this year into two categories:

- "Risks", when they could have potential repercussions on the Group;
- "Impacts", when they could have potential repercussions on the Group's ecosystems. Note that certain Impacts may also boomerang and, in return, create a risk for the Group. This is the case for the Impacts selected below.

Risks and Impacts are measured according to two impact scales:

- a financial, reputational and human impact scale for Risks;
- an accountability scale for environmental, social and governance Impacts.

Accountability, as defined in the ISO 26000 standard, means that an organization must be answerable for its impacts on stakeholders. The divisions on the accountability scale are determined by the amount of impact and the organization's degree of influence on the impacted ecosystem.

In accordance with the requirements of Regulation (EU) 2017/1129, Article 16, the selected risk and impact factors are those that have been demonstrated to be specific to Michelin and that have a significant net effect on the Group.

The net or residual effect is equal to:

- the gross effect;
- less all the risk and impact mitigation measures deployed by the Group, including prevention, protection, crisis management, risk transfer, and risk and impact governance systems.

On this basis, 12 risk and impact factors were identified as being specific to and having the greatest net impact on the Group. With regards to the impact factors, note that they were selected above all on the basis of their net effect on the Group.

Note as well that two of these factors (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 and impact factors are presented in the following table.

1. **By category.**
2. **Ranked from the highest to the lowest net effect** Financial risks are ranked on the basis of their potential financial effects on annual consolidated operating income, as follows:

- "High" = more than €450 million in annual net effect
- "Medium" = between €150 million and €450 million in annual net effect
- "Low" = less than €150 million in annual net effect

Risk and Impact categories	Risk and Impact factors	Net impact
Risks and Impacts related to Michelin's Strategy, Organization and Governance	3 – Environmental transition risks	Medium to high
	6 – Mergers and acquisitions	Medium
	8 – MICHELIN brands and reputation	Low to medium
	10 – Lack of employer attractiveness/employee retention	Low
Risks and Impacts related to Michelin's Operations and Business	1 – Physical effects of climate change	High
	2 – Supply chain	Medium to high
	4 – Manufacturing business interruption	Medium
	5 – Cyber attack	Medium
	7 – Environmental effects of our products	Medium
	11 – Knowledge retention	Low
	12 – Product safety	Low
Financial risks	9 – Pension and other defined benefit plans	Low to medium

NB: risks are numbered based on their residual effect from highest to lowest.

The risks and impacts identified as specific to Michelin have a low probability of occurring. Only the risk of the physical effects of climate change is non-specific and certain to occur. On the other hand, the physical adaptation to climate change is specific to the Group and has been documented in Risk 1.

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 and impact factors identified by the Group are discussed in this chapter. Chapters 1, 4 and 5 deal with other risks and impacts corresponding to critical stakeholder expectations and non-specific risks with low net financial, legal or tax impacts.

Risk 1 – Physical effects 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 (floods, heat waves, etc.) 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 implies a greater need for bio-based products which are already exposed to social and geopolitical risks and are increasingly sensitive to the chronic effects of climate change, such as drought and shifting growing conditions.

Extreme climate events could severely disrupt supplies, production operations or demand, with major consequences 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, section 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, Research and Development, who are both members of the Group Executive Committee.

An internal audit of the risk in 2021 resulted in the deployment 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. Its main deliverables in 2023 were:

- resources dedicated to the physical risks of climate change allocated to the Corporate Internal Audit, Risk Management, Internal Control and Quality Department;
- a study of the physical risks of climate change in 2030 and 2050 for around 100 facilities, whose findings are currently being reviewed;
- an "Adapting to Physical Climate Risks Policy" approved by the Environmental Governance body in 2023 for publication in early 2024;
- an internal guideline for systematically assessing exposure to the physical risks of climate change for acquisition projects, planned production or logistics facilities and raw materials supplier approvals.

Risks concerning natural rubber supplies are covered by a resilience plan, whose main levers continued to be implemented in 2023. Further progress will be driven in the years ahead with initiatives to diversify supply sources and varietal selection and improvement programs, encourage highly resilient agricultural practices, monitor changes in climate and public health conditions in production areas, and use the most efficient materials in our products and services and reduce the carbon footprint of our natural rubber-related operations.

More generally, risks arising from the physical impacts of climate change are managed with the support of:

- fast, efficient responses to any risks of disruption to manufacturing operations or the supply chain. A Business Continuity Plan is in place, covering all types of disruptive events, whether climate-related or not;
- a robust, regularly stress-tested crisis management process;
- an internal audit, which identified 36 ecosystems (suppliers, production plants, logistics facilities) within a 100 km radius that are particularly critical to the Group's business;
- a roadmap to define the necessary adaptation plans. In 2024, for example; the physical risks of climate change will continue to be studied and the first major costing of adaptation requirements will be carried out.

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;
- production inputs;
- business services.

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

- geopolitical tensions;
- disruptions to raw materials and energy supply chains;
- imbalances between supply and demand;
- shortages of certain components;
- certain regulatory requirements;
- supplier failure or closure.

Specific nature of the risk

A tire contains around 200 different products and components, 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, whose products are highly technical and whose customers expect them to perform to consistently high standards throughout their useful lives. This is why Group procedures ban any substitute supplies unless the impact on finished product performance has been tested.

Governance and risk management response

The governance body tasked with managing supply chain 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 attended by representatives of the Purchasing Department.

To more effectively anticipate and prevent supply continuity risks, procedures and measures have been introduced to manage purchasing across the Group at the most pertinent level, i.e., local, regional or global. These include raising employees awareness of supply continuity risks, 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.

Risk 3 – Environmental transition risks

Risk factors

This risk concerns the possible repercussions for the Group if the environmental transition is inadequately managed, including the policy and legal, technology, market and reputational aspects defined in the Task Force on Climate Related Financial Disclosures (TCFD) nomenclature. It also covers certain environmental impacts, such as pollution, resource depletion and the loss of biodiversity. Concerning this last issue, please refer to Chapter 4, section 4.1.1.3 Supporting biodiversity.

Specific nature of the risk

Mobility, which is the Group's main market, 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. Environmental transition risks could arise, in particular, from:

- the failure or inability to comply with environmental regulations;
- failure to prepare for scientific and social changes;
- non-compliance with the Group's environmental commitments;
- third-party challenges to the Group on environmental issues.

Governance and risk management response

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

The main levers already in place for managing these risks may 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);
- stakeholder issues, as discussed at meetings of the Stakeholders Committee and reflected in 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 and applied;
- policy deployment, including in new business operations, and progress towards its targets are being managed using appropriate indicators 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 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 sold by the Group. 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 (natural disasters, the impact of climate change or new legislation, geopolitical events) and internal (fires, IT outages, technical failures).

Specific nature of the risk

Business interruption risk is especially acute in the semi-finished product facilities due to Michelin's historical manufacturing model, under which semi-finished production is concentrated in certain plants that sometimes supply several different 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:

- strategically selecting plant locations to limit the probability of the risk occurring;
- prevention, with fire safety programs and technical inspections performed by trained personnel;
- protection, by applying preventive and corrective maintenance policies, multi-sourcing the production of finished and semi-finished products, and striking the right balance between component insourcing and outsourcing;
- preparing teams to manage crisis situations requiring the deployment of disaster recovery and business continuity plans.

Risk 5 – 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. Recent years have seen a sharp upsurge in the number of attacks, especially *ransomware and advanced persistent threat (APT)* attacks. Changing work practices, including the growing trend towards working from home, are also heightening 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, the Group has extensively overhauled its information technology and systems, building on both legacy assets and those of the successive companies acquired. Its broad geographic footprint and highly diverse business base, product ranges and procedures all make for a complex environment, with the result that its information system has several thousand applications, a thousand or so main servers and around 100 datacenters.

The Group's exposure to digital risks is increasing, due in particular to 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 certain countries.

Governance and risk management response

The cyber attack risk factor is managed by the Data, Digital, IT Governance body, which is chaired by the Group's General Manager, and co-chaired by the Executive Vice President of Distribution, Services & Solutions, who is a member of the Group Executive Committee. The body is led by the Group Chief Cybersecurity Officer.

To deal with the above-described information technology and systems risks, multi-year action plans have been prepared with a focus on 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.

Penetration 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, training programs and 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. By the end of 2023, 17 Michelin facilities had already been certified. TISAX certification is the final step in the process to ensure the highest level of data protection throughout the Group's value chain.

Risk 6 – Mergers and acquisitions

Risk factors

The main risk factors 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 and beyond tires. These drivers are supported by Michelin's core business and expertise in polymer-based composites, the accelerating pace of digitalization and the 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, Masternaut and FCG, and creating various joint ventures including TBC with Sumitomo Corporation, Symbio with Forvia and Stellantis, 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, with full effect from 2022.

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.

Impact 7 – Environmental effects of our products

Impact factors

Through its potentially negative environmental externalities, Michelin could possibly have an impact on the planet and on its own stakeholders. Michelin is committed to acting as a leading enabler of sustainable development and mobility. This means clearly identifying and effectively managing the environmental impacts inherent in its business operations, including the impact of products and services during the in-use phase.

The main impact factors are:

- Scope 3 carbon emissions from the use of sold products;
- the generation of tire and road wear particles (TRWPs);
- the impact of end-of-life treatment of sold products;
- tire rolling noise.

Today, societal expectations regarding climate change are rising and regulatory frameworks are tightening, particularly as concerns pollution, where, in the case of TRWPs, the scientific contours are still incomplete. In this environment, the above impact factors can translate into risk factors both for the Group and for the tire industry as a whole.

Specific nature of the impact

Environmental impacts are inherent to the tire itself, particularly during the in-use and end-of-life phases.

Governance and impact management response

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

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.

The main levers used by the Group to manage these impacts are:

- reducing tire rolling resistance during the design phase, which helps to improve vehicle fuel efficiency, which in turn reduces carbon emissions during the in-use phase. This process is supported by the systematic use of life cycle assessments, performed product by product, and the deployment of eco-design practices;
- reducing abrasion, by leveraging the Group's materials expertise and a long-standing design strategy focused on optimizing materials use. Moreover, by funding both in-house and external research programs, the Group is helping to deepen its understanding of the potential impacts of TRWPs, so as to develop new materials capable of attenuating them;

- organizing the collection and treatment of end-of-life tires. The Group is exercising its influence with public and private-sector stakeholders (i) to support the efficient operation of nationwide collection and resource recovery systems; and (ii) to encourage, wherever possible, local systems to focus on materials recovery, which optimizes the reuse of tire components as secondary raw materials and offers a generally smaller carbon footprint than energy recovery. In addition, the Group itself is developing end-of-life tire recycling solutions with other market participants;
- developing services and solutions that optimize the use and management of vehicle fleets, while improving their fuel/energy efficiency.

Risk 8 – MICHELIN brands and reputation

Risk factors

Michelin has an excellent reputation, both in terms of its products and services and as a company. However, like any other well-known multinational corporation, it is exposed to potential damage to its reputation and brands. In addition, the constantly growing influence of social media means that the Group is exposed to online reputational risk, at a time when information is openly and rapidly circulated.

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 brand and reputation would have a serious adverse effect on the Group. It is vital to safeguard the Group's brand and reputational equity, which is one of its major assets.

Governance and risk management response

MICHELIN Brands and Reputation Risk Governance is the responsibility of the Corporate Engagement and Brands Department and the Lifestyle Business Line. With the support of the Corporate Internal Audit, Risk Management, Internal Control and Quality Department, and the Group's Legal Department together with its Intellectual Property Office, the above Governance body manages a full array of initiatives to safeguard the Group's reputation and brands. Among these efficient measures is a systematic, ongoing intelligence process that analyzes online, social and other media to identify any initiatives or comments that could spiral out of control and cause long-term damage to the Group's reputation. 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.

The crisis management system also helps control reputational risk.

Risk 9 – Pension and other defined benefit plans

Risk factors

In certain countries, employee benefit obligations include unfunded, partially funded or fully funded pension and other defined benefit plans that represent a long-term benefit payment obligation for the Group. The main factors impacting the amount of the obligation are returns on plan assets for the funded plans, 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 increase the amount of the net obligation and consequently require the Group to make additional contributions to make up for the funding shortfall or increase future benefit payments. The Group's main pension plans in English-speaking countries are funded and have policies in place to hedge any discount rate risk.

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, 2023. At the same date, the related plan assets totaled €5.2 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 Executive Vice President, Personnel.

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 10 – Lack of employer attractiveness/employee retention

Risk factors

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, particularly in the manufacturing industry, 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 appeal of these jobs and the retention of employees trained in them in certain mature regions where the Group has sited its production operations, and in certain local labor markets. In addition, the creation of shared services centers, particularly for administrative and digital technology processes, may expose the Group to a competitive talent war.

Governance and risk management response

Managing attractiveness and retention risk is the responsibility of the Corporate Personnel Department's management team, which is led by the Executive Vice President, Personnel, who is a member of the Group Executive Committee. The team also oversees the "Managing social cohesion and people" risk family. These risks are audited internally on a regular basis, with the attractiveness and retention risk last audited in 2023.

All seven personnel management policies are helping to improve the Group's employer appeal and employee retention (see Chapter 4, section 4.1.2.4 Supporting employee growth and development, below).

More specifically, a number of levers have been or are being deployed to reduce the Group's exposure to this risk:

- highly agile compensation policies aligned with local conditions. At the same time, Michelin pays close attention to ensuring fairness among its country organizations by offering every employee profit-sharing initiatives and compensation components linked to its worldwide performance (Group bonus, employee share ownership plan);
- a best practices sharing network, covering, for example, initiatives in certain plants to improve the onboarding and training process during an employee's first year on the job;
- a proactive approach to decent wages and a universal social protection floor, which is also helping to strengthen the employer brand and employee pride in working for the Group;
- in addition, in the Manufacturing Department, a study conducted in 2022 led to the creation in 2023 of a dedicated team tasked with defining and rolling out the vision and strategy for the People component (talent development, expertise and skills, diversity and inclusion, team engagement, improving the employee experience). The team is appointing relay officers in the operating regions, close to the ground, to gain greater understanding of local conditions and listen more attentively to employee needs. This issue is one of the Manufacturing Department's six priorities.

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

Because Michelin invests heavily in innovation and the development of new growth businesses, protecting knowledge and expertise is essential to maintaining its technological leadership.

Sensitive information largely concerns products, services, materials, procedures and equipment, as well as techniques, methods, design, testing and manufacturing data alongside the related data bases. 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, Michelin must also address the growing use of social media, the development of artificial intelligence solutions 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 according to their sensitivity, with each classification protected by appropriate safeguards and practices. For example, cloud computing solutions are no longer used for certain categories of data and encryption levels have been 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, tangible assets and intangible assets are also protected by physical security systems;
- every employee is a protection enabler, with a deeply instilled security culture informed by the Group Security Charter;
- 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.

Impact 12 – Product safety

Tires are still Michelin's traditional 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 its products during their use or if they fail to comply with the applicable regulations, the Group could be faced with liability claims or be required to recall the products. This impact therefore entails material, reputational and financial risks for the Group.

Specific nature of the impact

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."

Thanks to a very robust process for tracking product performance in every market, Michelin has always been able to quickly and proactively issue recalls in response to any risks that could potentially impact the safety of its customers. This is also one of the promises made in the Group's Quality Policy.

Governance and impact management response

Product performance impact is governed by the Product Performance Monitoring Board, chaired by the Corporate Internal Audit, Risk Management, Internal Control and Quality Director.

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

- 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 impact of 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 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. This process now uses artificial intelligence, forecasting and alert systems to minimize the time needed to detect a potential problem.

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

Internal Audit, Risk Management, Internal Control and Quality activities have been brought together within a single Corporate Department, which provides a shared vision of the priority risks and challenges for the Group. It also supports efficient coordination and follow-up between the second (Internal Control and Risk Management) and third (Internal Audit) lines of defense across every timeframe and every Group unit.

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;
- ensuring the reliability of financial and non-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.

Michelin intends for Internal Control to become a tool for managing both its operations and the performance of line personnel, so that it can enjoy the benefits of efficient governance and the reasonable assurance that its risks are under control.

Scope of the internal control process

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

- The system covers substantially all the Group's operations, including every operating region and every business unit (manufacturing, sales and dealership networks). In the event of an acquisition, a dedicated internal control system is deployed in the new unit, in alignment with its business and risks. The scope of internal control is broad and extensive, covering every potential area of major risk.
- In extending the internal control process, the Group has updated and broadened it to address risks relating to the reporting of non-financial information. It will cover all the activities involved in collecting data and metrics, and in consolidating and publishing information as part of the non-financial reporting process.
- 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 corporate-level team (the Compliance Support Group in the Group's Corporate Legal Department) and the Compliance network, are 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 control audits are performed by the Compliance Support Group and led by the Chief Compliance Officer.

The Business Ethics risk family is governed by the Ethics Committee, chaired by the General Manager.

In 2023, the Chief Compliance Officer oversaw the Group-wide deployment of new guidelines on managing fraud risk. In 2024, the Compliance Support Group, the Corporate Finance Department and the Group Internal Control Department will work together to track (i) the key performance indicators of the Internal Control Compliance Rate in the Purchasing, Sales and Accounting processes; and (ii) the progress rate of the deployed action plans.

After increasing by 55% in 2022, the number of Compliance-related internal control projects (level 1 controls and level 2 tests) rose by another 20% in 2023. These controls and tests primarily covered 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, and regular internal audits of systems in place (four anti-corruption audits performed in 2023);
- 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 Ethics Hotline alerts: audits of employee awareness and deployment of the various channels in the Group's whistleblowing system, compliance with the internal procedure for reporting and processing cases of demonstrated non-compliance and implementation of the action plans, particularly as concerns the application of disciplinary measures. In addition, a follow-up audit of harassment risks was carried out in 2023.

Tests are performed by the network of internal controllers, alongside members of the Compliance Support Group.

2.2.4 Crisis management processes

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

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

The system, which was amply stress-tested during recent crises, is supported by a network of trained crisis managers at every level of the organization, providing dense coverage in units across the entire Group. and demonstrating the system's effectiveness and validity.

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 €1.5 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 €120 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 wholly-owned captive insurance and reinsurance company to provide coverage primarily in the following areas,

with limits commensurate with its resources:

- property & casualty risks, with a €50 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 20 million per claim and USD 40 million per year;
- cyber security risks.
- Total premiums paid to external insurance companies in 2023 amounted to €51.7 million, up 2.8% from 2022. While moderate, the increase reflected the persistently tight pricing environment in certain lines (mainly liability) and the highly selective allocation of capacity by insurers.

Note that the Michelin Group is one of the founding members of a mutual insurance company dedicated to covering cyber risks.

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 Corporate Sustainable Development and Impact 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 Operational Information Processing Department is in charge of overseeing information system policies and 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 financial 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 in every facility at least once every four years or more often if necessary, depending on the degree of risk. 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.

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 9, 2024.

3.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Tire and flexible composites 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 strikes a better balance between the Company's short-term and long-term interests.

There are two partner categories.

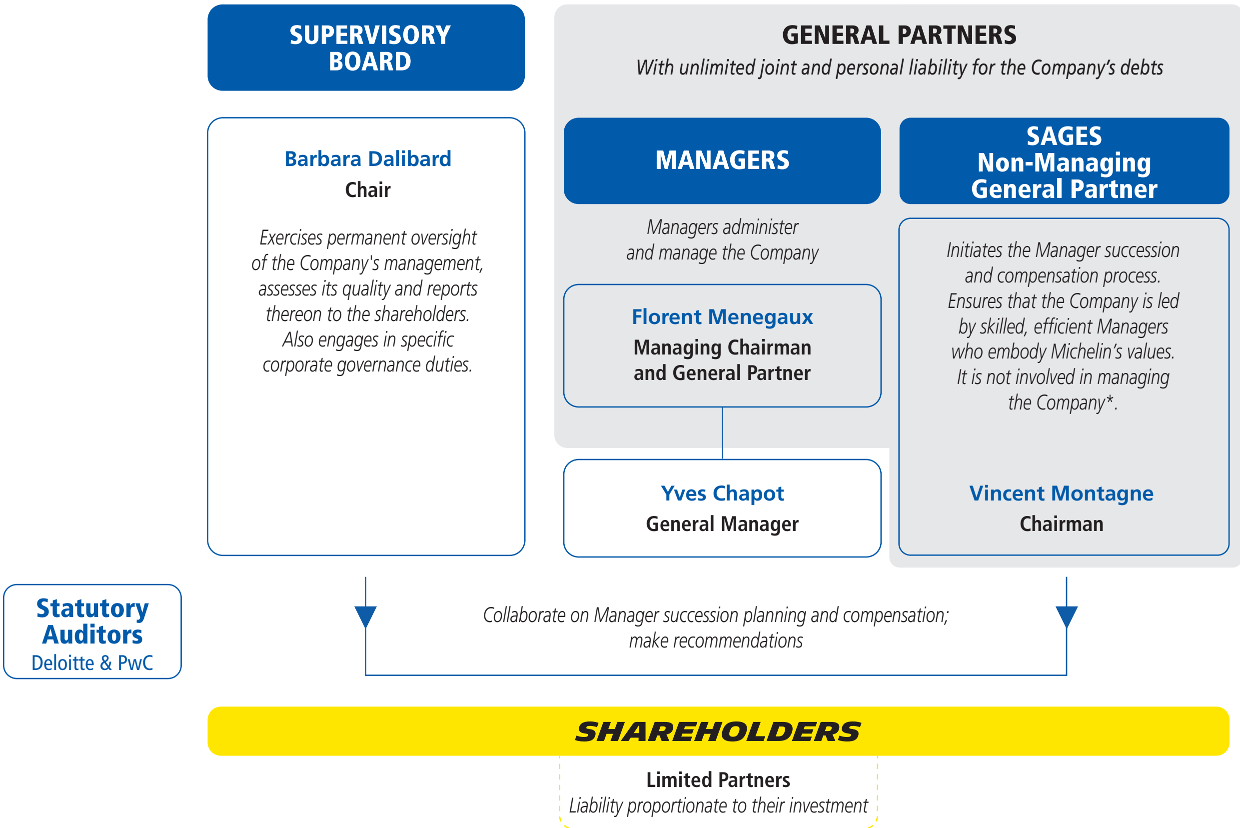
First are the limited partners or shareholders, who provide capital, elect the members of the Supervisory Board and the Managers and approve the financial statements presented by Management. Their liability is limited to the amount of their investment and they receive a share of the profits in the form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

Second are the General Partners, including the Managing General Partner and the Non-Managing General Partner. CGEM's Non-Managing General Partner, Société Auxiliaire de Gestion (SAGES), is responsible for ensuring 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, the two General Partners of CGEM are Florent Menegaux, Managing Chairman and Managing General Partner, and Société Auxilaire 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.



* Unless the position of Manager(s) falls vacant.

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 Chairman

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, 2023:

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, 2023

- Managing General Partner of Compagnie Générale des Établissements Michelin
- Managing Chairman of Compagnie Générale des Établissements Michelin
- Chairman of Manufacture Française des Pneumatiques Michelin
- Director of Legrand[2]
- President of Global Compact France Network

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- 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)*
- President of Global Compact France Network *(since June 2023)*

(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, 2023:

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, 2023

- 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
- Chairman of the Association Nationales des Sociétés par Actions (ANSA)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- 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)*
- Chairman of Association Nationale des Sociétés par Actions (ANSA) *(since October 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;
- oversee the preparation of financial and sustainability information;
- 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 20 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 9 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, Progress & Transformation, Planning – Prevention – Protection, Sustainable Development & Impact.

The Managers are assisted by the Group Executive Committee presented in Chapter 1 of the 2023 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.

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 Group 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, 2023

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, 2023:

- 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 300 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

SAGES is a Non-Managing General Partner of CGEM and 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. It initiates the Manager appointment and re-appointment process to ensure the continuity of the Company's management. Solely a decision of the shareholders in an Extraordinary Meeting may relieve a General Partner of their duties, subject to the agreement of the other General Partner. 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 is a key player in the Manager succession planning and compensation processes. SAGES plays a key role, alongside the Supervisory Board and its Compensation and Appointments Committee, in the Manager 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;

(1) *The Statutory Auditor's report on the annual financial statements is presented in section 5.3.3 of the 2023 Universal Registration Document and available on the Group's website www.michelin.com.*

- 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.

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 INDEPENDENT MEMBER

45%* WOMEN MEMBERS

89%* INDEPENDENT MEMBERS

9 MEETINGS

100% ATTENDANCE RATE

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, 2023, 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.

Information about the compensation of Supervisory Board members is presented in sections 3.3.3, 3.4.1, 3.4.2 and 3.5.1 of this report.

(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, 2023)

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	2027	15	2,740	French	65	F
Jean-Pierre Duprieu	✓	Compensation and Appointments (P)	2013	2016 2020	2024	10	2,040	French	71	M
Aruna Jayanthi	✓	Audit	2015	2019 2023	2027	8	1,600	Indian	61	F
Anne-Sophie de La Bigne	✓	Compensation and Appointments Corporate Social Responsibility	2013	2016 2020	2024	10	3,612	French	63	F
Patrick de La Chevardière	✓	Audit (P)	2020	-	2024	4	1,600	French	66	M
Jean-Christophe Laourde (RS)	−	Corporate Social Responsibility	2020	-	2024[4]	3	400	French	48	M
Thierry Le Hénaff (MR)	✓	Compensation and Appointments	2018	2022	2026	5	1,600	French	60	M
Monique Leroux	✓	Audit Corporate Social Responsibility (P)	2015[5]	2018 2022	2026	8	4,000	Canadian	69	F
Delphine Roussy (RS)	−	Compensation and Appointments	2020	-	2024[4]	3	586	French	41	F
Jean-Michel Severino	✓	Corporate Social Responsibility	2020[6]	2022	2026	3	1,600	French	66	M
Wolf-Henning Scheider	✓	Audit	2021	-	2025	2	1,600	German	61	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) Appointed pursuant to the Bylaws and not elected by the shareholders.

(5) 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.

(6) 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 2023

The terms of office of Barbara Dalibard and Aruna Jayanthi expired at the close of the Annual Shareholders Meeting held on May 12, 2023.

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 Barbara Dalibard and Aruna Jayanthi for a four-year term (resolutions of the Annual Shareholders Meeting of May 12, 2023, adopted by a majority of 97.81% and 99.56% of the votes cast respectively).

On the same day, the members of the Supervisory Board voted unanimously (with the interested parties abstaining) to re-elect Barbara Dalibard as Chair of the Board for the duration of her term of office as a member, and to re-elect Aruna Jayanthi as a member of the Audit Committee.

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").

Under French law, the Supervisory Board is responsible for exercising permanent oversight of the Company's management and assessing its quality on behalf of the shareholders, presenting a report thereon at each Annual Shareholders Meeting.

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, in particular:
  - through continuous contact and regular meetings with the Managers, as well as with the Non-Managing General Partner (SAGES), 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, primarily during governance roadshows[1] organized with the main shareholders.

(1) The presentation materials produced for these events are systematically posted on the www.michelin.com website.

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,
  - shareholder compensation policy,
  - 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

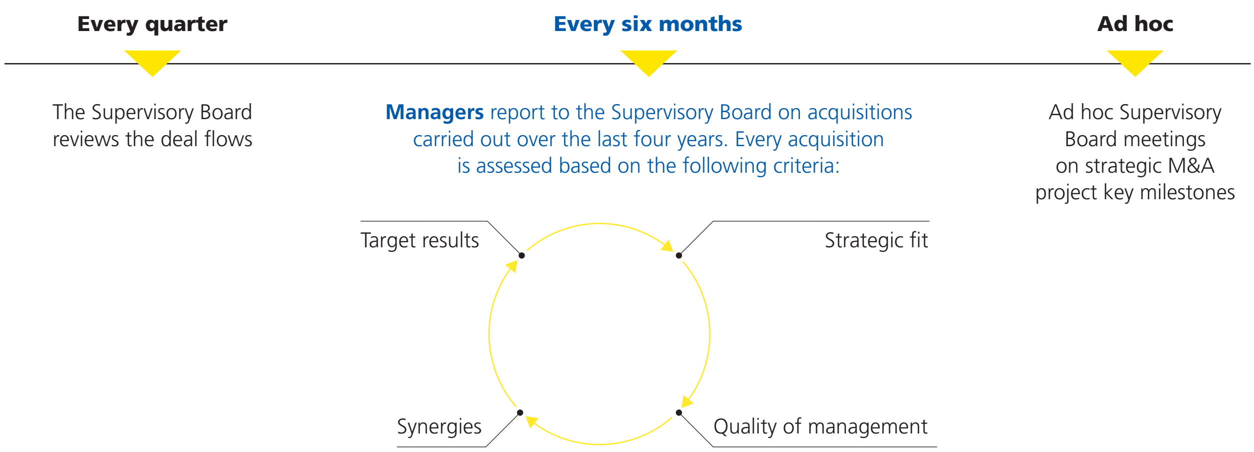
- **Prior Board approval:**
  - Managers' renewal,
  - Managers' dismissal and severance payments;
- **Prior Board recommendation to the shareholders:**
  - appointments of new Managers and of the Managing Chairman,
  - General Managers' compensation (policy, information) and Supervisory board members 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



(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 are regularly 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 2023	Implementation method	2023 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). 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 100% in 2023 for scheduled meetings of the Supervisory Board and its Committees. The average attendance rate of the incumbent Board members proposed for re-election and re–elected was at least 96% over the last three years of their term of office. Only a limited number of members also hold directorships, chairmanships or executive positions in other listed companies.
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.	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	Recommendation and decision to re-elect Barbara Dalibard and Aruna Jayanthi, 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 2023	Implementation method	2023 results
	For 2024, the objective is to replace/strengthen the expertise in finance and industrial business management represented on the Board.	experience in finance, internal control and digital technologies. The Board member skills map (matrix) is used to analyze the target composition of the Board and propose suitable candidates. More detailed examination of Corporate Social Responsibility (CSR) issues by the Supervisory Board.	
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 renew the terms of office of Barbara Dalibard (who has served on the Board for more than 12 years and is therefore qualified as a non-independent member) and Aruna Jayanthi (independent member of the Board). Independence rate stable at 89% (excluding members representing employees). The Audit Committee, Compensation and Appointments Committee and Corporate Social Responsibility Committee to be chaired by independent Supervisory Board members.
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.

MAIN EXPERTISE OF THE MEMBERS OF THE SUPERVISORY BOARD

	International Management	Finance	Social Environment, Human Resources and Governance	Environment, Climate and Biodiversity	Manufacturing	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		⦿	⦿	⦿				
Subject to their election by the Annual Shareholders Meeting of May 17, 2024 under the 13th and 14th resolutions (and as from that date):								
Catherine Soubie	⦿	⦿	⦿					
Pascal Vinet	⦿				⦿		⦿	

Barbara Dalibard: International Management: former CEO of Orange Business Services and SITA, companies present in 220 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 Clariane, independent director of 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, particularly 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 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 SLB (formerly Schlumberger).

Jean-Christophe Laourde: Social Environment, Human Resources and Governance: Employee representation mandates in the Michelin Group. 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. **Social Environment, Human Resources and Governance:** Chairman and CEO of Arkema (international group with over 21,000 employees in more than 55 countries). **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 Directors 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 and Desjardins Group, which promotes investment in innovative sustainable development and climate projects. Chair of the Governance and ESG Committee of BCE/Bell. **Environment, Climate and Biodiversity:** member of numerous Canadian expert committees advising on climate projects (advisor on Canadian industrial strategy, G7 Impact Task Force, etc.), author of a report on the future of corporate governance in Canada (ICD/TMX), which includes major ESG recommendations.

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: Member of the Executive Committee of Partners Group AG, former CEO of ZF group and Mahle, former senior executive at Bosch. **Manufacturing:** former CEO of ZF and Mahle, former senior executive at Bosch. **Automotive and Mobility sector:** former CEO of international automotive sector companies and former 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, former 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, former Senior Independent Director of Danone and former 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).

Subject to their election by the Annual Shareholders Meeting of May 17, 2024 (and as from that date):

Catherine Soubie: International Management: former Deputy CEO of Rallye, former Managing Director and Head of Investment Banking at Barclays France & Benelux. **Finance:** 22 years' experience in the finance sector, including Financial Affairs Manager at Lazard, Managing Director at Morgan Stanley and Managing Director, Head of Investment Banking for France, Belgium & Luxembourg at Barclays. **Social Environment, Human Resources and Governance:** CEO of Arfilia (information, consulting and business services) for the past eight years, member of Clariane's Compensation and Appointments Committee.

Pascal Vinet: International Management: Executive Vice President of the Air Liquide Group, overseeing Group Safety & Industrial Systems, **Manufacturing:** former CEO of Airgas (Air Liquide's Industrial Merchant and Healthcare business lines in the United States) and former Executive Vice President overseeing Air Liquide's Europe Industries hub, the Africa/Middle East/India hub and Industrial Merchant World business line. **Materials:** former Vice-President for Research & Development at Air Liquide.

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.

The Michelin Group has launched a certain number of initiatives to make all positions accessible to women and ensure gender wage parity. Concerning women managers, the Michelin Group 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 2023 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:

2027 (Annual Shareholders Meeting called to approve the 2026 financial statements)

Number of shares held at December 31, 2023:

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 Montréal.

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, 2023

- Director on the Supervisory Committee of Castillon
- Member of the Board of Directors and Chair of the Nomination and Governance Committee of Rexel

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- 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)*
- Chair of Rexel's Nomination and Governance Committee *(since September 2023)*

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, 2023:

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 Clariane(1), Director of the SEB group(1) and member of the Supervisory Board of Dehon S.A.S.

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, 2023

- Chairman of the Board of Directors of Clariane(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.S.

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- 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 Clariane(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.S.

(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:

2027 (Annual Shareholders Meeting called to approve the 2026 financial statements)

Number of shares held at December 31, 2023:

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 was appointed to lead a new Business Services Unit. In 2018, she was appointed to lead Capgemini'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. 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[1] 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, 2023

- Director of Equation Capital Partners LLP
- Director of the following Capgemini group[1] companies: Capgemini Technology Services India Limited, Capgemini Brasil Ltda, Capgemini Business Services Guatemala S.A, Capgemini Mexico – S.DE R.L DE C.V, Capgemini Canada Inc., Gestion Capgemini Québec Inc. (Canada), Capgemini Solutions Canada Inc.

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- Director of Chappuis Halder Inc. (Canada) *(until December 2022)*
- Director of Equation Capital Partners LLP
- Director of the following Capgemini group[1] 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 (Hangzhou) Co. Ltd *(until December 2021)*, Capgemini Saudi Limited *(until March 2022)*, Solcen Technologies Private Limited *(until April 2022)*, Capgemini Technology Services India Limited, Capgemini Brasil Ltda, Capgemini Business Services Guatemala S.A, Capgemini Mexico - S. DE R.L DE C.V, Capgemini Canada Inc.*(2022)*, Gestion Capgemini Québec Inc. (Canada) *(2022)*, Capgemini Solutions Canada Inc.*(2022)*

(1) Listed company.

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
42, 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, 2023:

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, 2023

- 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

2019-2023

- 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, 2023:

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, 2023

Director of SLB[1] (formerly Schlumberger)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

Director of SLB[1] (formerly Schlumberger)

(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, 2023:

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 and in 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, 2023

None

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

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, 2023:

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, 2023

- 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

2019 -2023

- 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:

Michelin
112, avenue Kléber
75016 Paris
France

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, 2023:

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 an audit 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 also 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, 2023

- 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:
  - Member of Lallemand and Lhoist (privately owned companies)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- 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 *(until June 2023)*
  - Member of Lallemand and Lhoist (privately owned companies)

(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, 2023:

586

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Delphine Roussy is an employee of Manufacture Française des Pneumatiques Michelin, where she is Deputy Director in charge of Acquisitions & Integrations within the Corporate Planning, Prevention, Protection 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.

She has followed the "Certified Corporate Director" training program organized by Sciences Po and Institut Français des Administrateurs.

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, 2023

None

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

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, 2023:

1,600

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Since 2023, Wolf-Henning Scheider has been a member of the Executive Committee of Partners Group AG, responsible for private placements.

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 group), 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, 2023

- Member of the Executive Committee of Partners Group AG (Switzerland)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2019-2023

- Member of the Board of Directors of VDA German Association of the Automotive Industry *(until November 2022)*
- Chairman of the Board of Management and Chief Executive Officer of ZF *(until January 2023)*
- Member of the Executive Committee of Partners Group AG (Switzerland) *(since January 2023)*

(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, 2023:

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.

He is Chairman of the Supervisory Board of Investisseurs et Partenaires (I&P), a fund management team specializing in financing for African SMEs.

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, 2023

- Chairman of the Board of Directors of IPAE
- Director of I&P Gestion
- Director of Phitrust Impact Investors
- Chairman of Emergences Développement
- 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

2019-2023

- 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) *(until December 2021)*
- Manager of I&P SARL and I&P Conseil *(until December 2021)*
- Senior Independent Director and Chairman of the Governance Committee of Danone SA(1) *(until April 2022)*
- Director and member of the Audit Committee of Orange SA(1) *(until May 2023)*
- 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 Manager 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, with performance in relation to quantitative financial criteria[1] reviewed by the Statutory Auditors;
  - 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[2];
- 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.

(1) Including net income, segment operating income, structural free cash flow, sales growth excluding tires and distribution, and full 2023 ROCE.
(2) See detailed disclosures below in section 3.2.6 of this Universal Registration Document.

3.2 SUPERVISORY BOARD PRACTICES – ACTIVITIES IN 2023

3.2.1 General activities

In addition to the six meetings initially scheduled, the Board held three further meetings in 2023, primarily to 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 and recommended dividend; in particular, the Board examined the 2022 financial statements at its February 10, 2023 meeting,
  - internal control and risk management,
  - acquisitions in progress and M&A monitoring (several meetings),
  - digital transformations;
- Strategic overview:
  - strategy seminar (several meetings): detailed business review focused on each of the three main strategic objectives, 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"),
  - strategies and opportunities in the electric vehicle market,
  - perception of Michelin by the financial markets;
- Corporate officers' compensation:
  - results of the performance criteria used to determine the Managers' variable compensation for 2022,
  - 2023 variable compensation criteria and performance objectives and performance share plan criteria;
- Group compensation policies;
- Manager succession plan: ongoing planning process proposed with the Chairman of the Non-Managing General Partner (SAGES), within the framework described in section 3.1.4 of this report;
- 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,
  - assessment of Supervisory Board practices,
  - preparation of the Corporate Governance Report and the Annual Shareholders Meeting
- Shareholder dialog:
  - during the annual Governance Roadshow organized with the main investors, presentation of Michelin's governance and discussion of the social, societal and environmental challenges[1],
  - at the Annual Shareholders Meeting, presentation on climate issues, in addition to the Managers' presentation of the Group's climate strategy and the main initiatives and achievements in this area;
- 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.

During the year, the Chair of the Supervisory Board continued to:

- coordinate and lead the work of the Board, especially its Bylaws activities;
- actively participate in the Company'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,
  - 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.

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

3.2.2 Supervisory Board members' attendance rates

The Supervisory Board met nine times in 2023 - on February 10, April 17, April 25, May 12, May 26, July 25, October 9-10, October 23 and December 15.

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

The Chair of the Supervisory Board and the Chairman of the Compensation and Appointments Committee ensure that Board members comply with their commitments in terms of availability to carry out their duties under the best possible conditions.

The overall attendance rate at Board and Committee meetings was 100% (excluding the Board meetings of April 17, May 12 and May 26, 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 scheduled in 2023[(1)]			
Supervisory Board members	**Supervisory Board**	**Audit Committee**	**Compensation and Appointments Committee**	**Corporate Social Responsibility Committee**
Barbara Dalibard	100%	N/A	N/A	N/A
Jean-Pierre Duprieu	100%	N/A	100%	N/A
Aruna Jayanthi	100%	100%	N/A	N/A
Anne-Sophie de La Bigne	100%	N/A	100%	100%
Patrick de La Chevardière	100%	100%	N/A	N/A
Jean-Christophe Laourde	100%	N/A	N/A	100%
Thierry Le Hénaff	100%	N/A	100%	N/A
Monique Leroux	100%	100%	N/A	100%
Delphine Roussy	100%	N/A	100%	N/A
Wolf-Henning Scheider	100%	100%	N/A	N/A
Jean-Michel Severino	100%	N/A	N/A	100%

(1) Excluding unscheduled meetings (three Board meetings, two Audit Committee meetings and one Corporate Social Responsibility Committee meeting).

3.2.3 Training for 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.

Board members also attended a training session on the main regulations governing CSR commitments and reporting. The training was provided by the Independent Third-Party Body (ITB) responsible for auditing the Non-Financial Statement. It focused mainly on the challenges created by these regulations and their future direction, the key issues and points of attention for Boards of Directors and Supervisory Boards – particularly with regard to the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and the European Taxonomy – and the practical implications for Michelin.

The Board members visited the Group's main Research and Development facility, where they heard detailed presentations on how Michelin's distinctive tire expertise is being applied in new strategic areas, such as flexible composites, medical applications and hydrogen membranes. These presentations were given by the Group's main R&D managers.

The Board members also paid a two-day visit to a multi-activity site in Central Europe, accompanied by the Regional Director and the Shared Service Center Director. During the visit, they heard a presentation on the region's characteristics, Michelin's position and the strengths that the Shared Service Center brings to bear in the drive to achieve operational excellence in support of the Group's "all-sustainable" strategy.

The visit was also an opportunity for the Board members to meet with the local teams and discuss with them the site's key projects and the social, societal and climate-related aspects of its activities.

The Board members took part in a training session on cybercrime issues, organized by an independent firm of specialized consultants. The training covered cybercrime risk awareness, a description and review of relevant defenses, and the practical aspects of crisis management.

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.

3.2.4 Supervisory Board succession plans and preparation of proposals and recommendations for the re-election of Supervisory Board members at the 2024 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 2024 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 2023 Universal Registration Document).

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.

Also, in accordance with its diversity policy (see section 3.1.3.3. of this report), the candidates notably examined by the Committee will include incumbent Supervisory Board members with international experience in finance and the management of industrial companies. In line with best industry practices, the selection of future members gave priority to candidates who fulfill the Supervisory Board's balance and diversity goals (in terms of skills, geographies and gender).

The Committee also continued to implement the succession plan for Board members in preparation for future elections or re-elections.

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 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 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 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 of the Supervisory Board or the Managing Chairman.

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

In 2023, 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:

- the effectiveness of management's actions to address the Board's comments and provide the additional information requested by Board members;
- the impact of the Board's membership and the cohesion, complementarity and interaction of its members on the efficiency of its practices;
- the positive assessment of management's competence and the transparency of its discussions;
- the need to continue to devote significant attention to CSR issues in the light of growing social, societal and environmental/climate challenges;
- the positive assessment of talent management processes and exchanges with the people concerned.

At the end of 2023, Thierry Le Hénaff reported to the Chair of the Supervisory Board and the Managing Chairman on his activities during the year.

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).

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[1], 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:

- 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 a Group company, 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.

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.

(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 line with the Supervisory Board's standard practice, if information that is considered sensitive for both Michelin and the undertaking concerned is presented to the Supervisory Board, the Board member concerned steps aside during the communication and discussion of said information and the related decision, in line with the Board's internal rules.

When considered necessary, the Committee reviews the conclusions of the analysis of 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 2024. 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 the Michelin Group and the companies operating in these markets, the Committee examined its revenues earned in 2023 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 the Michelin Group's consolidated sales for 2023.

The comparison showed that the sales in question represented a very limited part of the Group's consolidated sales in 2023.

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 operations in Latin America and Canada are headed by **Aruna Jayanthi**.

Transactions between the Capgemini group and the Michelin Group for IT consulting services represent only a small proportion of the Company's purchases[1], 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.

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.

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

The Committee noted Barbara Dalibard's independent mindset, her experience and her conspicuous participation in the work of the Board and its Committees. These qualities were the decisive factors in the unanimous decision by Board members to renew her appointment as Chair of the Supervisory Board in May 2023, following the decision by the Annual Shareholders Meeting to re–elect her as Board member, a position she has held since 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.

Criteria(1)	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
Criterion 1: Supervisory Board member representing employees in any of the past five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 2: Cross directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Material business relationship	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Statutory Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: More than 12 years served on the Board	✖	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Non-executive Supervisory Board member	✓	✓	✓	✓	✓	✖	✓	✓	✖	✓	✓
Criterion 8: Representative of a major shareholder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(1) In this table, ✓ denotes an independence criterion that is met and ✖ denotes an independence criterion that is not met.

3.2.7 Assessment of the Supervisory Board's practices

In 2023, the Chair of the Supervisory Board organized a self–assessment of the Board's practices.

This exercise followed an earlier self-assessment carried out in 2021 and an independent assessment performed in 2022 by a leading firm of consultants with the participation of the Senior Independent Member[(1)]. The independent assessment included an analysis of the conspicuous contributions of the Chairs of the Board and its Committees and each Board member. Its results were set out in a detailed report prepared by the Chair of the Supervisory Board and were the subject of a specific item on the agenda of the Supervisory Board meeting of February 10, 2023.

The 2023 self-assessment was based on an individual questionnaire sent to each member by the Chair of the Supervisory Board.

She also met each member individually in 2023 to take stock of their expectations.

Issues arising from the self-assessment of the Board's practices[(2)] were also discussed by the independent members during the Executive Session organized by the Senior Independent Member in 2023.

The following matters were covered by the 2023 self-assessment:

- Supervisory Board practices;
- Supervisory Board membership;
- assessment of individual members' contributions, including that of the Chair;
- 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 9, 2024 Supervisory Board meeting. During this meeting, the findings were presented to the Supervisory Board and the Managers by the Chair of the Supervisory Board. This presentation was followed by an exchange of views and a discussion among the Supervisory Board members.

The responses to the self-assessment questionnaire confirmed the conclusions of the independent assessment carried out in 2022 and the observed improvements. In particular:

- the respondents considered that the Board's membership was appropriate, and that its members' skills and experience were appropriate in light of the Board's role and the Company's businesses;
- the respondents' assessment of the quality of the dialog between Board members and with Group management was very positive, and they were also very satisfied with the information provided to enable the Board to carry out its duties in the best possible conditions;
- the processes for preparing succession plans and assessing management performance were considered as robust, and respondents welcomed the increasing attention paid to the skills needed to deploy the Group's strategy;
- the respondents highlighted the need to further advance the work of the Board's Committees by examining certain topics in more detail, and to support the increase in the CSR Committee's activities.

(1) The results of the independent assessment are presented in the 2022 Universal Registration Document, page 99.
(2) Details of the issues discussed at this meeting are provided in section 3.2.5 of this document.

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 32 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]

4 MEMBERS

50% WOMEN MEMBERS

100% INDEPENDENCE

6 MEETINGS

100% ATTENDANCE RATE

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, 50% of whom are women, are as follows:

- 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, 2023 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 SLB (ex. Schlumberger).
- Aruna Jayanthi:
  - International Management: numerous international business management positions in the Capgemini group, in India, the Americas 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, holder of 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 group 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 2023, the Chairman of the Audit Committee obtained assurance that the Committee's work in 2022 and 2023 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 annual and interim financial statements at least a day before they are presented to the Supervisory Board.

(1) At December 31, 2023.

(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 2023 Universal Registration Document.

3.2.9.3 Activities in 2023

The Committee met six times in 2023, on February 8, February 9, April 24, July 24 and December 14 (two meetings), including a joint meeting with the CSR Committee and two unscheduled meetings at the beginning of the year.

The overall attendance rate at scheduled meetings was 100%.

The main purpose of the meetings held in 2023 was to review:

- The audited parent company financial statements, the parent company projections prepared in accordance with French law, and the audited consolidated financial statements for 2022, 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 2022. 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, 2023 and the information on the parent company projections prepared in accordance with French law, 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 2023 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, 2023. Their review report did not contain any qualifications or emphasis of matter.
- The financial information for the third quarter of 2023 and related financial press release, presented by the Manager and Chief Financial Officer and the Deputy Chief Financial Officer.
- Preparation of the 2023 accounts closing, based on a presentation by the Manager and Chief Financial Officer, the Deputy Chief Financial Officer and the Senior Vice President, Accounting.
- Risk management and internal control systems (covering self-assessments, controls, status of action plans, a comprehensive analysis of risks and their impacts, and the 2024 action plans), presented by the Executive Vice President, Risk Management, Internal Audit and Quality and the Head of Internal Control.
- The internal audit plan and the results of audits carried out in 2023 presented at quarterly meetings of the Committee by the Group's Internal Audit and Risk Management Director.
- In early 2024, the Committee met to review the audited parent company financial statements for 2023, the parent company projections prepared in accordance with French law, and the audited consolidated financial statements for 2023, presented by the Manager and Chief Financial Officer.
- The Committee's work also covered the following areas:
  - Information Systems (IS) risk management processes, particularly cyber security risks based on an overview of the security strategy, protective measures, awareness-raising initiatives, ongoing deployment of dedicated organizations, policies and solutions, and data protection issues, presented by the Group's IS Security Director;
  - the cost of the Group's negative externalities, such as CO_2 emissions, presented by the Manager and Chief Financial Officer and the Deputy Chief Financial Officer; the presentation followed an initial analysis of this cost presented to the CSR Committee in 2022;
  - financial risk management, presented by the Deputy Chief Financial Officer and the Corporate Financing Director, with a particular focus on liquidity, exchange rates, bank counterparties, raw materials and energy;
  - changes to the fraud risk management organization and governance processes, changes to the applicable guidelines, content of the fraud action plan and the results of investigations carried out in 2022, discussion of significant cases of fraud, presented by the Group Chief Compliance Officer;
  - analysis of incidents reported on the Group Ethics Hotline in 2022, report on the activities of the Group Ethics Committee and the 2023 action plans, presented by the Group Chief Compliance Officer.
  - recent achievements and next steps in the Group's program to transform transactional processes (stemming from the Downstream OPE Program), presented by the OPE Program Director;
  - comprehensive review of the risks and impacts of CSR issues, sharing of progress on the "Adaptation to Physical Risks linked to Climate Change" initiative and summary of the main actions carried out in 2022 and early 2023, presented by the Group's Audit and Risk Management Director and the Head of the Corporate Sustainable Development and Impact Department at a joint session organized with the CSR Committee.

The Chairman of the Audit Committee reported to the Supervisory Board on the Committee's work on February 10, April 25, July 25, and December 15, 2023.

3.2.10 Compensation and Appointments Committee[1]

4 MEMBERS

50% WOMEN MEMBERS

100%* INDEPENDENCE

3 MEETINGS

100% ATTENDANCE RATE

* *Excluding the employee representatives.*

3.2.10.1 Members[2]

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 members of the Compensation and Appointments Committee, 50% of whom are women, are as follows:

- 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 Clariane, independent director on the SEB Board, 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: Chairman and CEO of Arkema since 2006;
  - Social Environment, Human Resources and Governance: Chairman and CEO of Arkema (international group with over 21,000 employees in more than 55 countries).
- 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)[3];
- the compensation awarded to the corporate officers (Managers, the Chair of the Supervisory Board and the other Supervisory Board members), discussed with the Non–Managing General Partner (SAGES)[3];
- the membership of the Supervisory Board and its Committees, and the succession plans for their members and Chairs.

(1) At December 31, 2023.
(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 2023 Universal Registration Document.
(3) As explained in section 3.1.4 above.

3.2.10.3 Activities in 2023

The Compensation and Appointments Committee met three times in 2023 – on February 6, April 24 and October 23, with an overall attendance rate of 100%.

The Committee's work mainly covered the following issues:

- Manager succession plan: ongoing planning process conducted with the Chairman of the Non-Managing General Partner (SAGES), within the framework described in section 3.1.4 of this report.
- Executive officers' variable compensation. At the beginning of 2023, 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 of the Supervisory Board for 2022, 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 12, 2023 (8th to 10th resolutions).

  The Committee analyzed and recommended to the Supervisory Board the 2023 compensation policy for the Managers submitted to the Annual Shareholders Meeting of May 12, 2023, which approved the corresponding resolution (6th resolution).

  In early 2024, 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.
- Compensation of the Supervisory Board members. Based on the Committee's recommendation, the Supervisory Board examined the compensation awarded to its Chair in 2022 and decided on the compensation components to be put to the vote at the Annual Shareholders Meeting of May 12, 2023, which approved the corresponding resolutions (8th and 11th resolutions).

  The Committee analyzed and recommended to the Supervisory Board the 2023 compensation policy for the Chair and members of the Supervisory Board (including specific compensation for the duties of the Chair of the Board), submitted to the Annual Shareholders Meeting of May 12, 2023, which approved the corresponding resolution (7th resolution).
- 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 the Company that could be qualified as material[(1)].
- 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 2023, 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 election/re-election of Supervisory Board members at the Annual Shareholders Meetings of May 12, 2023 and May 17, 2024. 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 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;
  - section 7.2 of the 2023 Universal Registration Document (Supervisory Board's report on the proposed resolutions) for the elections/re-elections proposed at the Annual Shareholders Meeting of May 17, 2024; and
  - section 3.2.4 of this report for the follow-up of the succession plan for Supervisory Board members.
- The 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 Chairman of the Committee reported to the Supervisory Board on the Committee's work on February 10, April 25 and December 15, 2023.

(1) *See the detailed description in section 3.2.6 of this report.*

3.2.11 Corporate Social Responsibility (CSR) Committee[1]

4 MEMBERS

50% WOMEN MEMBERS

100%* INDEPENDENCE

4 MEETINGS

100% ATTENDANCE RATE

* *Excluding the employee representatives.*

3.2.11.1 Members[2]

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, 50% of whom are women, are as follows:

- 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 and Desjardins Group, which promotes investment in innovative sustainable development and climate projects, Chair of the Governance and ESG Committee of BCE/Bell;
  - Environment, Climate and Biodiversity: member of numerous Canadian expert committees advising on climate projects (advisor on Canadian industrial strategy, G7 Impact Task Force, etc.), author of a report on the future of corporate governance in Canada (ICD/TMX), which includes major ESG recommendations.
- 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, former Senior Independent Director of Danone and former 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 Audit Committee and the Compensation and Appointments Committee on cross-committee matters that are of interest to them. This includes working with the Audit Committee on issues relating to the management of CSR risks and non-financial reporting.

The CSR Committee's interaction with the other Board Committees is described in its internal rules.

(1) *At December 31, 2023.*
(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 2023 Universal Registration Document.*

3.2.11.3 Activities in 2023

The Committee met four times in 2023, on February 9, July 24 and December 14 (two meetings), including a joint meeting with the Audit Committee and an unscheduled meeting at the beginning of the year, with an overall attendance rate of 100%.

Presentations were generally led by the Head of the Corporate Sustainable Development and Impact Department, with the participation of other unit directors or managers, mentioned where appropriate.

The Committee's work mainly covered the following issues:

- Cross-committee matters:
  - Review of the Non-Financial Statement included in the Universal Registration Document.
  - Presentation of the principles for managing the CSR aspects of the business, which included organizing CSR governance around five themes (Environment; Human Rights; Health, Safety and Security; Ethics Committee; Sustainable Finance) and setting up a Stakeholder Committee.
  - Ongoing monitoring of regulatory developments (in particular the Corporate Sustainability Reporting Directive (CSRD), the recently adopted European Sustainability Reporting Standards (ESRS), the standards proposed by the International Sustainability Standards Board (ISSB) and the rules to combat deforestation), as presented by the Head of Sustainable Finance in the Finance Department, along with a general presentation of the new rules and regulations and the resources deployed by the Company to comply with them.
  - Continued analysis of the steps taken by Michelin to classify its business activities according to their contribution to the European Union's environmental objectives (European Taxonomy), presented by the Sustainable Transformation and Performance Director.
  - Participation in a presentation of the various opportunities for companies to develop environmental and climate programs, given by a former member of Michelin's Stakeholder Committee (who is also a member of the UN Global Compact Executive Committee and Chair of the Science Based Targets initiative (SBTi)).
  - Preparation of the Committee's work program for 2024.
- Group environmental responsibility issues:
  - Climate action plan progress review, with a particular focus on emissions targets for 2030 and 2050.
  - Alignment of corporate biodiversity reporting standards, which companies will have to comply with from 2024.
  - Tire and Road Wear Particles (TRWP) issues and Michelin's participation in scientific research into the particles' spread in the environment.
  - Comprehensive review of the risks and impacts of CSR issues, sharing of progress on the "Adaptation to Physical Risks linked to Climate Change" initiative and a summary of the main actions carried out in 2022 and early 2023, presented by the Group's Audit and Risk Management Director at a joint session organized with the Audit Committee.
- Social responsibility issues:
  - Roadmap for managing the CSR performance of the Group's suppliers, with a presentation of the mapping and assessment of suppliers and the corresponding action plans given by the Sustainable Development Director in the Group's Purchasing Department.
  - The Group's living wage policy and the new Michelin One Care Program, a common social protection base for all Group employees, presented by the Human Resources Director and the Compensation and Employee Benefits Director.
  - The work carried out during the year by Michelin's Stakeholder Committee.

The Chair of the Committee reported to the Supervisory Board on the Committee's work on February 10, July 25 and December 15, 2023.

3.3 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION POLICIES FOR 2024

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 7, 2024 to approve the 2024 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 ("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.

(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.

The 2024 compensation policy is the subject of two proposed resolutions to be presented at the Ordinary Shareholders Meeting to be called to approve the 2023 financial statements:

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

3.3.2 Compensation policy: the Managers

This section describes the components of the compensation policy for the Managers. These components are presented in a proposed ordinary resolution approved by the General Partners and submitted for shareholder approval at the Ordinary Shareholders Meeting to be called to approve the 2023 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 Compensation and Appointments 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

In 2024:

- 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[1].

(1) 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)*	2024 segment operating income (SOI) *(like-for-like vs. 2023)*	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€3,500m	€3,670m	€3,800m
	Growth in free cash flow before acquisitions	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€1,500m	€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	1.01	0.95	0.92
	Percentage of Group management positions held by women	People	As a % of fixed compensation	0%	5%	7.5%
			Value of the indicator	22.5%	23.5%	24.5%
	CO_2 emissions (Scopes 1 and 2)	Planet	As a % of fixed compensation	0%	10%	15%
			Value of the indicator	2.14 mt	2.04 mt	1.94 mt
Total quantifiable qualitative/2nd component				0%	30%	45%
Total quantitative and qualitative excluding net income criteria				**0%**	**80%**	**120%**
TOTAL VARIABLE AS % OF FIXED REMUNERATION/1ST AND 2ND COMPONENTS				**0%**	**N/A**	**150%**
MAXIMUM TOTAL VARIABLE (IN €)						**1,650,000[2]**

(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.

(2) The entire variable annual compensation 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	€1,750m	€2,000m	€2,150m
	2024 segment operating income (SOI) *(life-for-like vs. 2023)*	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€3,500m	€3,670m	€3,800m
	Growth in free cash flow before acquisitions	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€1,500m	€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	1.01	0.95	1.00
	Percentage of Group management positions held by women	People	As a % of fixed compensation	0%	5%	7.5%
			Value of the indicator	22.5%	23.5%	24.5%
	CO_2 emissions (Scopes 1 and 2)	Planet	As a % of fixed compensation	0%	10%	15%
			Value of the indicator	2.14 mt	2.04 mt	1.94 mt
TOTAL QUANTIFIABLE QUALITATIVE				**0%**	**30%**	**45%**
Total quantitative and qualitative excluding net income criterion				**0%**	**80%**	**120%**
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.*

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 2024 performance share grants have been established within the framework of the authorization to issue shares to the Managers and employees of Michelin group companies approved by Annual Shareholders Meeting of May 12, 2023[1].

Within the framework of this authorization, the Supervisory Board, on the recommendation of the Compensation and Appointments Committee, has decided to apply the 2023 indicators in 2024, with adjusted targets and rebalanced weightings[2].

The main specific characteristics of the performance share rights that may be awarded to the Managers in 2024 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 0.1% 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 2024 would be limited to an amount equivalent to 140% of his 2024 fixed compensation and for the General Manager, the rights granted in 2024 would be limited to an amount equivalent to 120% of his 2024 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 the 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:

Criterion	Objective	Indicator	Weighting
Share price performance	Stock performance	Michelin share price must outperform the Stoxx Europe 600 index by between 0 points (threshold) and 5 points (ceiling) between 2023 and 2026 (based on average daily closing prices for the two baseline years)	20%
Corporate social responsibility performance	Planet	Industrial-Michelin Environmental Performance (i-MEP[1]) indicator to range between 83 points (threshold) and 77 points (ceiling) in 2026	20%
Corporate social responsibility performance	People	Change in average employee engagement rate to range between 83.0 points (threshold) and 85.0 points (ceiling) on a like-for-like consolidated basis over a three-year period	20%
Operating performance	Profit	Average annual growth in revenue from non-tire and distribution activities[2] to range between 3% (threshold) and 8% (ceiling) between 2024/2023, 2025/2024 and 2026/2025	20%
Operating performance	Profit	Total consolidated return on capital employed (ROCE)[3] to range between 10% (threshold) and 12% (ceiling) in 2026	20%

(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.
(3) Including acquisitions and related goodwill, and associates & joint ventures.

(1) 14th resolution adopted by a majority of 87.04% of the votes cast. Details of this authorization are provided on pages 455 to 457 of the 2022 Universal Registration Document.
(2) The weighting of the share price performance indicator has been set at 20% (vs. 30% in 2023), and the weighting of the two operating performance criteria has been set at 20% (vs. 15% each in 2023).
(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.

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.

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, Florent Menegaux and Yves Chapot are covered by health and death/disability insurance plans in the same way as the employees of the Company or MFPM.

3.3.2.5 Stock options

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

3.3.2.6 Pension plans

There is no specific supplementary pension plan set up for the Managers or the Chair 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 2023 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 2023 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 2024 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 32 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 2023 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 2023 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 2023 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, was re-appointed to this position in May 2023 following her re-election as Supervisory Board member by the Annual Shareholders Meeting.

Following the increase in the annual compensation of the Chair of the Supervisory Board, presented by the Board in the 2023 Compensation Policy and approved by the Annual Shareholders Meeting of May 12, 2023(1), on the recommendation of the Compensation and Appointments Committee, the Supervisory Board (with the Chair abstaining) has decided to roll over the 2023 Compensation Policy to 2024. It also decided to set the fixed annual compensation of the Chair of the Board at €400,000, breaking down as compensation for her duties as Chair (€350,000) and compensation as a member of the Board (€50,000)(2).

(1) *The 2023 compensation policy was approved by the Annual Shareholders Meeting of May 13, 2022 (7th resolution, adopted by a 99.65% majority of the votes cast). The policy is presented in the 2022 Universal Registration Document (page 114).*
(2) *This compensation amount has been set for the entire duration of Barbara Dalibard's duties as Chair of the Supervisory Board.*

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 for 2022 and subsequent years[(1)].

For 2024, on the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided to apply the allocation rules adopted in the 2023 compensation policy for the total annual amount voted in 2022:

- allocation of a basic amount of €50,000 to each member;
- 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);
- 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 or €40,000 for the Chair of the Audit Committee), (recipients of this additional amount no. 2 are not entitled to additional amount no. 1 for their participation in the Committee's work);
- allocation of additional amount no. 3 to the Senior Independent Member of the Supervisory Board (€15,000);
- allocation of additional amount no. 4 to Supervisory Board members who live outside France on a permanent basis (€10,000, 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 for no. 1 and no. 4[(2)]) 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 that are scheduled at the start of the year.

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[(3)].

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 2023 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 2023 Universal Registration Document.

(1) 16th resolution adopted by a majority of 99.57% of the votes cast.
(2) In the case of the Chairs of the Committees and the Senior Independent Member, this attendance requirement would not apply to amounts no. 2 and no. 3, due to their specific duties and resulting additional workload.
(3) Excluding 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 2023.

The 2023 compensation policy for Supervisory Board members was presented to the Ordinary Shareholders Meeting of May 12, 2023 and was approved by a 99.65% majority of the votes cast.

Information about the members' attendance rates at meetings of the Supervisory Board and its Committees in 2023 is provided in section 3.2.2 of this 2023 Universal Registration Document.

The following table shows:

- Amounts paid in 2022 in respect of services to the Board in 2021;
- Amounts awarded for services to the Board in 2022, paid in 2023;
- Amounts paid in 2023 in respect of services to the Board in 2022;
- Amounts awarded for services to the Board in 2023, not yet paid.

	2023[1]		2022[1]	
Supervisory Board members	**Amount awarded** *(in €)*	**Amount paid** *(in €)*	**Amount awarded** *(in €)*	**Amount paid** *(in €)*
Barbara Dalibard[2]	400,000[3]	470,000[4]	120,000	91,153
Jean-Pierre Duprieu	85,000	75,000	75,000	71,963
Aruna Jayanthi	78,800	67,750	67,750	57,570
Anne-Sophie de La Bigne	90,000	75,000	75,000	71,963
Patrick de La Chevardière[5]	99,400	80,000	80,000	76,760
Jean-Christophe Laourde[6]	70,000	60,000	60,000	51,573
Thierry Le Hénaff	85,000	75,000	75,000	71,963
Monique Leroux	115,000	100,000	100,000	86,355
Michel Rollier[7]	N/A	N/A	N/A	47,975
Delphine Roussy[6]	70,000	60,000	60,000	51,573
Wolf-Henning Scheider[8]	80,000	57,750	57,750	33,582
Jean-Michel Severino[9]	70,000	60,000	60,000	57,570
TOTAL	**1,243,200[10]**	**1,180,500[11]**	**830,500**	**770,000**

(1) The compensation indicated consists solely of fixed compensation for services as a 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) New fixed compensation for 2023, including her €350,000 fixed compensation as Chair of the Board which is not included in the maximum total annual amount referred to in footnote 10 below.

(4) Including compensation received in 2023 in respect of 2022 (€120,000) and the new fixed compensation decided for 2023 and paid during that year.

(5) Supervisory Board member since June 2020.

(6) Supervisory Board member since December 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 (2023) have been established in accordance with the Supervisory Board's 2023 compensation policy approved by the Annual Shareholders Meeting of May 12, 2023 (7th resolution, adopted by a majority of 99.65% of the votes cast), based on the maximum total annual amount of Supervisory Board compensation (€950,000) decided by the Annual Shareholders Meeting of May 13, 2022 (16th resolution, adopted by a majority of 99.58% of the votes cast), excluding the €350,000 in fixed compensation for 2023 awarded to Barbara Dalibard in her capacity as Chair of the Supervisory Board.

(11) The amounts paid in 2023 were awarded in respect of 2022, except for the new fixed compensation awarded to Barbara Dalibard in respect of 2023 (€350,000) and paid in that year, which was not included in the maximum total annual amount of Supervisory Board compensation referred to in footnote 10 above.

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 2023 compensation policy.

3.4.2.1 Compensation for Supervisory Board duties

In accordance with the 2022 compensation policy, in 2023, Barbara Dalibard received fixed compensation of €120,000 for her duties as member and Chair of the Supervisory Board in 2022.

In application of the 2023 compensation policy:

- in 2023, Barbara Dalibard received fixed compensation of €350,000 for her duties as Chair of the Supervisory Board in that year;
- in 2024, Barbara Dalibard is in line to receive fixed compensation of €50,000 for her duties as member of the Supervisory Board in 2023.

No variable compensation was paid or awarded to her during or in respect of 2023.

Information about Barbara Dalibard's attendance rates at meetings of the Supervisory Board and its Committees in 2023 is provided in section 3.2.2 of this 2023 Universal Registration Document.

3.4.2.2 Other compensation

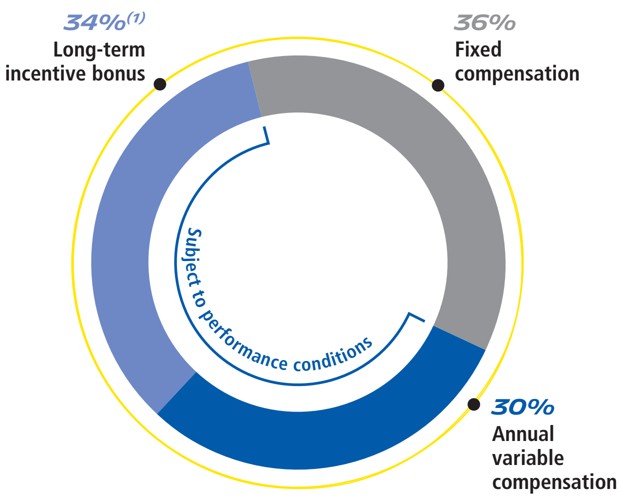
No other compensation was paid or awarded to Barbara Dalibard during or in respect of 2023.

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 2023 or awarded to him in respect of 2023, pursuant to the 2023 compensation policy. This policy is described in the Corporate Governance Report (the "2023 compensation policy") reproduced in the 2022 Universal Registration Document[2] and was presented to the Annual Shareholders Meeting of May 12, 2023 by the Chair of the Compensation and Appointments Committee[3].

COMPENSATION PAID TO FLORENT MENEGAUX DURING FISCAL YEAR 2023



(1) Long-term compensation takes into account the book value of performance shares granted to the Managers in 2023.

(1) At December 31, 2023, the Company had two General Partners: Florent Menegaux, Managing Chairman, and SAGES, Non-Managing General Partner (see section 3.1.2 of this 2023 Universal Registration Document).
(2) See sections 3.3.1 and 3.3.2 of the 2022 Universal Registration Document.
(3) See the information/presentations on the May 12, 2023 Annual Shareholders Meeting on the Company's website www.michelin.com.

3.4.3.1 Fixed compensation

In application of the 2023 compensation policy, the fixed compensation received by Florent Menegaux amounted to €1,100,000.00[1].

3.4.3.2 Annual variable compensation

Florent Menegaux's annual variable compensation has been determined in application of the 2023 compensation policy and the recommendation of the Supervisory Board, and is deducted in full from the General Partners' Profit Share[2].

The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

	Criterion	Objective	Measurement method[1]	Min.	Target	Max.	2023 actual	Achievement rate
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	N/A	N/A
			Value of the indicator	4%	4%	4%	4%	4%[1]
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%	-	37.5%
			Value of the indicator	€3,150m	€3,400m	€3,550m	€3,866m	-
	Growth in free cash flow before acquisitions	Profit	As a % of fixed compensation	0%	25%	37.5%	-	37.5%
			Value of the indicator	€1,400m	€1,800m	€2,050m	€3,009m	-
Total quantitative/2nd component				0%	50%	75%	-	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%	-	9.5%
			Value of the indicator	N/A	N/A	N/A	N/A	N/A
	Total Case Incident Rate (TCIR)	People	As a % of fixed compensation	0%	5%	7.5%	-	7.08%
			Value of the indicator	1.15	1.06	1.00	1.01	-
	Percentage of Group management positions held by women	People	As a % of fixed compensation	0%	5%	7.5%	-	6.75%
			Value of the indicator	19.8%	20.8%	21.8%	21.5%	-
	CO_2 emissions (Scopes 1 and 2)	Planet	As a % of fixed compensation	0%	10%	15%	-	9.79%
			Value of the indicator	2.3mt	2.16mt	2.02mt	2.163mt	-
Total quantifiable qualitative/2nd component				0%	30%	45%		33.12%
Total quantitative and qualitative excluding net income criterion								108.12%
TOTAL VARIABLE COMPENSATION AS % OF FIXED COMPENSATION/ 1ST AND 2ND COMPONENTS *(rounded to the nearest decimal)*				**0%**	**N/A**	**150%**		**151.4%**[2]

(1) *Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM) in consideration of his role as Chairman of the Company.*
(2) *See the 2nd resolution presented to the Annual Shareholders Meeting of May 17, 2024. 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 2023 Universal Registration Document).*

Maximum value of all quantitative and quantifiable qualitative criteria	150% of annual fixed compensation
Actual overall achievement rate	151.4%[1]
Amount awarded after applying the cap *(in €)*	1,650,000.00[2]
Capped achievement rate as a percentage of the fixed reference compensation (including the amount corresponding to the compensation as General Partner)	150.00%

(1) This is a percentage determined on the basis of the Profit Share calculation (0.6% of consolidated net income for the year, in application of the 2023 remuneration policy) and not by reference to fixed remuneration.

(2) Application of the criteria leads to an amount of €1,665,134.25, representing 151.40% of the reference fixed compensation (€1,100,000), vs. a ceiling of 150% (€1,650,000).

All quantitative and qualitative objectives were set at the start of 2023 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 analyzed the results of the Balanced Score Card. Having noted the significant progress made in deploying the People, Profit and Planet aspects of Michelin's strategy, the Committee decided that the indicator-based objectives had been 95%-met, nearly in line with the target of 100%;
- concerning the "corporate social responsibility" criterion (Total Case Incident Rate: improvements to the safety of Michelin Group employees), the Committee noted that the target had been exceeded and that the TCIR was close to the ceiling, at 1.01;
- for the "gender balance" criterion, the Committee noted that the percentage of Group management positions held by women (21.5%) was significantly above the target;
- for the "CO_2 emissions (Scopes 1 and 2)" criterion, the Committee noted that actual emissions (2.163 mt) were almost on target;
- In conclusion, the Committee recommended to the Supervisory Board that the cumulative achievement rate in relation to all of the quantifiable qualitative criteria should be assessed as 151.4%. Taking annual fixed compensation of €1,100,000.00 as the calculation base, the annual variable compensation amounts to €1,665,134.25. As this amount exceeds the ceiling of 150% of the reference fixed remuneration, the actual amount due has been reduced to this ceiling, i.e. €1,650,000.00.

After discussing the matter during its meeting on February 9, 2024, 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 2023: performance share rights

On November 17, 2023, 65,164 performance share rights were awarded to Florent Menegaux[1]. At December 31, 2023, these rights were valued at €1,047,089.10 and represented less than 0.0092% of the total Michelin shares outstanding at the year-end.

This award was:

- authorized in an extraordinary resolution of the Annual Shareholders Meeting of May 12, 2023 (14th resolution);
- made on the proposal of the General Partners in application of the conditions and criteria set by the Supervisory Board that determine all the performance share awards, as presented in the 2022 Universal Registration Document and as they result from the 2023 compensation policy[2].

In application of the 2023 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 0.1% of the Company's capital; this is a specific sub-cap applicable to the Managers within the overall cap of 1.5% 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) To improve year-on-year comparability and avoid taking into account stock market performance conditions, due to the excessive volatility of this indicator, for the determination of the discount rate, the fair value used to determine the number of shares to be awarded only takes into account the dividends not received during the vesting period.

(2) Please refer to pages 111, 455 and 462 of the 2022 Universal Registration Document.

The performance criteria are presented below.

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2023 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Interim results 2023 *vs.* 2022		
Share price performance	• Michelin share price must outperform the Stoxx Europe 600 index by at least 5 points between 2022 and 2025 (based on average daily closing prices for the two baseline years) • Vesting prorated to the achievement rate between the trigger point of 0 and the targeted 5 points	*30%*	-7.8 points		
			2023	**2024**	**2025**
Corporate social responsibility performance	• Industrial-Michelin Environmental Performance – i-MEP[(1)] must be below 80 points in 2025 • Vesting prorated to the achievement rate between the trigger point of 86 and the targeted 80 points	*20%*	83.9 points	-	-
	• The employee engagement rate must exceed 84.5% in 2025 • Prorated result between 83% and 84.5%, capped at 16% • Prorated result between 84% and 84.5%, capped at 20%	*20%*	83.5%	-	-
Operating performance	• Average annual growth in revenue from non-tire and distribution activities must exceed 12% over the 2022-2023, 2023-2024 and 2024-2025 periods • Result calculated on a straight-line basis between the threshold of 7% and the targeted 12%	*15%*	10.0%	-	-
	• Total consolidated ROCE (including acquisitions, related goodwill and equity-accounted companies) must exceed 12% in 2025 • Result calculated on a straight-line basis between the threshold of 10% and the targeted 12%	*15%*	11.4%	-	-

(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 2023 compensation policy, in 2023 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 plans

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

In his capacity as Chairman of the subsidiary MFPM, 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% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Mr. Menegaux's reference compensation for 2023 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 €165,000.

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.

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 2023[1].

3.4.3.7 Non-compete indemnity

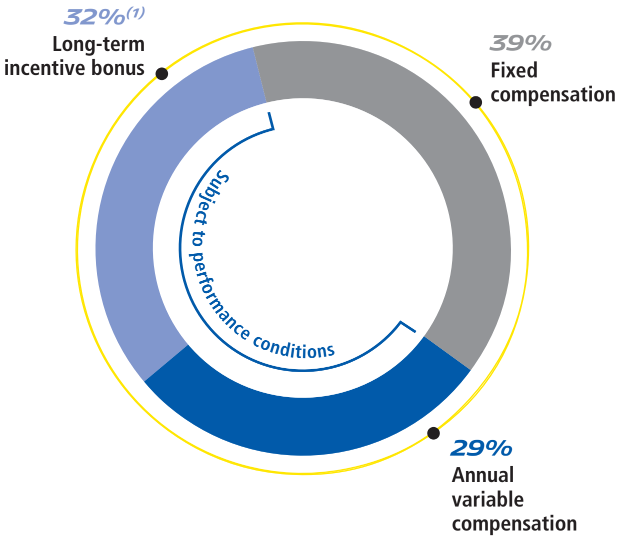
No non-compete indemnity was paid to Florent Menegaux in 2023[1].

(1) See detailed disclosures in section 3.6.1.12 of the 2022 Universal Registration Document.

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 2023 or awarded to him in respect of 2023 in his capacity as General Manager, pursuant to the 2023 compensation policy. This policy is described in the Corporate Governance Report (the "2023 compensation policy") reproduced in the 2022 Universal Registration Document[1] and was presented to the Annual Shareholders Meeting of May 12, 2023 by the Chair of the Compensation and Appointments Committee[2].

COMPENSATION PAID TO YVES CHAPOT DURING FISCAL YEAR 2023



(1) *Long-term compensation takes into account the book value of performance shares granted to the Managers in 2023.*

3.4.4.1 Fixed compensation

In application of the 2023 compensation policy, the fixed compensation received by Yves Chapot amounted to €770,000.00.

3.4.4.2 Annual variable compensation

Yves Chapot's annual variable compensation was determined in application of the 2023 compensation policy, based on the recommendation of the Supervisory Board.

(1) *See sections 3.3.1 and 3.3.2 of the 2022 Universal Registration Document.*
(2) *See the information/presentations on the May 12, 2023 Annual Shareholders Meeting on the Company's website www.michelin.com.*

The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

	Criterion	Objective	Measurement method[1]	Min.	Target	Max.	2023 actual	Achievement rate
Quantitative criteria and objectives *(70% of the target fixed compensation)*	Net income	Profit	As a % of fixed compensation	0%	20%	30%	-	14.73%
			Value of the indicator	€1,800m	€2,048m	€2,200m	€1,983m	-
	2023 segment operating income (SOI)	Profit	As a % of fixed compensation	0%	25%	37.5%	-	37.5%
			Value of the indicator	€3,150m	€3,400m	€3,550m	€3,866m	-
	Growth in free cash flow before acquisitions	Profit	As a % of fixed compensation	0%	25%	37.5%	-	37.5%
			Value of the indicator	€1,400m	€1,800m	€2,050m	€3,009m	-
Total quantitative				0%	70%	105%	-	89.73%
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%	-	9.5%
			Value of the indicator	N/A	N/A	N/A	N/A	N/A
	Total Case Incident Rate (TCIR)	People	As a % of fixed compensation	0%	5%	7.5%	-	7.08%
			Value of the indicator	1.15	1.06	1.00	1.01	-
	Percentage of Group management positions held by women	People	As a % of fixed compensation	0%	5%	7.5%	-	6.75%
			Value of the indicator	19.8%	20.8%	21.8%	21.5%	-
	CO_2 emissions (Scopes 1 and 2)	Planet	As a % of fixed compensation	0%	10%	15%	-	9.79%
			Value of the indicator	2.3mt	2.16mt	2.02mt	2.163mt	-
Total quantifiable qualitative				0%	30%	45%		33.12%
Total quantitative and qualitative excluding net income criterion								108.12%
TOTAL VARIABLE COMPENSATION AS % OF FIXED COMPENSATION *(rounded to the nearest decimal)*				**0%**	**100%**	**150%**		**122.8%**

Maximum value of all quantitative and quantifiable qualitative criteria	150% of annual fixed compensation
Actual overall achievement rate (quantitative and quantifiable qualitative criteria)	122.8%
Amount awarded *(in €)*	945,907.24
Achievement rate as a % of the reference fixed compensation	122.8%

All quantitative and qualitative objectives were set at the start of 2023 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 analyzed the results of the Balanced Score Card. Having noted the significant progress made in deploying the People, Profit and Planet aspects of Michelin's strategy, the Committee decided that the indicator-based objectives had been 95%-met, nearly in line with the target of 100%;
- concerning the "corporate social responsibility" criterion (Total Case Incident Rate: improvements to the safety of Michelin Group employees), the Committee noted that the target had been exceeded and that the TCIR was close to the ceiling, at 1.01;
- for the "gender balance" criterion, the Committee noted that the percentage of Group management positions held by women (21.5%) was significantly above the target;
- for the "CO_2 emissions (Scopes 1 and 2)" criterion, the Committee noted that actual emissions (2.163 mt) were almost on target.

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 122.8%. Given the Calculation Base (annual fixed compensation of €770,000.00), Yves Chapot's annual variable compensation for 2023 amounts to €945,907.24.

After discussing the matter during its meeting on February 9, 2024, 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 2023: performance share rights

Deferred variable compensation

On November 17, 2023, 39,098 performance share rights were awarded to Yves Chapot[(1)]. At December 31, 2023, these rights were valued at €628,247.03 and represented less than 0.0055% of the total Michelin shares outstanding at the year-end.

This award was:

- authorized in an extraordinary resolution of the Annual Shareholders Meeting of May 12, 2023 (14th resolution);
- made on the proposal of the General Partners in application of the conditions and criteria set by the Supervisory Board that determine all the performance share awards, as presented in the 2022 Universal Registration Document and as they result from the 2023 compensation policy[(2)].

In application of the 2023 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 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 0.1% of the Company's capital; this is a specific sub-cap applicable to the Managers within the overall cap of 1.5% 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) To improve year-on-year comparability and avoid taking into account stock market performance conditions, due to the excessive volatility of this indicator, for the determination of the discount rate, the fair value used to determine the number of shares to be awarded only takes into account the dividends not received during the vesting period.

(2) Please refer to pages 111, 455 and 462 of the 2022 Universal Registration Document.

The performance criteria are presented below.

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2023 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		Weighting	Interim results 2023 *vs.* 2022		
Share price performance	• Michelin share price must outperform the Stoxx Europe 600 index by at least 5 points between 2022 and 2025 (based on average daily closing prices for the two baseline years) • Vesting prorated to the achievement rate between the trigger point of 0 and the targeted 5 points	*30%*	-7.8 points		
			2023	**2024**	**2025**
Corporate social responsibility performance	• Industrial-Michelin Environmental Performance – i-MEP(1) must be below 80 points in 2025 • Vesting prorated to the achievement rate between the trigger point of 86 and the targeted 80 points	*20%*	83.9 points	-	-
	• The employee engagement rate must exceed 84.5% in 2025 • Prorated result between 83% and 84.5%, capped at 16% • Prorated result between 84% and 84.5%, capped at 20%	*20%*	83.5%	-	-
Operating performance	• Average annual growth in revenue from non-tire and distribution activities must exceed 12% over the 2022-2023, 2023-2024 and 2024-2025 periods • Result calculated on a straight-line basis between the threshold of 7% and the targeted 12%	*15%*	10.0%	-	-
	• Total consolidated ROCE (including acquisitions, related goodwill and equity-accounted companies) must exceed 12% in 2025 • Result calculated on a straight-line basis between the threshold of 10% and the targeted 12%	*15%*	11.4%	-	-

(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 2023 compensation policy, in 2023 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 plans

There is no specific supplementary pension plan set up for the Managers or the Chair 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 2023 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 €203,000.

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 2023[1].

3.4.4.7 Non-compete indemnity

No non-compete indemnity was paid to Yves Chapot in 2023[1].

3.4.5 Compensation ratios of the Managers and the Chair 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.

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.

(1) See detailed disclosures in section 3.6.1.12 of the 2022 Universal Registration Document.

For this reason, the Company has chosen to disclose these ratios for the Group's four main French companies[1], which together employed over 82% of the Michelin Group's total workforce in France as of December 31, 2022.

These subsidiaries are engaged in manufacturing, sales, and research and development activities and one of them hosts the vast majority of the Michelin Group's corporate departments.

Like the previous year's report, the 2023 report has been prepared by applying the "Guidelines on Compensation Multiples" published by the AFEP in February 2021.

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 and benefits in kind and other bonuses **paid** during the years indicated (i) to the corporate officers and (ii) to employees who were present throughout the year, as well as on the performance shares **awarded** in those years, measured at fair value.

The 2023 increases and ratios for the Chair of the Supervisory Board should be considered in the light of the 2023 compensation policy[2] approved by the Annual Shareholders Meeting of May 12, 2023 by a majority of 99.65% of the votes cast. This policy provided for an increase in her annual compensation to €400,000, which is less than the median compensation of €450,000 paid by CAC 40 companies to a non-executive Chair of the Board who did not previously hold an executive position.

The total amount paid in 2023 to the Chair of the Board (€470,000) represented the sum of:

- €120,000 paid in consideration of her duties as both member and Chair of the Supervisory Board in the previous year (2022), as provided for in the 2022 compensation policy (note that under the 2023 compensation policy, only the amount in consideration of her duties as member of the Supervisory Board (€50,000) is payable the following year);
- €350,000 paid in consideration of her duties as Chair of the Supervisory Board during the year (2023).

(1) Manufacture Française des Pneumatiques Michelin, Compagnie Générale des Établissements Michelin, Pneu Laurent, Caoutchouc Synthétique Michelin.

(2) Described on pages 114 and 115 of the 2022 Universal Registration Document. The policy states that, of the total, €350,000 concerns her duties as Chair of the Supervisory Board (payable during the year), and €50,000 concerns her duties as Board member (payable the following year).

RATIOS PRESENTED IN APPLICATION OF ARTICLE L. 22-10-9 I, PARAGRAPHS 6 AND 7, OF THE FRENCH COMMERCIAL CODE

	2023	2022	2021	2020	2019	2018
PERCENTAGE CHANGE IN THE COMPENSATION OF THE CHAIR OF THE SUPERVISORY BOARD(1)(2)	**191.7%**	**0.0%**	**6.4%**	**28.7%**	**-2.7%**	**0.0%**
Percentage change in the average compensation of employees	-0.2%	12.3%	2.6%	2.9%	2.9%	1.6%
Ratio versus average employee compensation	5.6	1.9	2.1	2.1	1.7	1.8
Percentage change in the ratio versus the previous year	194.7%	-9.5%	0%	26.5%	-5.1%	-1.7%
Ratio versus median employee compensation	7	2.5	2.8	2.7	2.1	2.3
Percentage change in the ratio versus the previous year	180.0%	-10.7%	3.7%	26.8%	-5.3%	-2.6%
PERCENTAGE CHANGE IN THE MANAGING CHAIRMAN'S COMPENSATION(1)(3)(4)(5)	**-36.9%**	**103.0%**	**-6.5%**	**-37.6%**	**8.1%**	**15.0%**
Percentage change in the average compensation of employees	-0.2%	12.3%	2.6%	2.9%	2.9%	1.6%
Ratio versus average employee compensation	48.8	77.3	42.9	47.1	77.6	73.8
Percentage change in the ratio versus the previous year	-36.9%	80.2%	-8.9%	-39.3%	5.1%	13.2%
Ratio versus median employee compensation	61.7	101.3	55.9	61.0	99.8	94.8
Percentage change in the ratio versus the previous year	-39.1%	81.2%	-8.4%	-38.9%	5.3%	12.0%
PERCENTAGE CHANGE IN THE GENERAL MANAGER'S COMPENSATION(1)(4)(5)	**-20.1%**	**40.7%**	**28.6%**	**33.0%**	**69.6%**	**-**
Percentage change in the average compensation of employees	-0.2%	12.3%	2.6%	2.9%	2.9%	1.6%
Ratio versus average employee compensation	31.6	39.5	31.5	25.1	19.5	11.8
Percentage change in the ratio versus the previous year	-20.0%	25.4%	25.5%	29.0%	64.8%	-
Ratio versus median employee compensation	39.9	51.7	41.0	32.6	25.0	15.2
Percentage change in the ratio versus the previous year	-22.8%	26.1%	25.8%	30.2%	65.2%	-
COMPANY PERFORMANCE(6)						
Growth in segment operating income (SOI) (excluding currency effect)	8.3%	65.2%	-33.4%	6.5%	11.0%	5.6%
Growth in sales (excluding currency effect)	14.0%	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) The 2023 increases and ratios should be considered in the light of the 2023 compensation policy approved by the Annual Shareholders Meeting of May 12, 2023 by a majority of 99.65% of the votes cast (see detailed explanations in the background information in the introduction to this table and in section 3.5.1 of the 2023 Universal Registration Document).

(3) 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.

(4) Deferred long-term compensation paid to Managers who no longer held the positions concerned during the reporting period has not been taken into account.

(5) Since 2020, the reference amount for variable compensation includes the book value of performance shares awarded to the Managers.

(6) 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 2023 to the corporate officers.

The resolution to be presented to the Annual Shareholders Meeting of May 17, 2024 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 2023 Universal Registration Document.

3.5 INDIVIDUAL COMPENSATION PAID OR AWARDED TO THE MANAGERS AND THE CHAIR OF THE SUPERVISORY BOARD FOR 2023

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 17, 2024 on the compensation package of Barbara Dalibard, Chair of the Supervisory Board

This section presents the components of the compensation paid or awarded in 2023 to Barbara Dalibard in her capacity as member then Chair of the Supervisory Board.

Compensation components put to the vote	Amounts paid in 2023	Amounts awarded in respect of 2023	Presentation
Compensation as Supervisory Board member and Chair	€470,000.00	€400,000.00	**The amount paid in 2023:** is due • for €120,000.00, as compensation for her duties as member and Chair of the Supervisory Board in 2022, determined in accordance with the 2022 compensation policy for the members of the Supervisory Board 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). • for €350,000.00, as compensation for her duties as Chair of the Supervisory Board in 2023, determined in accordance with the 2023 compensation policy for the members of the Supervisory Board described in the 2022 Universal Registration Document (section 3.3.3) and approved by the Annual Shareholders Meeting of May 12, 2023 (7th resolution, adopted by a 99.65% majority of the votes cast). **The amount awarded in respect of 2023:** was determined in accordance with the 2023 compensation policy for the members of the Supervisory Board, as described in the 2022 Universal Registration Document (section 3.3.3) and approved by the Annual Shareholders Meeting of May 12, 2023 (7th resolution, adopted by a 99.65% majority of the votes cast). It breaks down as: • €350,000.00 due as compensation for her duties as Chair of the Supervisory Board in 2023, paid in 2023, • €50,000.00 due as compensation for her duties as member of the Supervisory Board in 2023, payable in 2024.
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

Compensation components put to the vote	Amounts paid in 2023	Amounts awarded in respect of 2023	Presentation
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.

At the Ordinary Shareholders Meeting of May 17, 2024, 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, 2023

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, 2023 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 2023 Universal Registration Document.

3.5.2 Vote by shareholders at the Ordinary Shareholders Meeting of May 17, 2024 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 2023 in his capacity as Managing Chairman.

Compensation components put to the vote	Amounts paid in 2023	Amounts awarded in respect of 2023 OR Value OR Simulation	Presentation
Fixed compensation	€1,100,000.00	€1,100,000.00	The annual fixed compensation amount for 2023 was determined in accordance with the 2023 compensation policy described in the 2022 Universal Registration Document (page 107) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast).
Annual variable compensation	€905,744.43	€1,650,000 (Amount that may be awarded in respect of 2023 in application of the 2023 compensation policy, payable in 2024)	**The amount paid in 2023:** • was due for 2022 and was determined in accordance with the 2022 compensation policy, as described in the 2021 Universal Registration Document (pages 109 to 111) and approved by the Ordinary Shareholders Meeting of May 12, 2023 (9th resolution, adopted by an 88.18% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.3.2 of the 2023 Universal Registration Document. **The amount awarded in respect of 2023:** • was determined in accordance with the 2023 compensation policy, as described in the 2022 Universal Registration Document (pages 107 to 109) and approved by the Ordinary Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast).
Deferred variable compensation	N/A	N/A	**No compensation awarded or paid**
Exceptional compensation	N/A	N/A	N/A

Compensation components put to the vote	Amounts paid in 2023	Amounts awarded in respect of 2023 OR Value OR Simulation	Presentation
Stock options, performance shares and other long-term compensation (stock warrants, etc.)	N/A	€1,047,089.10 (value at December 31, 2023 of the 65,164 performance share rights awarded in November 2023)	This award was made in application of: • the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 111) and approved by the Ordinary Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • the 14th resolution of the Annual Shareholders Meeting of May 12, 2023 (see pages 455 *et seq*. of the 2022 Universal Registration Document), adopted by an 87.04% majority of the votes cast.
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 2023 compensation policy, as described in the 2022 Universal Registration Document (page 112) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.3.6 of the 2023 Universal Registration Document.
Non-compete indemnity	No indemnity paid	No indemnity awarded	This component: • is an integral part of the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 112) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.3.7 of the 2023 Universal Registration Document.
Supplementary pension benefits	No benefits paid	No benefits awarded	This component: • is an integral part of the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 112) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.3.5 of the 2023 Universal Registration Document.

N/A: Not applicable.

At the Ordinary Shareholders Meeting of May 17, 2024, 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, 2023

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, 2023 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 2023 Universal Registration Document.

3.5.3 Vote by shareholders at the Ordinary Shareholders Meeting of May 17, 2024 on the compensation package of Yves Chapot, General Manager

This section presents the components of the compensation paid or awarded to Yves Chapot for 2023 in his capacity as General Manager.

Compensation components put to the vote	Amounts paid in 2023	Amounts awarded in respect of 2023 OR Value OR Simulation	Presentation
Fixed compensation	€770,000.00	€770,000.00	The annual fixed compensation amount for 2023 was determined in accordance with the 2023 compensation policy described in the 2022 Universal Registration Document (page 107) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast).
Annual variable compensation	€574,583.33	€945,907.24 (Amount that may be awarded in respect of 2023 in application of the 2023 compensation policy, payable in 2024)	**The amount paid in 2023:** • was due for 2022 and was determined in accordance with the 2022 compensation policy, as described in the 2021 Universal Registration Document (pages 109 to 111) and approved by the Ordinary Shareholders Meeting of May 12, 2023 (10th resolution, adopted by an 97.78% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.4.2 of the 2023 Universal Registration Document. **The amount awarded in respect of 2023:** • was determined in accordance with the 2023 compensation policy, as described in the 2022 Universal Registration Document (pages 107 to 109) and approved by the Ordinary Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast).
Deferred variable compensation	N/A	N/A	**No compensation awarded or paid**
Exceptional compensation	N/A	N/A	N/A

Compensation components put to the vote	Amounts paid in 2023	Amounts awarded in respect of 2023 OR Value OR Simulation	Presentation
Stock options, performance shares and other long-term compensation (stock warrants, etc.)	N/A	€628,247.03 (value at December 31, 2023 of the 39,098 performance share rights awarded in November 2023)	This award was made in application of: • the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 111) and approved by the Ordinary Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • the 14th resolution of the Annual Shareholders Meeting of May 12, 2023 (see pages 455 *et seq*. of the 2022 Universal Registration Document), adopted by an 87.04% majority of the votes cast.
Compensation as a Director/Supervisory Board member	N/A	N/A	N/A
Fringe benefits	€8,743.24	€8,743.24	Company car (accounting value)
Compensation for loss of office	No compensation paid	No compensation awarded	This component: • is an integral part of the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 112) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.4.6 of the 2023 Universal Registration Document.
Non-compete indemnity	No indemnity paid	No indemnity awarded	This component: • is an integral part of the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 112) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.4.7 of the 2023 Universal Registration Document.
Supplementary pension benefits	No benefits paid	No benefits awarded	This component: • is an integral part of the 2023 compensation policy, as described in the 2022 Universal Registration Document (page 112) and approved by the Annual Shareholders Meeting of May 12, 2023 (6th resolution, adopted by a 93.82% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.4.5 of the 2023 Universal Registration Document.

N/A: Not applicable.

At the Ordinary Shareholders Meeting of May 17, 2024, 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, 2023

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, 2023 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 2023 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	2023	2022
Compensation awarded for the year	2,759,755.40	1,932,169.83
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	1,047,089.10 (1)	866,812.76
Value of other long-term compensation plans	0	0
TOTAL	**3,806,844.50**	**2,798,982.59**
Reference CGEM consolidated net income	1,982,603,493.01	2,008,883,043.82

(1) *Value at December 31, 2023 of the performance share award described in section 3.4.3.3 of this 2023 Universal Registration Document.*

Yves Chapot, General Manager	2023	2022
Compensation awarded for the year	1,724,650.48	1,284,276.57
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	628,247.03 (1)	510,948.15
Value of other long-term compensation plans	0	0
TOTAL	**2,352,897.51**	**1,795,224.72**

(1) *Value at December 31, 2023 of the performance share award described in section 3.4.4.3 of this 2023 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	2023		2022	
	Awarded	Paid	Awarded	Paid
Fixed compensation(1)	1,100,000.00	1,100,000.00	1,016,670.00	1,016,670.00
Annual variable compensation	1,650,000.00(2)	905,744.43	905,744.43	1,350,000.00
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	9,755.40	9,755.40
TOTAL	**2,759,755.40**	**2,015,499.83**	**1,932,169.83**	**2,376,425.40**
Reference CGEM consolidated net income	1,982,603,493.01	2,008,883,043.82	2,008,883,043.82	1,845,066,544.00

(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 17, 2024 (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)

Yves Chapot, General Manager	2023		2022	
	Awarded	Paid	Awarded	Paid
Fixed compensation	770,000.00	770,000.00	700,000.00	700,000.00
Annual variable compensation	945,907.24(1)	574,583.33	574,583.33	824,400.00
Exceptional compensation	0	0	0	0
Compensation as a Director/Supervisory Board member	0	0	0	0
Fringe benefit (car)	8,743.24	8,743.24	9,693.24	9,693.24
TOTAL	**1,724,650.48**	**1,353,326.57**	**1,284,276.57**	**1,534,093.24**

(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 17, 2024 (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)

104,262 of the 3,257,003 share grants given on November 16 and November 17, 2023 pursuant to the authorization given at the May 12, 2023 Annual Shareholders Meeting were granted to the Managers.

	Plan no. and date	Number of performance share rights granted during the year	Value of the performance share rights	Vesting date	End of lock-up period	Performance conditions
Florent Menegaux	Plan 20 of November 17, 2023	65,164	€1,047,089.10	November 17, 2027	November 17, 2027	Detailed information is provided in section 6.5.4.c) "Interim fulfillment of performance conditions under the November 17, 2023 performance share plan"
Yves Chapot	Plan 20 of November 17, 2023	39,098	€628,247.03	November 17, 2027	November 17, 2027	Detailed information is provided in section 6.5.4.c) "Interim fulfillment of performance conditions under the November 17, 2023 performance share plan"

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 2023, 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.a) 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.a) 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 2023

None.

3.7 TOTAL COMPENSATION AWARDED TO THE GROUP EXECUTIVE COMMITTEE

In 2023, the members of the Group Executive Committee (excluding the Managers) received aggregate gross compensation of €6,491,332 (including €1,756,544 corresponding to the variable component for 2022 paid during the first half of 2023). In 2022, the aggregate gross compensation received by Group Executive Committee members totaled €7,764,743.38 (including €3,761,166.00 corresponding to the variable component for 2021 paid during the first half of 2022). 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 2023

Supervisory Board

Delphine Roussy

212 shares acquired on November 15, 2023 without consideration under the performance share plan (reference price per share: €28.35).

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, 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.

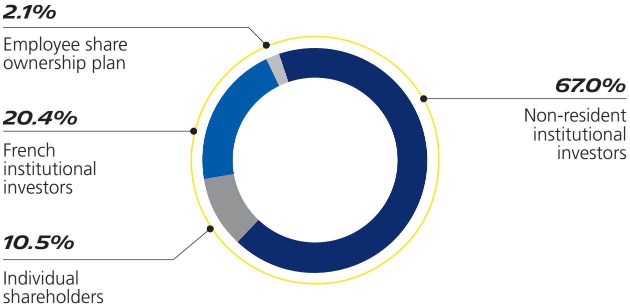
3.11 OWNERSHIP STRUCTURE AND VOTING RIGHTS

At December 31, 2023:

- share capital: €357,479,113;
- shares outstanding: 714,958,226, all fully paid up;
- voting rights outstanding: 990,275,053.

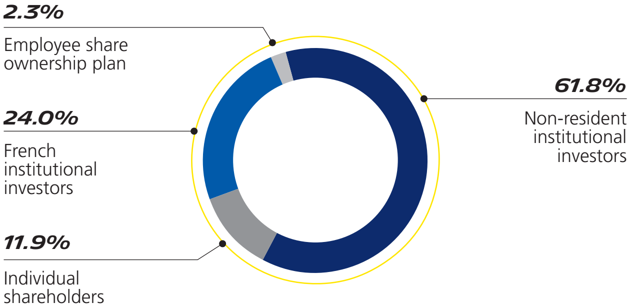
SHARE OWNERSHIP

(at December 31, 2023)



VOTING RIGHTS

(at December 31, 2023)



As of December 31, 2023, 714,958,226 shares were held by the public. Due to the 161 Company shares held in treasury, the theoretical number of voting rights outstanding at December 31, 2023 is different from the number of voting rights exercisable at that date.

As of December 31, 2023, to the best of the Company's knowledge:

- BlackRock Inc. held 5.73% of the share capital and less than 5% of the voting rights;
- Mage Invest held 4.22% of the share capital and 6.04% 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

Employee share issues and/or issue of shares to the Managers and the Chair of the Supervisory Board

Corporate action	Resolution	Duration (expiration date)	Comments	Utilization during the year
Share grants and performance share plans	25th	38 months (August 2023)	• Performance conditions over three years • Capped at 0.9% of issued capital	None

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

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 cancellations	14th	24 months (May 2023)	10% of the current capital	None

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 €33[(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)	• €8.25 billion (ordinary 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)	€5.30 billion	€80 million	None

(1) CGEM share price at December 31, 2023, 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 €33[(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)	• €2.40 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)	• €2.40 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)	• €2.40 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)	€2.40 billion	€35 million[(5)]	None

(1) CGEM share price at December 31, 2023, 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 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	None

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 34,529 shares[(1)]
Share cancellations	28th	24 months (May 2024)	10% of the current capital	None

(1) See section 6.5.6.

3.12.4 Granted by the Annual Shareholders Meeting of May 12, 2023

Employee share issues and/or issue of shares to the Managers and the Chair of the Supervisory Board

Corporate action	Resolution	Duration (expiration date)	Comments	Utilization during the year
Share grants and performance share plans	14th	38 months (July 2026)	• Performance conditions over three years • Capped at 1% of issued capital	Issuance of 3,257,003 rights[(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 2024)	• Statutory limit of 10% of issued capital • Maximum purchase price: €55	None
Share cancellations	15th	24 months (May 2025)	10% of the current capital	None

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.*

4 NON-FINANCIAL STATEMENT

INTRODUCTION

Global awareness of the systemic nature of sustainable development issues (planet-wide challenges, social fracturing, etc.) rose considerably over the course of 2023. This is why our response is consistently guided by a commitment to striking the right balance between People, Profit and Planet, the three pillars of our All-Sustainable vision.

One of the critical drivers moving this transformation forward may be summed up in one word: **engagement**. In this respect, 2023 was a pivotal year, when the engagement of our employees strengthened our process and prepared us for the milestones ahead, in particular the new sustainability reporting standards. During this year of transition, the Michelin Group intensified programs to enable every employee to ramp up their skills in addressing sustainable development issues.

As part of this process, the new **Talent Campus for Sustainability** was opened, with job family-specific modules designed not only to give employees greater insights into the issues, but also to help them take action to meet their sustainability challenges.

The Group has undertaken powerful commitments across a full range of sustainable development issues, from environmental stewardship to social responsibility, with the following highlights during the year concerning:

- Biodiversity: the Michelin Group pledged to apply the recommendations of the Task Force on Nature-related Financial Information (TNFD) in 2026, with respect to the 2025 reporting year.
- The circular economy: in July, a Michelin car tire containing 45% renewable or recyclable materials won an award in Frankfurt, attesting to the ambitious objectives in the Group's roadmap.
- The climate strategy: the Group is still aligned with its net-zero emissions targets for 2050, which are being pursued without using any carbon credits to offset emissions from its direct or indirect activities, in accordance with SBTi standards.
- Employee relations: **Michelin earned certification for all its member companies[1] for ensuring that their employees are paid at least the equivalent of the Fair Wage Network's living wage benchmark**.
- Human rights: the Group rolled out its human rights policy in the operating regions during the year.

This corporate transformation is also being built as part of a holistic ecosystemic approach, supported by collaborative projects with the world's leading sustainable development institutions. In this regard, it is worth noting that in June 2023, Florent Menegaux was elected to a three-year term as President of the United Nations Global Compact France Network. The Michelin Group is deeply dedicated to playing a key role in pursuing sustainable development objectives in local communities and in supporting their economic actors, from small businesses to major corporations.

(1) 100% of Group companies, representing 100% of Group employees, except for companies either acquired in 2023 (plus the four RLU companies) or in the process of being sold.

SCOPE OF THE REPORT

SDG 12.6.

Definition of content and scope of reporting

The Michelin Group consists of Compagnie Générale des Établissements Michelin (CGEM), a French *société en commandite par actions* (partnership limited by shares) listed on the Euronext Paris stock exchange, and its subsidiaries, in which it owns at least a 50% equity interest or over which it exercises exclusive control. 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, which in its Articles L. 225-102-1 and L. 22-10-36 requires every company that is publicly traded in France to include in its management report a non-financial statement disclosing how it 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 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 Report below. In particular, this report has been prepared in accordance with **Global Reporting Initiative (GRI)**[1] compliance reporting, the Auto Parts standard of the **Sustainability Accounting Standards Board (SASB)**, and the degree of impact on the ***17* United Nations Sustainable Development Goals (SDGs)**, 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, 2023.

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[2] 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.

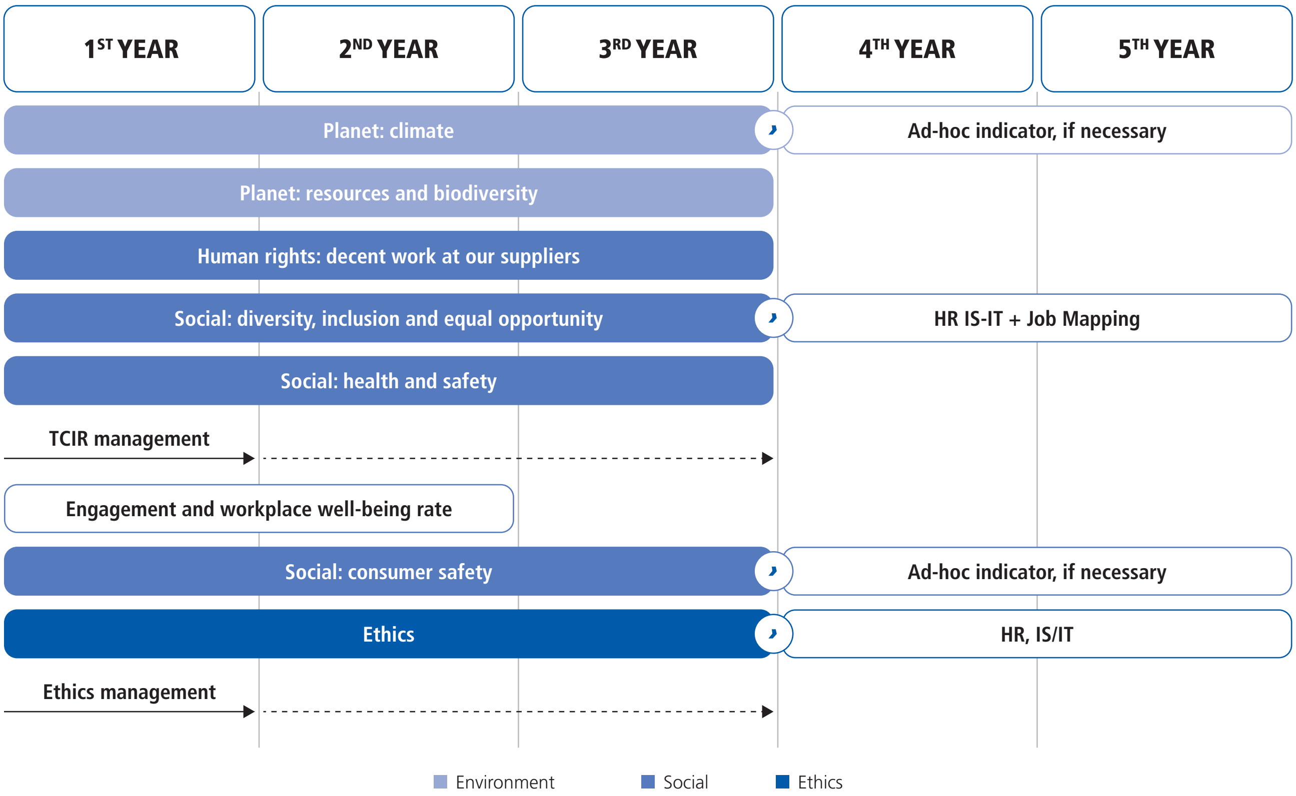
(1) In accordance with the standards specified in GRI 1: Foundation 2021, effective for reports published on or after January 1, 2023.
(2) https://www.michelin.com/en/investor/regulatory-information

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. However, for certain indicators, 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.



(1) *Excluding joint ventures that are less than 50% owned.*

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.

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., **84.2% of all employees on payroll**, versus 82% in 2022. 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 continuous 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 (MFT) employee engagement survey is conducted in 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.

- 12 certified facilities[(3)].

Societal indicators

The Group's engagement with local communities through its employees is designed around three objectives: help develop the local economy, support the personal growth of people in the community, and improve 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 (SF) and finished product (FP) 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) BlackCircle, CVB, Euromaster, Fenner, Ihle, Klinge, Lehigh, Multistrada, Oliver Rubber, Teleflow, Tyreplus, Tyredating, Roadbotics, MTP, Allopneus, call for you, Log for you, PT Royal Lestari Utama, Cemat, Wilvic Australia, FCG and Levorin.

(2) Based on the calendar of new company acquisitions in the Group report. In 2023, the Moving Forward Together survey polled 110,613 employees. 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 indicator is as follows:

$$\text{i-MEP INDUSTRIAL (Michelin Environmental Performance)} = \frac{\text{Reporting year energy use (GJ/t of SF + FP)} \times 20}{\text{Group energy use 2019 (GJ/t of SF + FP)}} + \frac{\text{Reporting year } CO_2 \text{ emissions (t/t of SF + FP)} \times 20}{\text{Group } CO_2 \text{ emissions 2019 (t/t of SF + FP)}} + \frac{\text{Reporting year water stress x water withdrawals (cu.m/t of SF + FP)} \times 20}{\text{Group water stress x water withdrawals 2019 (cu.m/t of SF + FP)}} + \frac{\text{Reporting year organic solvent use (kg/t of SF + FP)} \times 20}{\text{Group organic solvent use 2019 (kg/t of SF + FP)}} + \frac{\text{Reporting year waste generated (kg/t of SF + FP)} \times 20}{\text{Group waste generated 2019 (kg/t of SF + FP)}}$$

SF: Semi-finished products/FP: Finished products

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 2023, 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, 2023.

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 scope at the end of the calendar year in which it closed, but its environmental data are included until the last month of reported production. In 2023, the Multistrada plant was included in the i-MEP and the Davydovo facility in Russia was excluded after its disposal.

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 from 2021 to 2023, resulting in an impact estimated at around 3% of the Group's i-MEP components. These operations will be integrated into the i-MEP from January 1, 2024. The same process, which applies to all the Group's acquisitions, is currently underway for Fenner's business operations.

Certifications

ISO 14001: 2015 Environmental management systems.

- 93.4% of production facilities have been certified, covering 98.3% 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 body 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. The Multistrada plant has been tracked by the i-MEP since January 1, 2023, and the Camso facilities will be integrated as of January 1, 2024.

	Camso		Fenner	
Environmental performance	2023	Objective	2023	Objective
Water withdrawals *(cu.m)*	438,889	Aligned with the objectives described in section 4.1.1.4 c) to f)	600,062[1]	Being defined by the teams
Waste produced *(tonnes)*	12,178		21,857[1]	
Energy consumption *(GJ millions)*	1.08		0.80[1]	
Scope 1 and 2 CO_2 emissions *(tonnes)*	89,758		57,455[1]	
VOC consumption *(tonnes)*	571		53[1]	
Included in the 2023 i-MEP	No, integration will take effect on January 1, 2024		No	

(1) Data reliability to be improved in 2024.

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 (see the following 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 defines 15 activity categories, of which 13 correspond to the Group's value chain. Of the latter, 12 have been deemed required[3] for disclosure, with the "use of sold products" category considered as optional. This is because the CO_2 emissions from the use of a tire on a vehicle are indirect, as opposed to the emissions from the use of the vehicle itself. This accounting method is derived from GHG Protocol guidelines.

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 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.
- 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. The results for each required Scope 3 category[3] are now updated annually[4]. For each one, the 2023 scope of reporting covers the Group's long-standing member companies, as well as all the categories material to Multistrada, Camso and Fenner. Work is underway to integrate emissions from the non-material categories, i.e., categories 6, 8, 12 and 14 for Multistrada, categories 5, 6, 8, 12 and 14 for Camso and categories 4, 5, 6, 8, 9, 12 and 14 for Fenner.

(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) **Required Scope 3: material categories**: Purchased goods and services (Cat. 1); Fuel- and energy-related activities (Cat. 3); Upstream transportation and distribution (Cat. 4); and Downstream transportation and distribution (Cat. 9). **Other categories**: Capital goods (Cat. 2); Waste generated in operations (Cat. 5); Business travel (Cat. 6); Employee commuting (Cat. 7); Upstream leased assets (Cat. 8); End-of-life treatment of sold products (Cat. 12); Franchises (Cat. 14); and Investments (Cat. 15).*
(4) Except for emissions from raw materials transportation (part of category 4: upstream transportation and distribution) due to a lack of annual data. An application for tracking these emissions is currently being introduced.

Fair, verifiable data

For the seventeenth consecutive year, Michelin's CSR data were reviewed by PricewaterhouseCoopers Audit, the Statutory Auditor designated as an independent third party. In 2023, for the fifth 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 (NFS). Following the review, PricewaterhouseCoopers Audit issued a report attesting to the presence, fairness and compliance of the required information.

4.1 SUSTAINABLE DEVELOPMENT REPORT

Introduction – Michelin sustainable development

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 its 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 and other issues (see GRI 2-14/1: Governance). As of December 31, 2023, the Committee included:

- the Chief Personnel Officer;
- the Executive Vice President, High-Tech Materials Business Line – Oversees the Sustainable Materials and Circularity Operational Department;
- the Executive Vice President, Automotive, Motorsports and Two-Wheel Business Lines – Oversees the Americas Regions;
- the Executive Vice President, Mining, Beyond Road and Aviation Business Line – Oversees the Africa/India/Middle East, East Asia and Australia Regions;
- the Executive Vice President, Distribution and Services & Solutions Business Lines – Oversees the Strategy, Innovation & Partnerships and Sustainable Development and Impact Corporate Departments and the China Region;
- the Executive Vice President, Manufacturing;
- the Executive Vice President, Urban and Long-Distance Transportation Business Line – Oversees the European Regions;
- the Executive Vice President, Corporate Engagement and Brands – Oversees the Michelin Lifestyle Business Line; and
- the Executive Vice President, Research & Development.

Committee members participate in the governance bodies dedicated to the environment, human rights, health & safety, ethics (committee) and Sustainable Finance, 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 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, Impact and Sustainable Development, 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, Employee Health & Safety and Sustainable Finance (created in 2022) governance bodies, including the management of the Group's non-financial risks and their internal control.

A CSR Committee (CSRC) within the Supervisory Board

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 2023 are presented in section 3.2.11.3 Corporate Social Responsibility Committee (CSRC) of this Universal Registration Document.

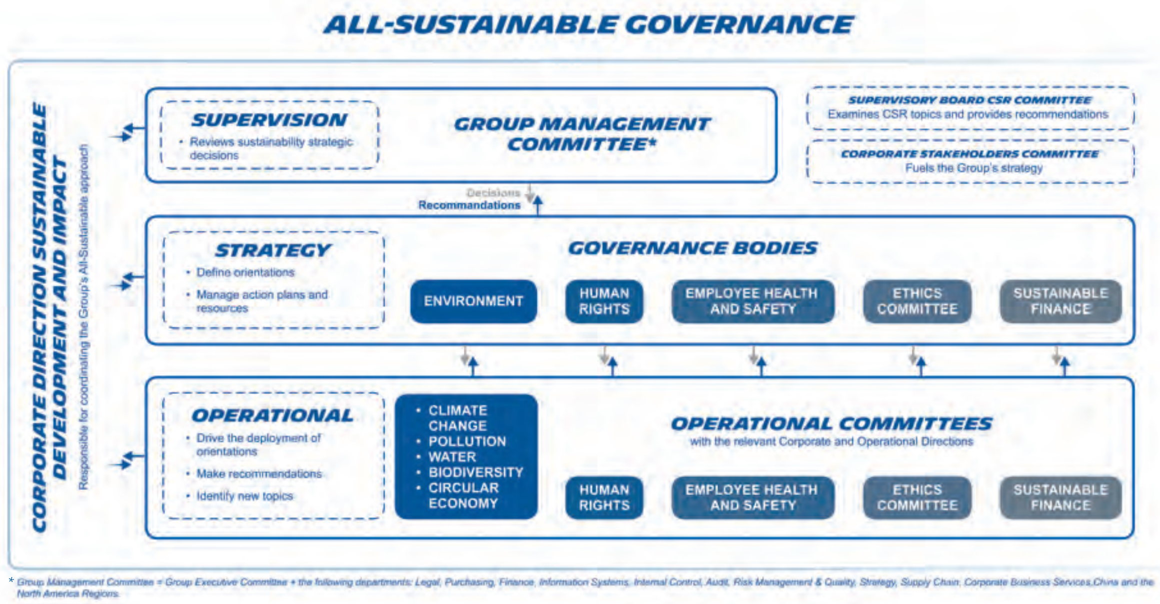
During the four Committee meetings in 2023, presentations were generally led by the Corporate Vice President, Sustainability and Impact Department, with the participation of other unit directors or managers, mentioned where appropriate.

The Chair of the Committee reported to the Supervisory Board on the Committee's work on February 10, July 25 and December 15, 2023.

The Corporate Stakeholders Committee

Created in 2016, the Corporate Stakeholders Committee offers advice and support in assessing the alignment of Michelin's sustainable development strategy with outside needs and expectations.

It is made up of independent members from outside the Group who are representative of the Group's key stakeholders. They are appointed for three-year terms, renewable once. At least once a year, the Committee meets with the Executive Committee for a full day of in-person presentations. *See 4.1.2.3 a) A corporate committee.*



Transforming the Group from within

The All Sustainable vision holistically informs the Group's strategy, while structuring its deployment and performance metrics.

As part of this vision, a program was initiated in 2020 to drive six transformations[(1)], two of which are aimed at improving the Group's ability to address environmental, employee relations and social issues.

More than ever, the Michelin Group is determined to support the transition that the world needs to become more environmentally and socially responsible.

Training employees in sustainable development issues

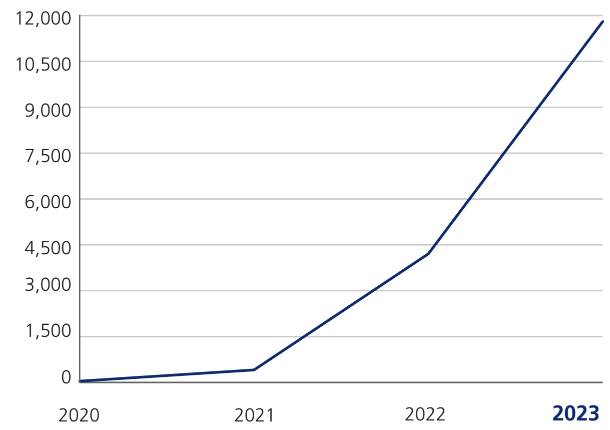
In addition to covering environmental aspects, the Group has set up the **Talent Campus for Sustainability** to upskill every employee in the full range of environmental, social, governance and other sustainable development issues. It offers a rich, varied array of both classroom and online courses, from awareness-building workshops to job certification programs, covering sustainability challenges, initiatives to undertake individually or on the job, Michelin policies and tools, and job family-specific curricula.

Among the many learning opportunities, the collaborative **Climate Fresk**[(2)] **workshop** was chosen as the preferred tool for imparting knowledge and a shared language on climate issues. These workshops leverage collective intelligence to improve understanding of the causes and consequences of climate change and empower participants to take action. **First launched in France, where more than 6,600 people have attended since 2020**, the Fresk has since been widely deployed in other host countries around the world, **where more than 5,000 people had attended by the end of 2023**. Roll-out will continue apace in 2024, supported by a network of more than **450 in-house facilitators**.

(1) The six transformations are: Capturing and mining data, Accelerating innovation, Agile Michelin, All in Action for the Environment, I am Michelin and Customer Focus. 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.

(2) https://fresqueduclimat.org/

NUMBER OF CLIMATE FRESK PARTICIPANTS



Methodology/Approach

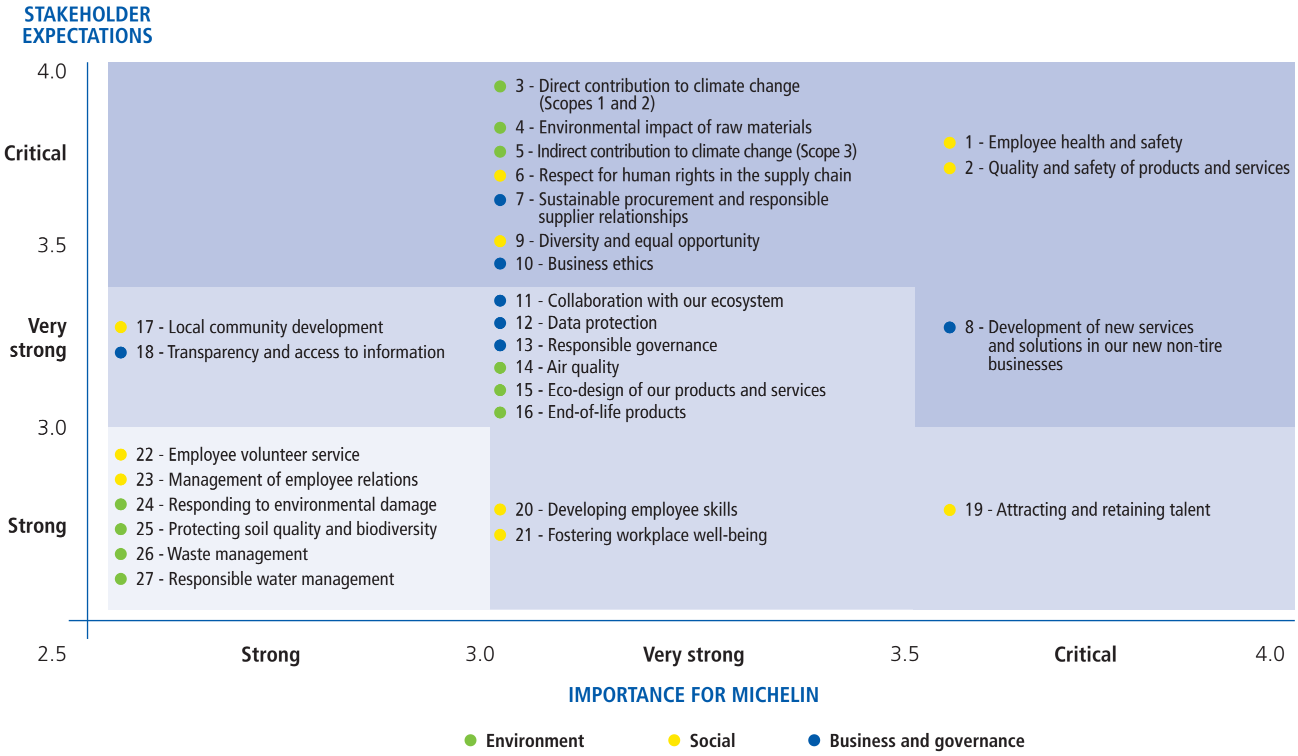
Devised in 2021, the **materiality matrix** plots the **27 core issues** for the Group and its stakeholders.

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.



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.

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. 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 & governance 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[1].

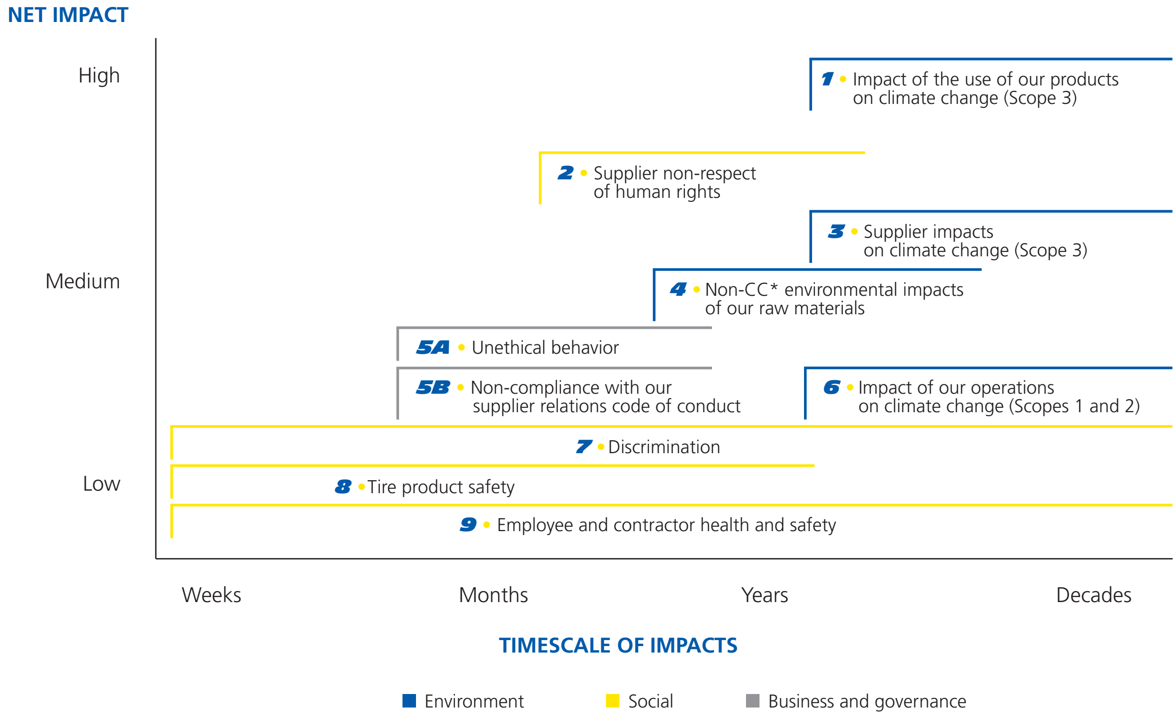
Note that the issues of "Attracting and retaining talent", "Quality and safety of products and services" and "Indirect contribution to climate change (Scope 3)" are also addressed in Chapter 2, given their specific features and the materiality of their impact on the Group, and that the issue of "Development of new services and solutions beyond tires" is discussed in Chapters 1 and 2.

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	Corresponding paragraph
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:
	1 – Climate change impacts from the use of our products (Scope 3)	Scope 3: reducing emissions from our transportation operations
		Scope 3: reducing emissions from purchased raw materials and components
		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	5b – 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	2.1 Risk factors specific to Michelin, description and related management systems/Risk 6: M&A and major projects
	Chapter 1	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

(1) *Universal Registration Document.*

Map of the most critical non-financial risks



Whether environment-, employee- or business and governance-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.

To impel continuous improvement, the Group has also formally defined a methodology to address double materiality factors[(1)], to assess the value created by the Group in the three People, Profit and Planet bottom lines. To this end, the risks presented in 2022 have been broken down this year into two categories:

- Risks, when they could have potential repercussions on the Group;
- Impacts, when they could have potential repercussions on the Group's ecosystems.

Risks and Impacts are measured according to two impact scales:

- a financial, reputational and human impact scale for risks;
- an accountability scale for environmental, social and business & governance Impacts.

Accountability, as defined in the ISO 26000 standard, means that an organization must be answerable for its impacts on stakeholders. The divisions on the accountability scale are determined by the amount of impact and the organization's degree of influence on the impacted ecosystem.

The risks/impacts and their remediation plans are discussed below in the following sub-sections:

- The Environment;
- Human rights and employee relations;
- Employee and contractor health, safety and security;
- Ethics and compliance.

(1) See section 2.1 Risk factors specific to Michelin, description and related management systems.
** Climate change.*

Indicators

Michelin is pursuing its 2030 commitments structured around the 3Ps (People, Profit, Planet) and 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 B	78/100	B-	71/100

The scores attributed by the non-financial rating agencies in 2023 attest to the Group's ESG performance:

- **SUSTAINALYTICS** (ESG RISK RATING): Improvement in the overall rating and therefore in the level of risk, from 12.2 to 11.52 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 has ranked Michelin among the companies demonstrating exceptional leadership in tackling the challenges of **climate change and water security,** awarding the Group, based on its questionnaire answers, scores of **A-** in Climate Change and **B** in 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 fourth year running. Since 2018, the Group has been bringing its suppliers on board its approach to measuring and reducing its carbon footprint through the CDP Supply Chain program;
- **ECOVADIS:** Michelin improved its score by one point vs. 2022, to 78/100, and retained its **Platinum Medal** rating for its CSR commitment and leadership (awarded to the top 1% of rated companies);
- **ISS ESG:** The B- rating and PRIME status have been retained, keeping Michelin ranked in the top decile across all the rated industries;
- **MOODY'S ESG** (formerly VIGEO EIRIS): With an overall score of 71/100, Michelin ranked **second among the 119 companies assessed in the Automotive sector.**

4

(1) *See Chapter 1/The Group's balanced scorecard.*

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 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.

The illustration below highlights the **Group's contribution to the UN's 2030 Agenda for Sustainable Development, integrating its interactions with leading stakeholders and its commitments to each of the SDGs.**

In 2023, the United Nations Global Compact launched the **Forward Faster** initiative, which focuses on five major areas for action: gender equality, climate action, living wage, water resilience and finance & investment. These areas are key to accelerating progress through private sector actions to deliver on the 17 SDGs. **Michelin is supporting this initiative by signing up as a Fast Mover and is stepping up its commitment to living wages and the climate.**

This approach is presented in more detail on the Group's corporate website: https://www.michelin.com/en/sustainability/company.

Since 2020, Michelin has participated in a working group on the UN SDGs with 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.

Building on the regular disclosure in recent years of its key sustainability indicators (waste, water, energy, ISO 14001), the TIP expanded the scope of reporting in 2023 to align with the SDGs and include a variety of social responsibility indicators. Available at https://sustainabilitydriven.info/, the 2023 report adds new KPIs tracking:

- the percentage of women in positions of responsibility;
- the percentage of members with public commitments to diversity and inclusion;
- the percentage of members with responsible sourcing policies.

Discussions are underway to introduce product KPIs in the near future.

The Group's main non-financial performance indicators

SDGs supported[1]	CSR risks/issues	Key performance indicators	Baseline year	Results 2020	Results 2021	Results 2022	Results 2023	2030 Objectives
THE ENVIRONMENT								
CLIMATE								
7, 9, 11, 12, 13	Climate change impacts from the use of our products (Scope 3)	**Energy efficiency of our products/tires***	**2020**	**100**	**+0.5%**	**+1.8%**	**+2.9%**	**+10%**
	Climate change impact of our suppliers	Suppliers of raw materials and components with a science-based target[2]		13%	21%	30%	42%	70% in 2024
		Change in CO_2 emissions from transportation activities *(millions of tonnes of CO_2)*	**2018**	-9.6%	+16.2%	-13.6%	-25%	-15%
	Climate change impact of our Scope 1 & 2 operations	**Change in Scope 1 and 2 CO_2 emissions from the manufacturing facilities***[3]	**2019**	-[4]	**-4.4%**	**-20.5%**	**-28.3%**	**-27.5%**[5]
RESOURCES AND BIODIVERSITY								
9, 12, 14, 15	Non-climate change-related impact of our raw materials on the environment	**Use of renewable or recycled materials in our tires***		**28%**	**29%**	**30%**	**28%**	**40%**
		Percentage of natural rubber volumes used by the Group assessed as deforestation-free[6]		-	-	-	9%[7]	100%
8, 7, 12, 13	Impact of our direct operations on the environment	**i-MEP*** • **Energy consumption** • **CO_2 emissions** • **Amount of waste produced** • **Use of organic solvents** • **Water withdrawals weighted by water stress**	**2019**		**92.6**	**88.8**	**83.9**	**-1/3**

(1) SDG: United Nations Sustainable Development Goals.
(2) Scope 3, category 1: Purchased goods and services, according to Greenhouse Gas Protocol terminology
(3) Group scope of reporting, including the former Multistrada, Camso and Fenner facilities. The baseline year is 2019, in line with the Group's SBTi commitments. Compared with 2010, the "gross" improvement, at current scope of reporting, stands at 44.2%.
(4) The 2020 result was not representative of a normal operating environment due to pandemic-related disruptions.
(5) Objective approved by the SBTi in January 2023. This target is consistent with the "well below 2°C" global warming scenario. The baseline year is 2019. A new target consistent with the "1.5°C" global warming scenario was submitted to the SBTi in January 2024 and is currently being validated. See section 4.1.1.1 a) Transition plan: decarbonizing our operations/ Scopes 1 and 2: reaching net-zero emissions in the manufacturing operations by 2050.
(6) "Deforestation-free" status is determined by reference to the definitions and standards of the European Union Deforestation-free Regulation (EUDR). This commitment is currently being validated by act4nature international.
(7) Calculated on the basis of 2023 volumes per supplier, from which deforestation-free volumes are calculated pro rata to the number of assessed hectares. Supply chain segmentation (e.g., volumes from large plantations or smallholders) by production plant is reported based on preceding year data. In subsequent years, only fully segregated volumes will be reported as deforestation-free.

SDGs supported[(1)]	CSR risks/issues	Key performance indicators	Baseline year	Results 2020	2021	2022	2023	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%	91%	>95%
		Percentage of natural rubber volumes used by the Group covered by human rights assessments (RubberWay®)		30%	41%	58%	69%	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**	**72/100**	**80/100**
		Percentage of women in management and supervisory positions		28.2%	28.9%	28.9%	30.1%	35%
		Percentage of women among the Group's 600 most senior executives		15.5%	17.2%	18.7%	21.5%	35%
		Percentage of employees receiving a decent wage in each host country			95%	98.5%	100%[(2)]	100% in 2025
HEALTH AND SAFETY								
	Employee and contractor health and safety	**TCIR***		**1.19**	**1.29**	**1.07**	**1.01**	**<0.5**
		Engagement rate*		**82%**	**80%**	**83%**	**84%**	**85%**
		Workplace well-being indicator			76%	79%	79%	80%
CONSUMER SAFETY								
	Product safety at our partners	**Partner Net Promoter Score (NPS)*[(1)]**	**2020**	**40.3**	**38.9**	**41.6**	**42.7**	**+10 points**
VOLUNTEER SERVICE								
	Employee volunteer service	Number of Michelin Volunteers program initiatives[(3)]			5,000	10,900	19,700	
ETHICS AND ANTI-CORRUPTION								
ETHICS								
	Ethics violations	Number of alerts to the ethics hotline			1,226	1,740	2,233	
		Percentage of employees trained in anti-corruption practices			New	92%	98%	>98%
	Non-compliance with our Supplier Relations Code of Conduct	Percentage of purchasing employees trained in ethical risks in supplier relations			New	84%	90.4%	>90%

* ***A balanced scorecard indicator.***

(1) *2020 and 2021 data have been recalculated following a change in the method of calculating certain sub-indicators.*

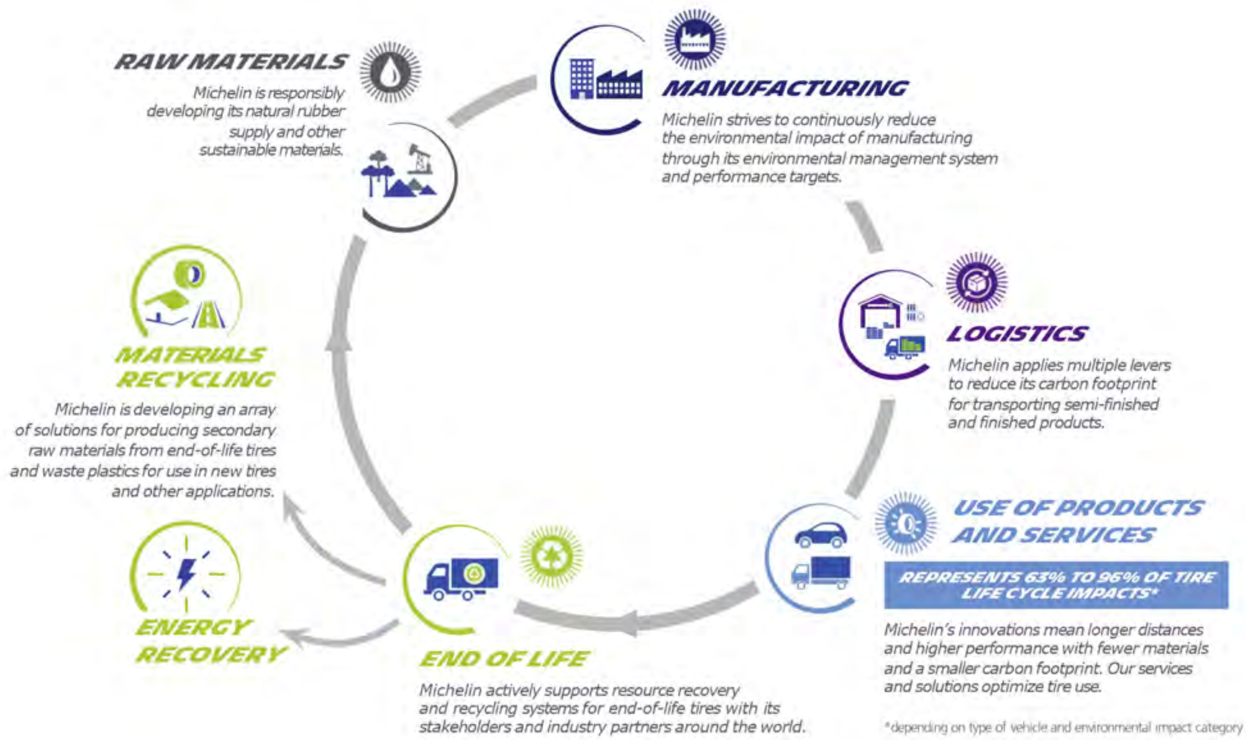
(1) *SDG: United Nations Sustainable Development Goals.*
(2) *Scope of the 2023 campaign = 100% of Group companies, representing 100% of Group employees, excluding companies either acquired very recently (acquired in 2023 as well as the 4 RLU companies), or in the process of being sold.*
(3) *Our current systems are unable to identify whether the same person has participated in several volunteering initiatives. The ultimate goal is to have 20% of employees taking part in such initiatives.*

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 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 associated with the environmental footprint of its products, services and business operations (purchasing, manufacturing and supply chain), to help combat climate change, protect biodiversity and ecosystems and conserve water and other resources. 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[1], 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 following prioritizing hierarchy:

(1) https://www.michelin.com/en/sustainability/company/planet

AVOID | REDUCE | REUSE | RECYCLE | RENEW

The hierarchy defines the medium-term issues for action proportionally to the challenges that must be addressed 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 jointly by the Group Environment Director and the Sustainable Development Director, the body also comprises nine other standing members representing the Standards and Regulations, Sustainable Development and Impact, Materials Research, Risk Management, Purchasing, Public Affairs and Industrial Strategy Departments, the Sustainable Materials Operational Department and the High-Tech Materials Business Line.

The Environmental Governance body meets at least four times a year to validate environmental policies, objectives and strategies, and to track 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. It is supported by the work of five multidisciplinary Operational Committees dedicated to Climate Change, the Circular Economy, Biodiversity and, since 2023, Water and Pollution. They are tasked with coordinating initiatives, detecting weak signals, assessing emerging risks and identifying opportunities to reduce environmental impacts in their respective remits[1].

4.1.1.1 Implementing a climate strategy

SDG 13.1, 13.2 and 13.3.

Climate change risks

As a global manufacturer, the Michelin Group extensively interacts with the natural environment throughout the life cycle of its products and services. The **main climate change impact factors identified by the materiality analysis**[2] **concern the carbon emissions from the Group's direct operations (Scopes 1 and 2)**[3] **and from its transportation operations, the operations of its suppliers**[4] **and the use of its products**[5] **(Scope 3)**[6].

In addition, the **physical consequences 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**[7].

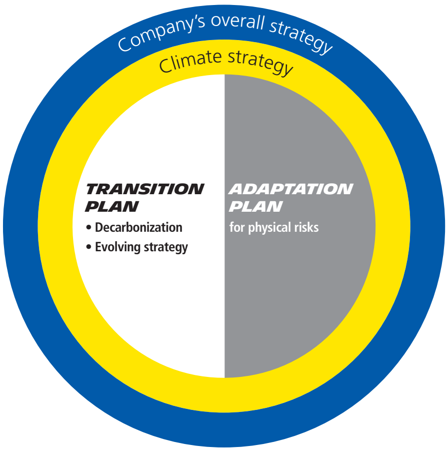
The policies, objectives, levers for action and indicators in place to mitigate these risks have been integrated into the Transition Plan and the Adaptation Plan described below, in line with TCFD recommendations.

(1) See section 4.1 Sustainable Development Report/Governance/Oversight by the Group Management Committee (CDG).
(2) See section 4.1. Sustainable Development Report/Materiality matrix.
(3) See section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 and 2: reaching net-zero emissions in the manufacturing operations by 2050.
(4) 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.
(5) See section 4.1.1.1 b) Transition plan: Company strategy/Designing highly energy efficient products.
(6) See section 2.1 Risk factors specific to Michelin, description and related management systems/Impact 7 – Environmental effects of our products.
(7) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 1 – Physical effects of climate change/Risk 3 – Environmental transition risks.

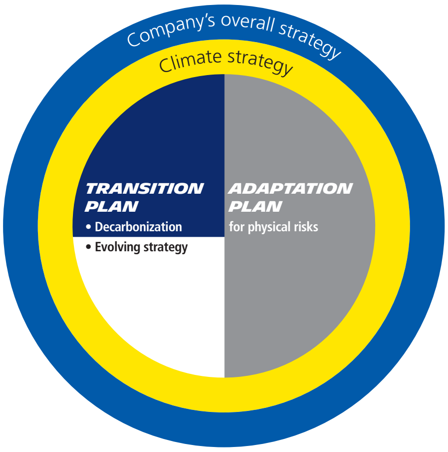
The Group's climate strategy is organized around two key components: (i) a transition plan comprising both initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 and 3) and a resilient strategic plan to move towards a low-carbon economy; and (ii) an adaptation plan to prepare for the physical effects 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



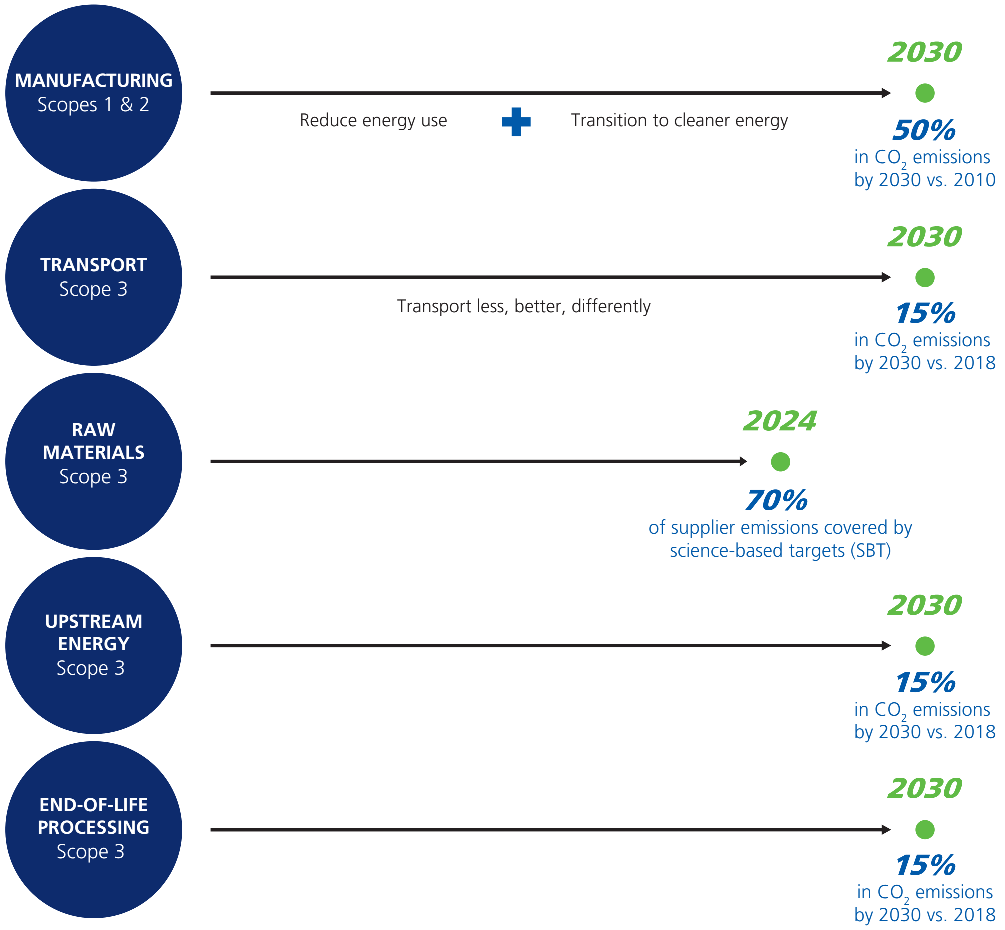
As part of its decarbonization plan, Michelin aims to reach net-zero emissions by 2050[(1)] in Scopes 1, 2 and 3[(2)], with initially a priority focus on reducing to as close to zero as possible emissions from:

- **all its production plants;**
- **its supply chain with its raw materials and components suppliers;**
- **its transportation operations.**

(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 by the international consortium comprising the Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business. Under this commitment, the Group has defined short-term (2024–2034) milestones and long-term (2035–2050) targets for reductions in all three scopes (excluding the in-use phase) and will offset any residual emissions every year to reach net-zero by 2050. The short-term milestones presented below, which are all consistent with the "well below 2°C" global warming scenario, were approved by the SBTi[1] in January 2023.



In January 2024, **the Group submitted to the SBTi** pathway **new short and long-term targets aligned with a 1.5°C scenario**. They were not reflected in the 2023 reporting exercise underpinning this report.

(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

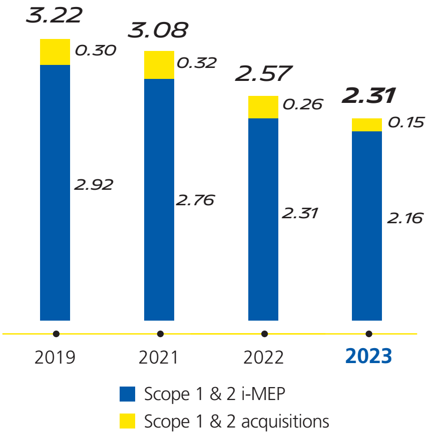
Scope	Inventory *(millions of tonnes of CO_2)*	Year	Group sources covered by the inventory	Comments
SCOPE 1	1.04[2]	2023	CO_2 emissions from the heating plants at production and R&D sites	Michelin controls the assets that use the energy generating CO_2 emissions. The change in emissions volumes in 2023 compared with the 2019 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	1.27[2]	2023	CO_2 emissions from generating the electricity and steam used by the production and R&D sites	
REQUIRED SCOPE 3	13	2023	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. GRI 305-3: Other indirect (Scope 3) GHG emissions.
OPTIONAL SCOPE 3	~130	2023	Indirect CO_2 emissions from sold tires in use	Thanks to its research and development expertise, Michelin has a significant impact on 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.

(1) See Scope of the Report/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.

CHANGES IN SCOPE 1 AND 2 CO_2 EMISSIONS

(market-based)

(millions of tonnes of CO_2)

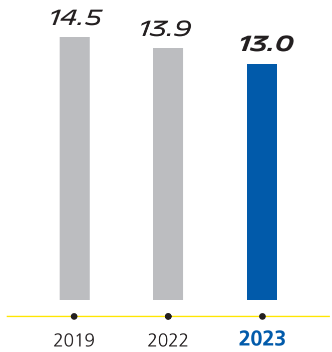


Note 1: *In the above charts, the "acquisitions" scope of reporting includes emissions from the Multistrada, Camso and Fenner facilities from 2019 to 2022. In 2023, Multistrada was included in the i-MEP scope of reporting.*

Note 2: *In 2023, the baseline year for the reporting of Group's CO_2 emissions was changed to 2019, in line with the Group's SBTi commitments.*

TOTAL REQUIRED SCOPE 3 CO_2 EMISSIONS(1)

(millions of tonnes of CO_2)



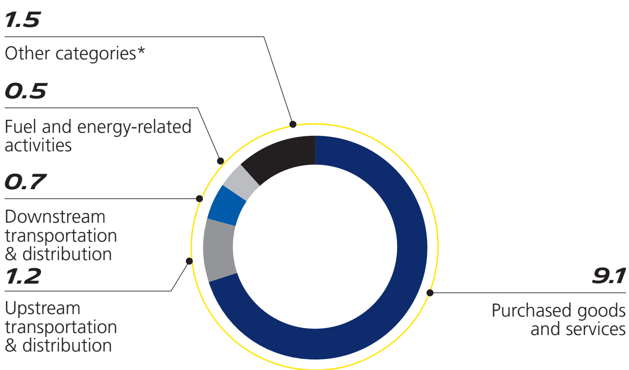
Total required Scope 3 emissions data for 2022 have been revised, to 13.9 million tonnes from the 16 million tonnes reported in the 2022 Universal Registration Document. The correction reflected two significant factors:

- The revision of the GHG Protocol, the benchmark for measuring the Group's emissions, which changed the method for calculating categories 5 "waste generated in operations" and 12 "end-of-life treatment of sold products." Emissions from the recovery and reuse of waste as raw materials or fuel are no longer included in these two categories, because the recovery and the resulting emissions are also measured in the emissions of companies that use this same waste as an input. (Impact: around a 3.8 Mt reduction);
- The first-time measurement of emissions from Multistrada, Camso and Fenner (Impact: a 1.1 Mt increase);
- Other impacts (a 0.5 Mt increase).

The 2019 data have been restated for the correction.

BREAKDOWN OF REQUIRED SCOPE 3 CO_2 EMISSIONS BY CATEGORY

Total 2023: 13 $MtCO_2$



* Other categories *($MtCO_2$)*	2023
Capital goods	0.50
Waste generated in operations	0.04
Business travel	0.02
Employee commuting	0.22
Upstream leased assets	0.04
End-of-life treatment of sold products	0.25
Franchises	0.25
Investments	0.19
TOTAL	**1.51**

(1) *For each one, the 2023 scope of reporting covers the Group's long-standing member companies, as well as all the categories material to Multistrada, Camso and Fenner. Work is underway to integrate emissions from the non-material categories, i.e., categories 6, 8, 12 and 14 for Multistrada, categories 5, 6, 8, 12 and 14 for Camso and categories 4, 5, 6, 8, 9, 12 and 14 for Fenner.*

Scopes 1 and 2: reaching net-zero emissions in the manufacturing operations by 2050

OUR AMBITIOUS OBJECTIVES

To help combat climate change, Michelin has been steadily measuring and reducing its CO_2 emissions since 2005. The Group aims to achieve net zero carbon emissions from its entire production base (Scopes 1 and 2) by 2050.

For 2019, the Group had set the target of reducing emissions from its production plants by 50% by 2030 compared with 2010.

Then, in January 2023, the SBTi approved the following new reduction target, which is consistent with the "well below 2°C" global warming scenario:

Michelin commits to reducing its absolute Scope 1 and 2 greenhouse gas emissions by 27.5% by 2030 from a 2019 baseline year[1].

In January 2024, Michelin submitted to the SBTi a new Scope 1 and 2 emissions reduction target consistent with the "1.5°C" global warming scenario. The new target is much more ambitious, aiming for an absolute reduction of 47.2% over the same 2019-2030 period. However, it is still pending approval and was therefore not reflected in the 2023 reporting exercise.

In addition, it encompasses data outside the legacy scope of reporting, described in the *Scope of the Report* section above:

- it includes recent acquisitions;
- it has been realigned with the 2019 baseline year.

In this paragraph, CO_2 emissions have calculated for the new boundary and the 2019 baseline. Trends since 2010 are occasionally cited, for information purposes, based on the current scope of reporting. However, the 2010 benchmark is gradually being phased out.

Our levers for action:

The emissions reduction program is built around two major processes:

- consuming less (energy efficiency)[2];
- consuming better (energy transition)[2].

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 energy use in its production plants.

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

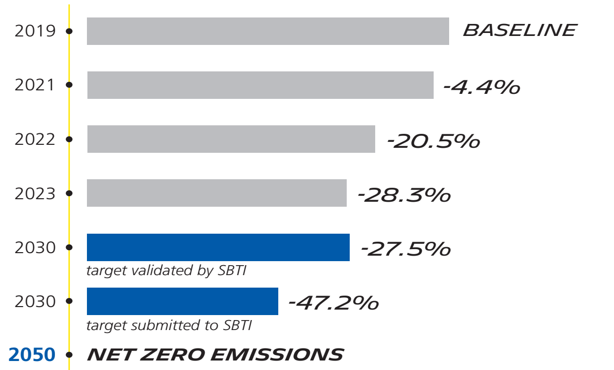
Emission factor levers
- Use of renewable energies

(1) The target boundary includes biogenic emissions and removals from bioenergy feedstocks.
(2) See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions.

- ***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)

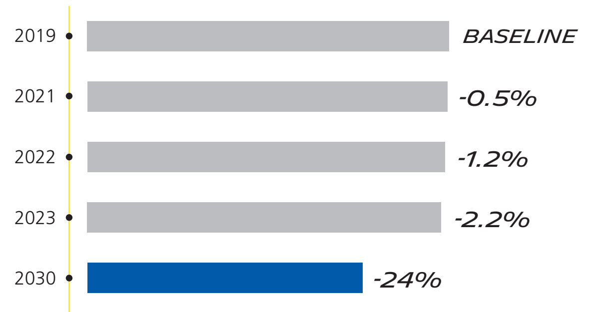


Note 1: *The above chart covers the Group scope of reporting, including the former Multistrada, Camso and Fenner facilities.*

Note 2: *The baseline year is 2019, in line with the Group's SBTi commitments. Compared with 2010, the reduction stood at 44.2% in 2023.*

IMPROVEMENT IN THE ENERGY EFFICIENCY OF THE MANUFACTURING FACILITIES(1)

(in Gigajoules per tonne of finished and semi-finished product.)



Note 1*:* *The above chart is based on the i-MEP scope of reporting.*

Note 2: *The baseline year is 2019. Compared with 2010, the improvement came to 20.2% for the year.*

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.

In 2023, the internal carbon price was increased from €100 from €200 per tonne of CO_2.

Carbon quota systems

In the European Union countries, direct CO_2 emissions from the 13 Group facilities that operated heating plants with more than 20 MW capacity in 2023 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 33% of requirements in 2023 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 2013-2023 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 "Scope" section 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 CURRENT OBJECTIVE[1]:

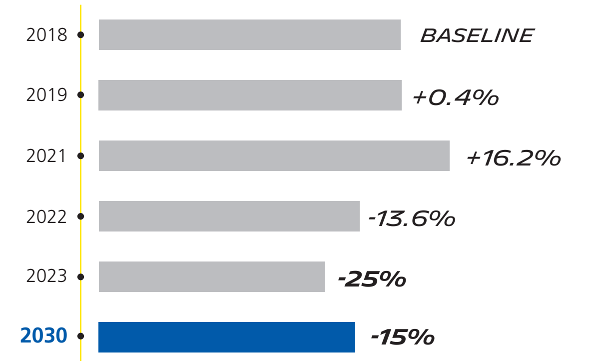
To reduce CO_2 **emissions from logistics operations, in tonnes, by 15% between 2018 and 2030.** This objective, which was approved by the SBTi in January 2023, covers:

- The supply of raw materials, such as natural and synthetic rubber, metal and textile reinforcements, to the production plants to manufacture semi-finished products;
- The inter-plant transportation of semi-finished products;
- The delivery of finished products to customers;
- Warehouse operations.

Key performance indicator: *tonnes of CO_2 in absolute value.*

CO_2 EMISSIONS FROM TRANSPORTATION OPERATIONS[2]

(millions of tonnes of CO_2)



Emissions are measured using EcoTransIT World software[3], 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[4].

In 2023, CO_2 emissions declined to 1.03 million tonnes, corresponding to a 25% reduction on 2018. This performance primarily stemmed from a reduction in intercontinental supply flows, thanks to the local-to-local strategy, as well as from the decreasing use of air freight and structural improvements in the operating regions.

These structural improvements are reflected in the "tonne of CO_2 released per tonne sold" indicator, which decreased by 16% between 2018 and 2023, attesting to the effectiveness of initiatives to transport less, transport better and transport differently.

OUR LEVERS FOR ACTION:

Transporting less, the fundamental lever

The transporting less lever involves analyzing where inventory should be ideally located to improve product availability, while reducing the need for transportation. The analytics also guide the siting of production units, with a preference for local facilities to limit the transfer of finished products between producing and consuming regions.

In 2023, intercontinental shipment tonnages declined by 15% over the year.

Transporting better, an operational lever

The second lever consists of optimizing current transportation systems, based on three avenues to improvement:

Engaging with our transportation partners

Michelin firmly believes that partnerships with logistics providers are mutually beneficial over the long term, by enabling them to invest in decarbonization solutions.

Optimizing our current transportation systems

Improved governance has helped to drive a sharp reduction in the use of air freight, to the extent that it accounted for less than 2% of CO_2 emissions from logistics activities in 2023.

In collaboration with a large number of stakeholders, a response to a call for expressions of interest was submitted in France via the France Supply Chain association. The response, which concerned the use of the 32-meter European Modular System (EMS) articulated double-trailer truck, is currently being reviewed.

Promoting and developing multimodal solutions

Michelin is continuing to develop and deploy multimodal transportation solutions. In 2023, for example, nearly 23% of the Group's intra-regional shipments in the United States were carried by rail, while in Europe, a multimodal hub was built during the year and brought on stream in early 2024. It will eventually enable the modal shift of 2,200 containers, avoiding the release of an estimated 1,100 tonnes of CO_2 per year.

(1) Objective approved by the SBTi in January 2023.
(2) This figure differs from the one reported in the 2022 Universal Registration Document due to the inclusion of Camso in 2019 and other adjustments.
(3) Accredited by the Global Logistics Emissions Council (GLEC) Framework and compliant with the EN 16258 standard and the GHG Protocol.
(4) This figure differs from the one reported in the 2022 Universal Registration Document due to the inclusion of Camso in 2019 and other adjustments.

Transporting differently, a lever for innovation

The third lever consists of implementing innovative solutions, informed by two processes:

Collaborating with outside organizations

Michelin is continuing to play a leading role in a number of organizations, such as France Supply Chain, Smart Freight Center and the New Energy Coalition. Involvement in these organizations is helping to identify actionable levers, while laying the foundations for collaborative work on innovative issues supporting decarbonized transportation.

Innovating to deploy more environmentally friendly technologies and practices

Overland shipping:

Michelin takes an active part in discussions about the future of logistics, in a commitment to promoting and deploying innovative technologies.

In Europe, electric semi-trucks are being trialed for deployment as early as 2024, when the first EVs could also come into service in Thailand and China. Three use cases for hydrogen-powered rigid and semi-truck units are currently being activated, for scheduled roll-out in 2025.

Maritime shipping: Michelin is participating in the Shippers' Coalition for Low Carbon Maritime Transport (SCLMT) to support a north transatlantic (Europe-North America) service operated by wind-powered container ships. This innovative, energy-efficient shipping solution is expected to be deployed in 2026. It will reduce by 50% the environmental impact of more than 100,000 TEUs[1] a year, including 8,000 for Michelin.

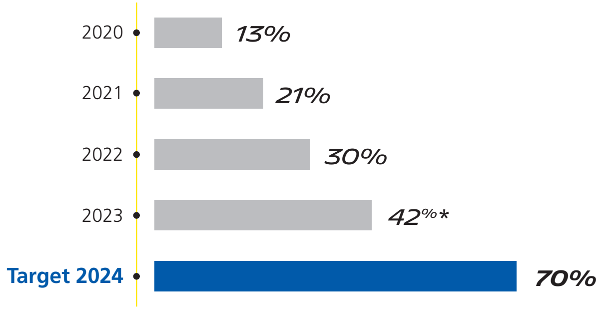
Scope 3: reducing emissions from purchased raw materials and components

OUR OBJECTIVE:

In 2020, the SBTi approved the Group's greenhouse gas emissions reduction targets, including one relating to purchased goods and services. Suppliers representing 70% of greenhouse gas emissions from purchased goods and services (Scope 3, category 1) are expected to 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



** The 42% figure corresponds to a Group-wide calculation. Excluding Fenner, Camso and Multistrada, to establish a comparable scope of reporting with the 2020 to 2022 period, the figure would amount to 45%.*

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 two-thirds 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 prioritize 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 raw materials 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.

(1) Twenty-foot equivalent units, the standard unit of container capacity.

A new campaign was conducted in 2020 and every year since then. Of the 116 raw material suppliers asked to submit data in 2023, nearly 95% responded. Together, they represented approximately 66% of the emissions from the Group's purchased goods and services. In addition, 68% 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 2023, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing carbon emissions with a CDP Supplier Engagement Leader award.

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 in January 2023 include two indirect activities in the value chain, as defined by the GHG Protocol:

- **Upstream purchased energy**: the extraction, production and transportation of fuels, purchased or acquired by a company or consumed in the generation of electricity or heat;
- **the end-of-life treatment of sold products.**

The change in the method of measuring emissions from the end-of-life treatment of sold products, following the revision in the GHG Protocol, has resulted in a reduction in these emissions, to 0.3 million tonnes of CO_2 from 3.7 million tonnes previously, which makes them much less material in the Scope 3 outcomes.

This is why Michelin's initiatives in this area will now be presented only in section *4.1.1.2 Enhancing the circularity of our products*.

The new target submitted to the SBTi in January 2024 reflected this change of scope.

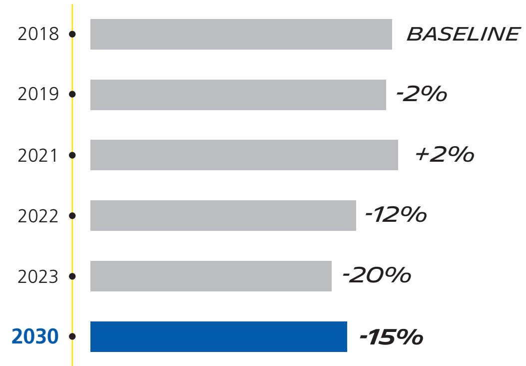
OUR OBJECTIVE:

Reduce CO_2 emissions from upstream purchased energy, in absolute value, by 15% between 2018 and 2030.

Key performance indicator: *tonnes of CO_2 in absolute value from upstream purchased energy.*

CO_2 EMISSIONS FROM UPSTREAM PURCHASED ENERGY

(millions of tonnes of CO_2)



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. This is based on the assumption that the upstream generation and delivery of fuel from renewable sources generally releases less CO_2 than fossil fuels.

2023 OUTCOMES:

The year-on-year reduction in 2023 was led by the decline in energy use by the production plants and by the increased proportion of renewables in their energy mix[(1)].

NEW SCOPE 3 OBJECTIVE: A new, more ambitious emissions reduction target, aligned with our outcomes and "Race to Zero" commitment, was submitted to the SBTi in January 2024 and is pending validation. It covers not only Scopes 1 and 2, but also three **Scope 3 categories – purchased goods and services, upstream and downstream transportation, and upstream purchased energy – which it aims to reduce by 27.5% in absolute terms between 2019 and 2030. Over the longer term, to 2050, the target is also designed to reduce all required Scope 3 emissions by 90% in absolute terms.**

Investing in socially responsible funds

Since 2014, Michelin has invested €5.96 million in two Livelihoods Carbon Funds (LCF1 and LCF2), which support 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[(2)].

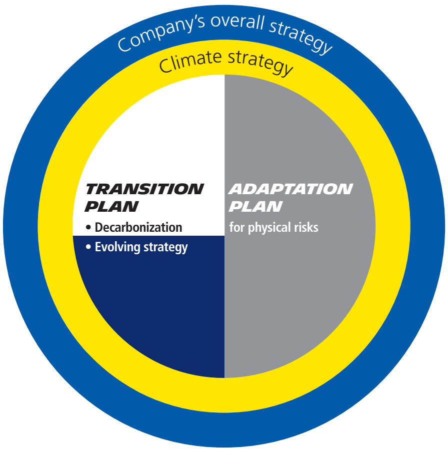
The Group is still aligned with its net-zero emissions targets for 2050, which are being pursued without using any carbon credits to offset CO_2 emissions from its direct or indirect activities, in accordance with SBTi standards. As a result, the carbon credits derived from Livelihoods projects are neither set off against the Group's carbon footprint nor sold.

(1) See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions.
(2) Visit https://livelihoods.eu/lcf/.

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 nurture 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 energy-efficient products

Using a tire on a vehicle requires additional energy that entails, in an internal combustion vehicle, either the burning of fuel (and therefore the release of greenhouse gases) or the use of the car's engine battery.

OUR OBJECTIVE:

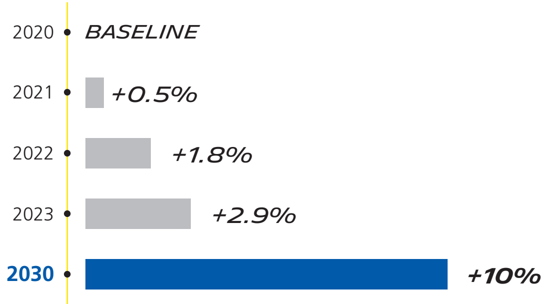
Improve the energy efficiency of tires by 10% in 2030 compared to 2020.

Key performance indicator: *improvement in tire rolling resistance compared with the 2020 baseline, weighted by sales tonnages in the reporting year.*

Scope of reporting: In 2023, the indicator's scope of reporting was broadened to include the Mining, Agricultural, Aviation and Construction tire segments, in addition to the Passenger car, Light truck and Truck tire segments in the legacy scope.

IMPROVING THE ENERGY EFFICIENCY OF PRODUCTS SOLD

(base 100)



In 2023, Michelin improved the energy efficiency of tires sold during the year by 2.9% compared with tires 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.

Reducing the rolling resistance of Passenger car and Light truck tires

Improvements in the rolling resistance of tires brought to market in 2023 were led by two lines, the MICHELIN e.Primacy and the MICHELIN Pilot Sport EV, both of which deliver 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. Additionally, the MICHELIN Pilot Sport EV, the first sport tire specifically designed for electric cars, improves range by 10% while significantly reducing CO_2 emissions.

The life cycle assessments (LCAs) of both these lines were disclosed in an Environmental Product Declaration (EPD)[1].

In addition to these two examples, the Michelin Group is steadily improving the rolling resistance of all its tires with each new generation. This development is aligned with the Group's All Sustainable vision, which is focused on gradually attenuating the environmental impact of its tires.

Supporting the rising demand for electric vehicles

Michelin also fully supports the development of electric vehicles, which, while not requiring special tires, run better on tires capable of meeting their more demanding needs (weight, torque, range, noise, etc.). All MICHELIN tires are EV-compatible. Their Total Performance technology offers owners the longest tread life and highest performance regardless of vehicle type, thanks to the Group's long years of innovation, investment and cooperation with the world's leading carmakers.

Reducing the rolling resistance of Truck tires

In Truck tires, a myriad of technological advances is delivering not only improvements in fuel efficiency and with them reductions in CO_2 emissions, but also the ability to run the tire down to the last millimeter of the legal wear limit thanks to remarkably long tread life. Brought to market in 2016, the MICHELIN X® LINE™ ENERGY™ tires for long-haul trucks were the first set of big rig tires to be rated A in energy efficiency, on any axle, under EU tire-labeling rules.

Since 2021, Michelin has 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 both long-distance and urban transportation environments.

With the introduction of the MICHELIN X® Incity™ EV Z tire, MICHELIN is supporting the electrification of city buses, with improved energy efficiency[2] and load bearing capacity[3].

To further the environmental transition in the road transportation industry[4], Michelin is supporting the deployment of zero-emission vehicles by forging partnerships with its OEM customers.

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) supplying both a product and a service to manage and maintain tires in ways that optimize their energy efficiency and other performance features; or (ii) providing a service alone to streamline 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 solutions. 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™, which facilitates tire maintenance by using an automated inspection system to improve operating efficiency, safety, the carbon footprint and raw materials use;
- Michelin Connected Fleet, which helps to reduce empty kilometers and thereby optimize fleet operations and vehicle use. It also offers an innovative carbon dashboard that improves energy efficiency and reduces the carbon footprint;
- 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, favoring the energy transition both operationally and financially. 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 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) The EPDs have been certified by an independent third party and may be found at environdec.com.
(2) Michelin calculations based on rolling resistance values.
(3) Load bearing capacity increased to a maximum of eight tonnes, or 15% more than the previous X® Incity™ XZU range.
(4) The SuperTruck programs in the United States and the European Consortium.

Developing new hydrogen mobility solutions

A pioneer in hydrogen fuel cells, the Michelin Group has been working for more than 20 years to make hydrogen one of its sources of future growth.

Michelin was an early believer in hydrogen and in Symbio, which the Group acquired before turning it into a joint venture with Forvia in 2019. Since 2023, Symbio has been owned equally by Forvia, Michelin and Stellantis, with the goal of producing 100,000 StackPack fuel-cell systems a year by 2028 and accelerating the deployment of a form of clean mobility that safeguards the environment and human health.

In 2023, Symbio strengthened its technological and industrial leadership with the inauguration of the SymphonHy complex, comprising both its first gigafactory and its center of technological and industrial excellence. Located in Saint-Fons, in the Auvergne-Rhône-Alpes region in France, SymphonHy is the largest integrated fuel cell production site in Europe.

HyMotive, Symbio's strategic technological and industrial project, represents a total investment of €1 billion over seven years. The project is also developing a breakthrough technology to improve fuel-cell cost competitiveness, with the goal of bringing it in line with battery-powered electric and internal combustion powertrains by 2030.

Symbio has also operated in the United States since 2021, with a pilot plant in California initially supplied by the Group's European facilities.

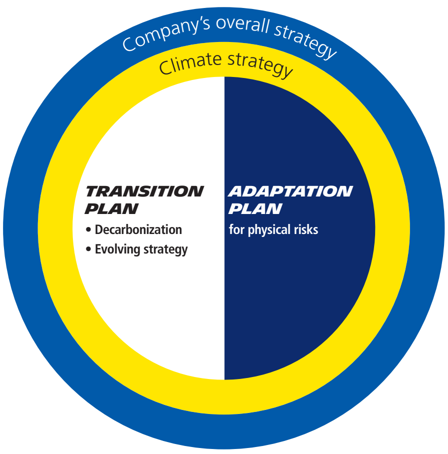
From 50 employees in 2019, Symbio now employs more than 750 people, and plans to create a further 1,000 jobs with the HyMotive project. Moreover, Symbio has joined with Germany's Schaeffler Group to form Innoplate, a 50/50-owned joint venture based in Alsace that will start up production of bipolar plates (BPP), a strategic fuel cell component, in the first quarter of 2024.

Fuel cell technology is proving to be an indispensable source of supplemental power to lengthen the range of light trucks, vans and other EVs. At the Solutrans trade show in November 2023, the Watèa by Michelin subsidiary announced the launch of a new solution offering a range of hydrogen vehicles, alongside its battery-electric vehicles. The new service will enable Watèa customers to enjoy all the benefits of hydrogen mobility.

To spur the deployment of hydrogen-electric mobility in local French communities, since 2019, Michelin has been a shareholder in HYmpulsion, a public-private partnership, alongside the Auvergne-Rhône-Alpes regional authority, Engie, Crédit Agricole and Banque des Territoires. The goal is to open the green hydrogen mobility market in the Auvergne-Rhône-Alpes region by building and operating 20 hydrogen charging stations for light and heavy vehicles.

Lastly, Michelin is pursuing a robust R&D commitment, capitalizing on all its proven expertise and capabilities, particularly in the field of sustainable high-tech materials, which play a key role in hydrogen fuel cell and electrolyzer performance.

4.1.1.1 c) Adaptation plan: responding to the physical risks of climate change



The roadmap to define the plan to adapt to the physical risks of climate change is prepared by a dedicated climate risk team, which is actively involved in the Group's risk management process.

Since 2022, these risks have been factored into long-term decisions, such as approving raw material suppliers, building or expanding production and logistics facilities and merger/ acquisition projects.

In 2023, the Group's Adapting to Physical Climate Risks Policy was posted on the Group's website[(1)].

It is designed to adapt all the relevant value chain links by:

- 2030, for risks identified as intolerable by that date.
- 2050, for risks identified as intolerable by that date.

It expresses Michelin's principles with regards to:

- influencing and collaborating with outside stakeholders, wherever the Group deems it useful, in particular to support adaptation across the value chain;
- avoiding poor or mis-adaptation.

In 2023, a study of the physical risks of climate change in 2030 and 2050 was carried out for around 100 Group facilities, including 90 that have been designated as priority, based on their number of employees and business continuity risks. The study especially underscored the need for a more granular assessment of the actual degree of vulnerability of certain facilities to heat waves and flooding.

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[(2)].

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). It remains committed to shrinking the carbon footprint related to its natural rubber operations. 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 by the tires. In addition to managing physical risks, the Group has opportunities to produce sustainable, responsible natural rubber[(3)].

4.1.1.1 d) Engagement and transparency

CDP Climate Change

In 2023, CDP ranked Michelin among the most forward-looking companies in the areas of transparency and combating climate change, awarding it a score of ***A-*** in recognition of its effective strategy, its success in reducing CO_2 emissions and its long-term commitment to further shrinking its carbon footprint.

Each year, the Michelin Group responds to the CDP Climate Change[(4)], CDP Water Security[(5)] 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[(6)] and on the Group's website.

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.michelin.com/en/sustainability/company/planet/climate-action.
(2) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 1 – Physical effects of climate change.
(3) See section 4.1.4.2 c) A dedicated approach for natural rubber.
(4) https://www.michelin.com/en/sustainability/company/planet/climate-action.
(5) https://www.michelin.com/en/sustainability/entreprise/planet/natural-resources-preservation.
(6) https://www.cdp.net/en/responses.

Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2023 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 nine departments, supported by a group of in-house experts forming the Climate Change 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 a) Dialogue with stakeholders.

Climate scenarios used	**Scope 1 and 2 emissions pathways** In 2019, 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.* In January 2023, the SBTi approved a revised short-term target, consistent with the "well below 2°C" global warming scenario and covering both the legacy scope of business and the most recent acquisitions. *In January 2024, the Group submitted to the SBTi a new short-term target, consistent with a "1.5°C" scenario, which is still being assessed and was therefore not reflected in the 2023 reporting exercise.* **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 validated 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 the failure of the current strategy, or the availability of likely new scenarios. The assessment will therefore be performed again in 2024. **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).

(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 section 4.1.1.1 b) Transition plan: Company strategy.

	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.
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 2023 report on the Michelin Group's activities in respect of the European Taxonomy Regulation, Eligible Proportion of 2023 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: reducing emissions from 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:** €114 million was invested in 2023 as part of the production plant decarbonization plan (Scopes 1 and 2). **CapEx of environmentally sustainable activities (Taxonomy-aligned):** €601.4 million was invested in 2023 to enable the introduction of technologies to improve the rolling resistance of our tire products and the installation of new tire lines that reduce rolling resistance compared to the previous generations. *See section 4.1.1.7 2023 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 2023 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. It is made of around 200 different materials, such as elastomers (natural and synthetic rubber), plasticizers and chemicals, that are all essential to delivering performance.

Raw material factors, such as their natural or fossil origin, their production or extraction method and pressure from increasing demand can generate environmental impacts, including resource depletion, pollution and/or loss of biodiversity.

Inadequate management of these impacts or of the environmental transition may have repercussions for the Group[(2)].

In addition, the emission of tire and road wear particles (TRWP)[(3)] 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 conserve resources and attenuate the adverse environmental impact of its products throughout their life cycle.

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**.

4.1.1.2 a) Incrementing the use of renewable or recycled materials

In 2023, following the annual meeting with the External Stakeholders Committee, the Group decided, in line with the Committee's recommendation to use clearer, more precise vocabulary, to replace the term "sustainable materials" with **"renewable or recycled materials."**

Renewable materials[(4)] 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.

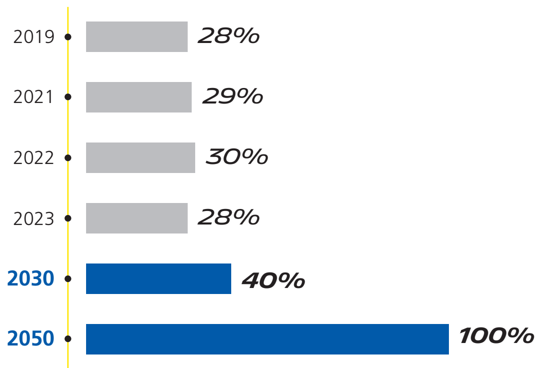
Recycled materials[(5)] are made from raw materials or feedstocks recovered from industrial or household waste that has been reprocessed into products, materials or substances. Recycling does not include energy recovery or the reprocessing into materials that are to be used as fuels. Similarly, the reuse in a production process of its own wastage is not counted as recycling, as the material is not actually waste at this stage.

OUR OBJECTIVE:

The Group's ambitious objective is to manufacture its tires entirely from renewable or recycled materials by 2050, backed by a commitment to incorporating an average of 40% renewable or recycled materials by 2030.

This commitment is measured by the **renewable or recycled materials ratio**.

THE RENEWABLE OR RECYCLED MATERIALS RATIO



The ratio stood at 28% in 2023, down two points on 2022.

As output declined during the year, there was a concomitant reduction in the quantity of raw material inputs, particularly natural rubber. This trend was accentuated by the steeper falloff in the production of Truck tires, which, along with specialty tires, use more of this renewable material than passenger car tires.

(1) See section 4.1 Sustainable Development Report/Challenges and performance/Materiality matrix.
(2) In respect to the policy and legal, technology, market and reputational aspects defined in the Task Force on Climate Related Financial Disclosures (TCFD) nomenclature.
(3) See section 2.1 Risk factors specific to Michelin, description and related management systems/Impact 7 – Environmental effects of our products.
(4) As defined by the OECD and the American Chemical Society in "12 Principles of Green Chemistry."
(5) As defined in European Directive 2008/98/EC on waste.

Given that natural rubber is the largest component in the renewable or recycled materials ratio, the sharp drop in purchasing volumes fed through to a reduction of around three points in the ratio compared with the prior year.

However, the Group pursued its commitment to developing new renewable and recycled materials in 2023, and in line with the roadmap, delivered a gain of around one point year-on-year that partially attenuated the adverse impact of lower natural rubber volumes.

The Group remains very confident in the robustness of its roadmap and in its ability to meet its objective of having renewable and recycled materials account for 40% of tire content by 2030.

THE EMPREINTE PROJECT

To take its All Sustainable approach to the next level, Michelin launched **the EMPREINTE project** in late 2020.

Funded by the French government as part of the *Programme d'Investissements d'Avenir* (PIA) and now included in the France 2030 program and run by ADEME, EMPREINTE is expected to deliver effective solutions for **recycling or bio-sourcing materials** and for **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, EMPREINTE is targeting two strategic markets: personal mobility (Passenger car tires) and passenger and freight transportation (bus and truck tires).

In October 2022, Michelin unveiled two new tires designed as part of the EMPREINTE project that feature, respectively, 45% renewable or recycled materials in the passenger car tire and 58% in the bus tire. Compared with current models, this represents a 100% increase for the car tire and a 50% increase for the bus tire. The new fitments have been approved for open road use and offer the same environmental performance, as attested by life cycle assessments, and the same premium performance as the current MICHELIN benchmark tires.

Their renewable or recycled materials could be more widely deployed in some of the tires that MICHELIN will bring to market starting in 2025.

In addition, tires with even higher renewable or recycled materials ratios are already being engineered in the EMPREINTE project to prepare for the next stage in 2024-2025.

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 tire product and service 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.

Introduced in 2021, an Eco-design Charter, based on guidelines in the ISO 14006: 2020 and NF X30-264: 2013, 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). Moreover, to raise employee awareness of these practices, a wide-ranging training campaign for stakeholders across the design chain is now underway, with 2,200 people already attending in 2023.

4.1.1.2 c) Broadening the use of life cycle assessments (LCAs)

Since 2022, around 5,000 people have been trained in first-level LCA practices that they can then use to guide their design choices. Since 2012, Michelin has been involved with ten other international corporations in the International Research Consortium on Life Cycle Assessment and Sustainable Transition, the primary research unit of the International Reference Center for the Life Cycle of Products, Processes and Services (CIRAIG).

Michelin is also a member of SCORELCA, a French association that conducts research commissioned by its 18 active members and partners. Complementing those pursued by the International Reference Centre for the Life Cycle of Products, Processes and Services (CIRAIG), its research programs are enhancing the methodological skills of 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 world-class product category rules (PCRs) capable of supporting consistent, seamless assessments of a tire's environmental impact based on a set of industry-specific, ISO 14025-compliant guidelines.

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 30% 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.**

This 4R strategy is grounded in the following four principles:

Reduce

In addition to its initiatives to improve tire energy efficiency to reduce the CO_2 released during the in-use phase[2], 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 commitment to designing and manufacturing new tires with less material, but without sacrificing any other performance factors. On the contrary, Michelin is constantly lengthening the service lives of its tires and enabling them to deliver the same safe driving experience and ever-improved performance.

Michelin is also committed to delivering performance over time by extensively testing worn tires, 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 reduce both raw materials consumption and cut CO_2 emissions by up to 35 million tonnes a year (estimates based on calculations for Europe).

In 2019, the European Union approved the introduction of wet grip performance standards for worn tires, which will come into force in July 2024 for new tire product approvals and in July 2026 for all tires.

(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 10 of the world's leading tiremakers: Bridgestone Corporation, Continental AG, 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 4.1.1.1 b) Transition plan: Company strategy/Designing ultra-energy efficient products.

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[1]. 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.

Michelin carefully tracks the research being conducted worldwide that could serve to enhance scientific knowledge. Since 2006, with other tiremakers, the Tire Industry Project (TIP) has undertaken research programs to collect, characterize and understand both the composition and flow of these particles, as well as to assess their potential impact on the environment and human health. Its research findings may be found on the *https://tireparticles.info/ website.*

A wide variety of studies commissioned by the TIP or conducted by other research organizations are providing converging signals that TRWPs account for a small percentage of total urban air pollution particles. According to a geospatial model of the Seine watershed, for example, only 2% to 5% of TRWPs released into the environment reach estuaries and potentially the marine environment.

In November 2023, the Chief Executive Officers of the ten TIP member tire manufacturers approved a new work plan for 2024 and 2025, focused on:

- a new research cycle for deepening current understanding of how tires generate particles, sampling TRWP presence in different environmental compartments (air, soil, rivers and estuaries), modeling TRWP fate in the environment, analyzing their degradation and investigating their potential environmental and health impacts;
- an increasingly solution-oriented approach to generate data and methods to guide mitigation actions and the launch of TRWP-mitigation pilot projects.

In addition to these studies, Michelin is conducting its own research. For example, BioDLab, a joint laboratory created in December 2023 by Michelin, the French national research institute CNRS and the University of Clermont Auvergne, is dedicated to the study of tire rubber degradation and biodegradation. It is seeking to better understand the tire degradation process stemming from their use, as well as to develop technological solutions for the environmental issues associated with the wear particles resulting from contact between road and tire.

Similar research is being pursued in Europe by the European Tyre and Rubber Manufacturers Association (ETRMA), which in July 2018 launched the Tyre and Roadwear Platform, a multi-stakeholder platform 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.

In the United States, the U.S. Tire Manufacturers Association (USTMA) has actively and voluntarily engaged with the California Department of Toxic Substances Control (DSTC) to advance the assessment of 6PPD in tires as a Priority Product under the Safer Consumer Product Regulations (SCPR). In December 2020, a scientific paper published by researchers at the University of Washington and the Washington Stormwater Center (Tian et al.) identified a transformation product of 6PPD they called 6PPD-Quinone and alleged that it was toxic to coho salmon and could cause problems in urban watersheds. 6PPD-Quinone had not been reported in previous studies on 6PPD transformation products. Research on this subject is dynamic and continues to evolve.

Lastly, it is already possible to start making a 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 December 2023, the European Parliament and Council reached a provisional agreement on the Euro VII standards, which are designed to reduce gaseous and solid particulate pollutant emissions. Compared with current Euro VI standards, Euro VII is extended to wear particle emissions from brakes and tires. It contains an article addressing the reduction of particle emissions from tires through compliance thresholds, which could be based on the abrasion test method defined by the UNECE.[2]

Michelin supports this approach, which will help to reduce the quantity of particles released into the environment.

Individually, by developing innovations that enable the Group to design tires that help to further reduce TRWP emissions. 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.**

(1) See section 2.1 Risk factors specific to Michelin, description and related management systems/Impact 7 – Environmental effects of our products.
(2) The United Nations Economic Commission for Europe.

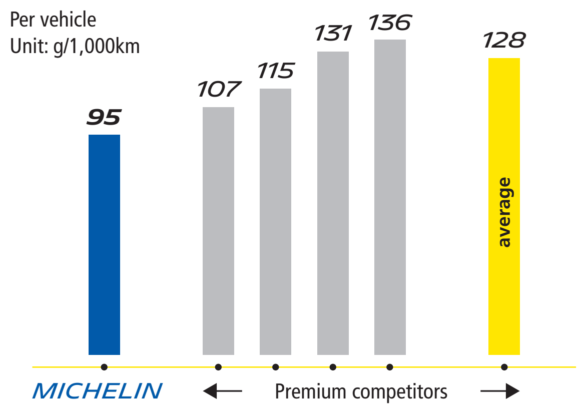
PARTICULATE EMISSIONS ARE BEING REDUCED WITH EACH NEW RANGE

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.

TRWP EMISSIONS: MICHELIN VS. OTHER PREMIUM TIREMAKERS



Source: ADAC Tyre test: Tyre abrasion – On road tests, April 2022

To coordinate its TRWP initiatives more effectively, both internally and with such outside ecosystems as the tire industry and regulatory agencies, and to drive further progress in significantly reducing these emissions and improving their bio-assimilability, in 2023 Michelin rolled out a specific TRWP program, with dedicated resources and a management team reporting to the Environmental Governance body.

In conclusion, Michelin remains highly engaged, both internally and with its ecosystems, in reducing TRWP emissions by:

- leading or monitoring research to improve our knowledge of the fate of TRWPs through biodegradation, their pathways in the various environmental compartments and their potential impacts;
- helping to pass new legislation to raise the standards for tires brought to market;
- innovating in performance tradeoffs by developing new technologies to reduce tire abrasion and incorporate bio-assimilable materials;
- leading results-oriented initiatives with the tire industry and the ecosystems to abate TRWP dispersal.

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 ecosystems 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 2019 TIP study showed that between 57% and 88% of all end-of-life tires, regardless of brand, sold in the 45 countries under review were collected. The study also found that 42% of end-of-life tires were reused to make new materials and 15% were burned as fuel to recover heat and power[(1)].

In 2023, Michelin deepened its engagement with the creation of a new operating unit, in charge of supporting the circular economy with renewable and recycled materials. It is tasked with orchestrating the transition to circularity with other Group units across the organization, as well as with outside ecosystems through partnerships forged in every value chain. In this way, it will help to develop new recycling channels, in particular for end-of-life tires, and to secure the supply of primary inputs and new renewable and recycled materials, while minimizing carbon emissions, water, biodiversity and other environmental impacts, and the amount of energy used in tire production.

The unit will enable the Group to accelerate the take-up of end-of-life tire recovery and reuse technologies that it has been developing:

Lehigh Technologies, a US company acquired in 2017, which designs and manufactures 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, where production got underway in 2023.

Enviro, a Swedish company that partnered with the Group in 2020 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 2023, Enviro formed a joint venture with the Antin Infrastructure Partners investment fund that will use Enviro's patented technology to build several end-of-life tire recycling plants in Europe with the combined capacity of one million tonnes of recycled end-of-life tires by 2030. The new venture has signed a multi-year supply agreement with Michelin.

Michelin is also involved in other recycling ventures, such as the partnership formed

Carbios has developed a recycling process using an enzyme capable of specifically depolymerizing the PET contained in bottles, food trays, polyester clothing and other plastic and textile products. The innovation enables infinite recycling of all types of PET waste and the production of 100% recycled and 100% recyclable PET products of quality equivalent to virgin PET, such as the polyester yarn used in tire manufacturing that Michelin successfully tested in 2021. The Carbios technology is currently in the process engineering phase.

(1) Estimated figures. Collecting worldwide end-of-life tire data is difficult, making them incomplete and sometimes highly uncertain.

The Group's commitment to increasing materials circularity is also supported by its ability to work in cooperation with competitors. Known as coopetition, this new form of collaboration is built around a shared objective: to speed the construction of new ecosystems. In 2021, for example, **Michelin and Bridgestone** jointly issued a call to action during the Smithers rCB 2021 conference to enrich the recycling ecosystem for end-of-life tires and promote circularity in the rubber industry. The two main global tire leaders hope to enable and increase the use of recovered carbon black (rCB) from recycled tires. Following the call, Bridgestone and Michelin jointly published "Recovered Carbon Black Guidelines"[(1)], a technical white paper sharing the results of their initiative with stakeholders in the rCB community to develop a proposed global standard to increase the utilization of recovered carbon black material in tires. The shift from a linear value chain to a circular ecosystem presents a major challenge requiring a change in mindset and greater adaptability. The coopetition between Bridgestone and Michelin serves as a prime illustration of this transition.

To further spur the emergence of new circular economy ecosystems, Michelin has also launched a number of projects as part of the European Union's **Horizon 2020** research and innovation programs. These include:

- **BlackCycle**: Launched in April 2020, Michelin's first European project is focused on recycling all forms of rubber-based raw materials from end-of-life tires. It brings together 13 organizations[(2)] in a European public-private partnership that is creating, developing and optimizing an end-to-end value chain, from ELT feedstock to secondary raw materials (SRMs), with no waste of resources at any stage and a careful focus on environmental impacts. The SRMs will be used to develop new ranges of passenger car and truck tires, which will be sold commercially in European and global markets. 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. By 2023, the project had already demonstrated that it was possible to produce several tonnes of sustainable carbon black (s-CB) by replacing fossil feedstock with distilled end-of life tire pyrolysis oil. Also during the year, BlackCycle won the Recircle Award in the "Best Tyre Recycling Research Project" category[(3)].
- **WhiteCycle**[(4)]: The second European project, launched in July 2022 and coordinated by Michelin, is building on **BlackCycle's** advances by focusing on the reuse in new tires of extensively reprocessed polyethylene terephthalate (PET) fibers derived from end-of-life tires. Its primary objective is to develop a circular solution to convert complex, multi-material, textile-based plastic waste from items such as rubber products (tires), composites (hoses) and multilayer textiles (clothing) into products with high added value. WhiteCycle is a four-year European public-private partnership comprising 16 member organizations. It envisions that by 2030 the uptake and deployment of its circular solution will lead to the annual recycling of more than two million tonnes of PET, the third most widely used plastic in the world. It is also expected to prevent the landfilling or incineration of more than 1.8 million tonnes of PET a year, while avoiding the release of around two million tonnes of CO_2.

In 2023, 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: to build on the knowledge acquired in recent years on volumes and recovery methods, since 2021 the TIP has organized discussions in Europe, the United States, China and India to bring together value chain stakeholders, gain greater insight into local management and recycling issues and identify pathways to improvement. In 2023, the TIP prepared proposals for revising two international guidelines, the Harmonized System of Customs Codes and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes, to encourage the development of circular models for marketing secondary raw materials derived from end-of-life tires.
- 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. As part of this commitment, it supports the concept of extended producer responsibility and is exercising its influence to encourage materials recovery, which optimizes the reuse of tire components as secondary raw materials and generally offers a smaller carbon footprint than energy recovery.

For more than ten years, the Group has pursued a policy of recovering and reusing all its tire manufacturing waste[(5)].

(1) https://rcbrubber.com/.
(2) 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/).
(3) https://recircleawards.com/categories/best-tyre-recycling-research-project-2023/.
(4) https://www.whitecycle-project.eu/.
(5) See section 4.1.1.4 e) Reducing and managing waste.

Renew

Michelin is committed to ensuring that by 2050, all the materials used to make its tires are renewable or recycled. To meet this major challenge, the Group is encouraging the use of 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 transform supply chains or improve the sustainability of natural materials.

- **Project BioButterfly**, in partnership with Axens and IFPEN, is expected to enable the development of a butadiene production process using ethanol, a bio-based feedstock. The resulting butadiene will be used to produce innovative synthetic rubbers that are more environmentally responsible. Following the development phase launched in 2015, an industrial demonstrator was commissioned in early 2023, and several tonnes of butadiene have already been produced. In 2024, the demonstrator will be used to optimize the process and build the process book for the first full-scale production plant.
- **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[1].

4.1.1.3 Supporting biodiversity SDG 8.4 and 15.9

Like every company, Michelin relies on biodiversity and ecosystem services to ensure the supply of raw materials and water, regulate the climate and create conditions for conducting 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 and led by the Sustainability and Impact Department, the multidisciplinary Biodiversity Committee brings together experts from two other Departments, Research and Development and Purchasing, and a team of agronomists in charge of natural rubber production on Michelin rubber tree farms. 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) Dependencies and impacts of Michelin's operations on nature

Dependencies

Of the 200 or so materials used to make a tire, natural rubber accounts for around 21%[2] of the Group's purchased raw materials inputs. This means that Michelin is highly dependent on natural rubber to manufacture its products and, in turn, that its income depends on maintaining proper environments for biodiversity and ecosystems.

(1) See section 4.1.4.2 c) A dedicated approach for natural rubber.
(2) See section 5.1.3 c) Other income statement items .

VALUE CHAIN	Upstream / Direct Operations (Natural Rubber Production)	Direct Operations	Downstream
ECOSYSTEM SERVICES...	**Production of raw materials from biomass**	**Production facilities**	**Storage, Transport, Usage, End-of-life**
MATERIAL DEPENDENCIESON NATURE: ...for regulation purposes	• Climate • Water cycle • Erosion management • Diseases and pests	• Extreme weather events	The data establishing the dependencies of downstream operations are not yet available
...that enable the production of natural raw materials	• Groundwater • Pollination • Soil quality		
...for supply purposes	• Natural rubber and other raw materials • Surface water • Energy	• Energy from biomass • Groundwater and surface water	
...that mitigate direct impacts	• Natural bioremediation • Bioregeneration		

Level of dependence: Very high · High · Medium · Low · Very low

The table above is a non-exhaustive illustration that does not reflect weak dependencies.

Potential impacts

According to in-house studies conducted on the basis of raw materials life cycle assessments, confirmed by the use of Encore© and other external analytical tools and the findings of the first two steps in the Sciences-Based Targets for Nature (SBTN) method, the main potential impacts of the Group's operations, illustrated in the table below, stem from:

- rubber-tree farming (land use); and
- manufacturing operations (climate change, water withdrawals and waste production).

EXAMPLES OF PROCESSES THAT CAN CAUSE SUCH IMPACTS

VALUE CHAIN		Upstream / Direct Operations (Natural Rubber Production)	Direct Operations	Downstream
Pressure	**Potential Impacts**	**Production of natural rubber and other raw materials**	**Production Facilities**	**Storage, Transportation, Usage, End-of-life**
Land use change	• Deforestation • Biodiversity loss • Habitat loss	• Unsustainable forest management • Landscape conversion and/or fragmentation	• Soil artificialiation and sealing • Fragmentation of natural areas • Biomass energy use	• Soil artificialiation and sealing • Fragmentation of natural areas
Over exploitation of Resources (Water use)	• Water resources depletion	• Nursery irrigation (e.g. natural rubber) • Other water-intensive raw materials	• Water withdrawals	
Climate Change (CO_2 emissions)	• Increase in atmospheric CO_2	• Production, processing and transportation of fossil-based raw materials • Production and transportation of raw materials from biomass	• Energy use	• Transportation • Vehicle fuel consumption caused by tires • Recycling
Air, water and soil pollution	• Increased GHG concentration in the atmosphere • Water and soil quality changes • Eutrophication	• Use of pesticides and fertilizers • Use of chemicals • Wastewater discharges • Waste	• Use of chemicals • Wastewater discharges • Waste • Air emissions	• Waste from tire abrasion • Elimination of waste in landfills
Invasive species	• Biodiversity loss • Habitats loss	• Introduction of non-native species		• Transportation

Level of potential impact: Very high, High, Medium, Low, Not yet determined

Source: internal analyses, Encore® and SBTN Steps 1&2 test results.

Active in rubber tree farming and natural rubber procurement for many years, the Michelin Group has deployed a Sustainable Natural Rubber Policy[1] and a dedicated process with its suppliers to safeguard this resource and manage the impact of its production on the environment and local communities.

With regard to manufacturing operations, the Group's Environmental Policy[2] addresses the management of pollution risks and the reduction of the environmental impact of the production facilities. Impacts related to climate change, water withdrawals and waste are covered by dedicated programs and reduction targets for 2030[3].

In 2018, Michelin expanded on these policies with specific commitments to safeguarding biodiversity and ecosystems, undertaken with the act4nature international initiative. These commitments were strengthened in 2021, when targets for 2030 were defined for research and development, raw materials and manufacturing and research facilities.

(1) https://natural-rubber.michelin.com/fr/committments-and-transparency/overall-approach.
(2) https://www.michelin.com/en/sustainability/company/planet.
(3) See section 4.1.14 Reducing the environmental footprint of our manufacturing operations.

4.1.1.3 c) Michelin's commitment to biodiversity

The Michelin Group is aware of its nature dependencies and the need to preserve natural resources and restore biodiversity and ecosystems in order to conduct its business sustainably. As such, it is bringing its vision and initiatives in line with the **Kunming-Montreal Global Biodiversity Framework** with a focus on the following targets:

- **7** Reduce pollution risks from excess nutrients lost to the environment, pesticides and highly hazardous chemicals by at least half.
- **10** Sustainably manage land areas allocated to agriculture, aquaculture and fisheries.
- **15** Encourage companies to regularly assess and disclose their risks, dependencies and impacts on biodiversity across their operations, supply and value chains and portfolios; provide information needed for consumers to promote sustainable consumption patterns.

As part of this process, in 2023, Michelin further strengthened its act4nature international commitments by adding two new targets for its natural rubber value chain *(see section 4.1.1.3 d) below)*.

Moreover, at the World Economic Forum in Davos in January 2024, Michelin expressed its intention to apply the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) in its 2025 non-financial reporting exercise, as part of TNFD's inaugural cohort of Early Adopters[1].

MICHELIN'S 2030 COMMITMENTS TO BIODIVERSITY AND 2023 OUTCOMES

act4nature international

	2023	2025	2030
RESEARCH & DEVELOPMENT			
Life Cycle Analysis incl. biodiversity criteria from best methods	**100%** of new products	products: **100%** services: **Pilot**	**100%** of new ranges marketed
RAW MATERIALS			
Natural rubber used by the Group assessed "deforestation-free"[(1)] Direct operations and suppliers N.B. Under validation by act4nature international	**9%[(2)]**	**50%** of the volume used	**100%** of the volume used
Reducing pesticide use in rubber cultivation[(3)] Direct operations and joint ventures N.B. Under validation by act4nature international	**-58%**	**-50%**	**-70%** vs. 2019
Evaluation of raw material supplier policies & practices[(4)]	Approach under definition	**Pilot**	**80%** of suppliers
MANUFACTURING AND RESEARCH FACILITIES			
Biodiversity plan adapted to local issues	**16 sites**	at least **15 sites**	**100%** of sites
No phytosanitary products to maintain outdoor spaces[(5)]	**22 sites**	at least **30 sites**	**100%** of sites

(1) "Deforestation-free" evaluation reference criteria: in accordance with the definitions and requirements of the EUDR regulation (European Union Deforestation-free Regulation).

(2) Figure calculated based on 2023 volumes per supplier, from which deforestation-free volumes are proportionally calculated in accordance with the hectares assessed. Supply chain segmentation (e.g., volume from large plantations versus smallholders) per factory is declared on a year-1 basis. Subsequent reporting will adopt a segregation approach, i.e., only fully segregated volumes will be declared as deforestation-free in subsequent years of reporting.

(3) Per hectare. Base year 2019. Michelin is a minority shareholder of the JV.

(4) Other than natural rubber. The impacts of raw materials are identified through Life Cycle Analysis. The purpose of this assessment is to know the practices of our suppliers, relating to the preservation of biodiversity and ecosystems in the exercise of their activities and thus to assess the presence of potential risks and the possible need for remedial actions.

(5) Replacement of pesticides and fertilizers by mechanical methods combined with other alternative solutions.

(1) *https://tnfd.global/engage/inaugural-tnfd-early-adopters/?_sfm_adoption_year=2025.*

4.1.1.3 d) Preserving biodiversity and ecosystems in rubber tree farming

Combating deforestation[1]

Natural rubber production entails a risk of deforestation, which is why in 2016 Michelin included a "zero deforestation" commitment among the environmental criteria in its Sustainable Natural Rubber Policy.

To exercise its duty of care in its sourcing countries[2] and ensure that its natural rubber inputs do not come from deforested land, Michelin has in recent years been deploying both the RubberWay®[3] application, which maps at-risk jurisdictions, and a deforestation risk analysis tool developed with the WWF. Based on this risk analysis, prevention and mitigation measures were introduced to reach a significant portion of the farmers in the jurisdictions concerned[4].

In 2023, Michelin expressed this commitment as a measurable target for 2030 and replaced its former act4nature commitment (*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*), with a more ambitious commitment that is clearer for external stakeholders:

In 2030, 100% of natural rubber volumes used by the Group will be assessed as deforestation-free[5]. This commitment is currently being validated by act4nature international.

Reducing pesticide use

While natural rubber production does not require the intensive use of pesticides, their judicious use at various stages in the production cycle may help to improve efficiency, for example by treating certain plant diseases.

In addition to banning pesticides and herbicides in production plant groundskeeping by 2023, Michelin has defined a new commitment to reducing the use of pesticides in the production of natural rubber:

Reduce the amount of pesticide used per hectare on rubber tree farms operated by the Michelin Group and its joint ventures[6] ***by 70% in 2030***[7]. This commitment is also currently being validated by act4nature international.

Michelin also promotes best practices across the industry to scale back the use of pesticides and herbicides.

Helping to transform the supply chain

To help move the supply chain towards more sustainable practices, the Group is mapping social and environmental risks using the *RubberWay®* application. When at-risk jurisdictions are identified, Michelin works with its partners to offer training programs for village farmers and their families.

From 2021 to 2023, a total of 1,437 farmers were trained in biodiversity and agroecological practices[8]. The Group is committed to training 30,000 farmers by 2030.

In addition, the Group is sharing identified best practices with stakeholders across the industry through the Global Platform for Sustainable Natural Rubber (GPSNR)[9].

Restoration and conservation initiatives

The Michelin Ecological Reserve in Bahia, Brazil

The 3,350-hectare Michelin Ecological Reserve (REM) in Bahia, Brazil, was created in 2005 to safeguard areas of the Atlantic Forest, one of the world's most species-rich biomes, 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% since the Reserve's creation. 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 134 ecological studies over the past 17 years, resulting in the publication of 163 scientific papers, including some on the forty previously unknown species found since the Reserve was opened.

As part of the program launched in 2005 to restore deforested areas, REM has planted 110,000 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.

(1) See section 4.1.4.2 c) A dedicated approach for natural rubber/Supply chain risk assessments.
(2) https://purchasing.michelin.com/en/we-care-about-the-environment/.
(3) https://rubberway.tech/.
(4) See section 4.1.4.2 c) A dedicated approach for natural rubber/Supply chain risk assessments.
(5) "Deforestation-free" status is determined by reference to the definitions and standards of the European Union Deforestation-free Regulation (EUDR).
(6) Joint ventures in which Michelin holds a minority stake.
(7) Compared with the 2019 baseline year.
(8) See section 4.1.4.2 c) A dedicated approach for natural rubber/Frontline initiatives.
(9) See section 4.1.4.2 c) A dedicated approach for natural rubber/The Global Platform for Sustainable Natural Rubber (GPSNR).

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.

RLU, Indonesia

A wholly owned Michelin Group subsidiary since 2022, RLU is committed to fostering sustainable natural rubber production on a vast 70,000 hectare site in the province of Jambi (Sumatra), as well as on an 18,000 hectare site in the province of East Kalimantan (Borneo). Both areas had been severely degraded and deforested prior to Michelin's involvement in 2015, and are currently home to some 50,000 people.

RLU is part of a long-term sustainable development strategy with a strong environmental focus:

- "zero deforestation" commitments;
- programs to safeguard and restore tropical forests, the natural habitat of the Sumatran elephants and tigers, hornbills and Bornean orangutans that live in and around RLU concessions.

Of the total land area across three concessions, almost 30% is planted in rubber trees, 17% is virgin or restored rainforest and around 50% is used by the local communities for agroforestry production and food crops. In a spirit of outreach and transparency, RLU works with local and international biodiversity experts and ensures that all its operations comply with its sustainability commitments.

The Group actively seeks out constructive opinions that could help it to secure a sustainable supply of natural rubber, while protecting the environment and supporting local communities.

As of year-end 2023:

- An 11,764-hectare wildlife conservation area was protecting forests and providing critical habitats where elephants, tigers, orangutans, gibbons and tapirs have returned to live.
- A team of 28 forest rangers had patrolled a distance of 116,088 kilometers, in a commitment to preserving biodiversity and preventing poaching.
- Camera traps had documented 42 mammal species, some of which are critically endangered, and 238 bird species had been directly observed.
- 13,760 native trees had been planted over 88 hectares since 2018, with more than 80 species collected locally.
- Natural forest regeneration was underway on 334 hectares.

4.1.1.3 e) Preserving biodiversity around Group manufacturing and research facilities

A commitment to pesticide-free groundskeeping

As of end-2023, 22 Group facilities were maintaining their grounds without using any pesticides or herbicides, versus 12 the year before, while two others had phased out all but one product, under a maximum three-year waiver.

Biodiversity management plans

Biodiversity management plans are designed to explicitly embed biodiversity into each facility's environmental management system.

In 2023, the Group issued a standard template, based on the pilot project carried out in 2022 at the Technology Center in Ladoux, France, in partnership with the Auvergne Regional Nature Conservancy (CENA). These standardized plans call for a three-pronged action program aimed at:

- Improving knowledge, with studies, inventories and mapping;
- Leading and facilitating initiatives;
- Preserving and restoring biodiversity.

To deliver outcomes and create synergies more quickly, two collaborative workshops were organized in 2023 at the plants in Greenville SC, United States in May and in Campo Grande, Brazil in December. The week-long events, which began with a Biodiversity Collage workshop, were attended by a number of environmental managers, who shared resources and worked together on management plans for ten facilities.

Several other facilities completed their management plans during the year, under the supervision of their region's Biodiversity Officer. **By year-end, a total of 16 production or research facilities had prepared a management plan.**

Two new workshops are currently being organized in Asia and Europe.

The initiatives undertaken by the facilities to address biodiversity exceed the scope of the act4nature objectives:

- For the past ten years, nearby areas classified as protected have been covered by each facility's environmental management system.
- For the past two years, a network of Biodiversity Champion Sites has been developed to drive faster progress.
- An employee awareness campaign has been launched, with even more ambitious programs undertaken at facilities with high biodiversity potential.

Systematically identifying nearby protected areas

Every five years since 2013, the Group's production plants and research facilities have conducted **surveys to identify areas classified as protected** under supranational, national or local legislation and located within a five-kilometer radius of their site. **In 2023, the five-year update inventoried 240 nearby protected areas.** When the updated data was analyzed with regard to the GRI 101-5-b-i indicator, it showed that **28 facilities in seven countries, representing a total surface area of 6,100 hectares, are located less than a kilometer from one or more protected areas.**

In addition to the facilities covered by prior-year inventories, almost half of the former Camso facilities(1) performed inventories in 2023 and are included in the above results.

The findings of these inventories are integrated into each facility's environmental risk analysis, as well as in the biodiversity management plans mentioned above.

A network of Biodiversity Champion Sites

A network of Biodiversity Champion Sites was set up in 2022, with seven facilities volunteering for initial participation. Another seven sites joined in 2023, when the network met five times to share best practices, discuss difficulties and prepare a handbook for implementing a biodiversity program, based on their experience. These facilities are leading the way in fulfilling the Group's act4nature objectives for the implementation of management plans and the switchover to pesticide and herbicide-free groundskeeping.

Raising employee awareness

In the same way as the Climate Fresk(2), the Biodiversity Collage has been chosen as the preferred tool for giving employees greater insight and a shared language with regard to the causes and consequences of the collapse of biodiversity. **In 2023, a network of 25 facilitators were trained and organized and 27 Collage workshops involving 212 people were conducted.**

Ladoux, France: a high biodiversity potential facility in action.

CENA – In 2023, the agreement between the Michelin facility and the Auvergne Regional Nature Conservancy was renewed for at least another five years. It ensures the protection of a 5.2-hectare area containing continental salt meadows, which are extremely rare in Europe and have been designated as a priority for conservation. They are home to protected maritime species in the Auvergne region, such as sea plantain and Juncus Gerardii black grass.

NATURA'LADOUX – The Natura'Ladoux association has been leading local preservation programs and organizing activities to raise employee awareness since 2016. In 2023, it helped to deploy the biodiversity management plan at Ladoux by leading three teambuilding exercises that involved planting 180 shrubs in hedges to help protect water and soil resources, preserve biodiversity and improve the quality of life.

Cropland – In 2020, for the first time, the cropland used as testing grounds for agricultural tires was rehabilitated using only farm machinery, without any pesticides. In 2023, no insecticides were used in the wheat and barley fields. Buckwheat, whose extensive plant cover smothers weeds, was grown without using any pesticides or herbicides. The possibility of planting other pesticide-free crops, such as lavender, hemp and alfalfa, are now being reviewed.

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). A new permit application was submitted to the Loire-Bretagne Water Agency in 2023.

(1) Camso facilities will be fully integrated into the Group's environmental reporting system in 2024 (see the Scope of the Report section above).
(2) See section 4.1 Sustainable Development Report/Transforming the Group from within.

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 impacts arising from the tire manufacturing process are caused by 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[(1)]. These risks are effectively controlled through the Environmental Management System[(2)].

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 in the area. 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[(3)] (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[(4)]. 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. However, while perfectly suited to tire operations, the i-MEP can be more difficult to interpret in the Group's new businesses. In response, a review was initiated in 2023 to revise the metric.

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 2023, 93.4% of all facilities were certified[(5)]. ISO 14001-certified facilities accounted for 98.3% 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 plant, in all host countries and in the Operating and Corporate Departments.

Dedicated training courses to support EMS deployment have raised environmental awareness among all of the nearly 80,000 employees working on certified sites, along with a varying number of subcontractors and temporary workers.

(1) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 3: Environmental transition risks.
(2) See section 4.1.1.4 a) An Environmental Management System backed by a network of experts.
(3) See Methodology.
(4) See section 4.1.1 The Environment/Environmental Governance.
(5) Including the production plants, natural rubber processing facilities and Technology Centers having a material impact on the environment.

In 2023, €117 million, or 100% more than in 2022, 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 *(in € thousands)*	Total expenditure 2023	2022	2021
Air pollution prevention	13,025	3,953	9,750
Surface water pollution prevention	2,691	2,963	2,200
Soil and subsurface water pollution prevention	3,419	4,703	3,147
Waste reduction and recycling	2,265	2,539	3,264
Sustainable use of water resources	5,988	4,140	2,259
Sustainable use of energy resources	41,232	27,498	16,479
Reduction of greenhouse gas emissions	46,467	10,855	2,402
Preserving biodiversity[1]	205	668	-
Other	1,466	1,299	623
TOTAL	**116,758**	**58,618**	**40,124**

As of December 31, 2023, total consolidated provisions for environmental risk amounted to €27.1 million.

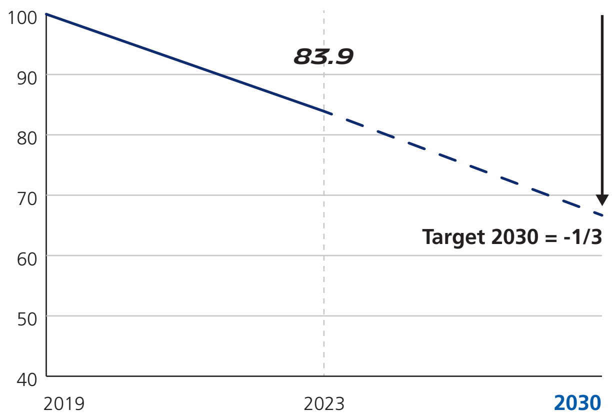
4.1.1.4 b) Reducing the environmental footprint of the production plants

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 2023 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	2023	2024 target	% change 2023/2019
i–MEP *(in points)*	-1/3	100	83.9	80	-16.1

(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 Group environmental data, i-MEP scope of reporting[1]

	Ratios			Absolute values by i-MEP component – Group				
i-MEP component	**2023**	**2019**	**% change 2023 vs. 2019**	**2023**	**2019**	**Unit**	**% change 2023 vs. 2019**	**GRI and SASB indicators[1]**
Energy consumption *(GJ/t of SF+FP)*	**4.28**	**4.40**	**-2.7%**	**37,503**	**40,302**	**x 10^3 GJ**	**-6.9%**	**GRI 302-1 TR-AP-130a.1**
Michelin point sources	1.82	2.24	-18.8%					GRI 302-3
Steam purchased, net	0.59	0.36	63.9%					GRI 302-4
Electricity purchased, net	1.87	1.80	3.9%					
CO_2 emissions[2] *(t/t of SF+FP)*	**0.25**	**0.32**	**-21.9%**	**2,164**	**2,919**	**x 10^3 t**	**-25.9%**	**GRI 305-1**
Direct emissions from Michelin point sources (Scope 1)	0.11	0.15	-26.7%	999	1,401	x 10^3 t	-28.7%	GRI 305-2
Indirect emissions, steam generation (Scope 2)	0.04	0.02	100%	346	162	x 10^3 t	113.6%	GRI 305-4
Indirect emissions, electricity generation (Scope 2)	0.09	0.15	-40%	819	1,356	x 10^3 t	-39.6%	GRI 305-5
Water withdrawals *(cu.m/t of SF+FP weighted by water stress)*	**2.90**	**3.36**	**-13.7%**	**23,434**	**28,227**	**x 10^3 cu.m**	**-17.1%**	**GRI 303-1**
Organic solvent consumption *(kg/t of SF+FP)*	**0.60**	**0.83**	**-27.7%**	**5,275**	**7,634**	**t**	**-31%**	**GRI 305-7**
Waste generated *(kg/t of SF+FP)*	**31.2**	**36.10**	**-13.6%**	**273,129**	**330,836**	**t**	**-17.4%**	**GRI 306-2 TR-AP-150a.1**
I-MEP INDICATOR PERFORMANCE (IN POINTS)	83.9	**100**	**-16.1%**					
Other environmental indicators								
Total Michelin direct and indirect emissions avoided *(tonnes of CO_2)*				57,100	33,000[4]			GRI 305-5
Sulfur dioxide emissions *(kg/t of SF+FP)*	0.09	0.15	-40%					GRI 305-7
Nitrogen dioxide emissions *(kg/t of SF+FP)*	0.13	0.17	-23%					GRI 305-7
Hazardous waste generated *(kg/t of SF+FP)*	2.98	3.05	-2.9%	26,069	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 6,100ha				GRI 101-5-b-i
In 2023, 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) Inventoried in 2023. The inventory is updated every five years.

(4) The 2019 figure has been revised following the detection of an emissions factor error.

(1) The CO_2 emissions data shown in the table below concern the i-MEP scope of reporting, i.e. excluding the former Camso and Fenner facilities, whose emissions are reported in sections 4.1.1.1 Implementing a climate strategy and 4.1.1.4 c) Reducing energy use and greenhouse gas emissions.

4.1.1.4 c) Reducing energy use and greenhouse gas emissions

OUR AMBITIOUS OBJECTIVES

The Group's overarching goal is to achieve net zero carbon emissions[1] across its entire production base by 2050.

In 2019, the Group set the following ambitious objectives for 2030:

- **improve production plant energy efficiency by 37%** versus 2010 (**indicator:** MWh used per tonne produced);
- **eliminate the use of coal** to generate own or purchased heat (**indicator:** % of coal in our heat sources);
- **reduce emissions from Group production facilities** by 50% versus 2010 in absolute terms (**indicator:** tonnes of Scope 1 and 2 CO_2 released).

In 2023, this objective was updated to align it with an SBTi target consistent with the "well below 2°C" global warming scenario, as follows:

Michelin commits to reducing its absolute Scope 1 and 2 greenhouse gas emissions 27.5% by 2030 from a 2019 baseline year[2].

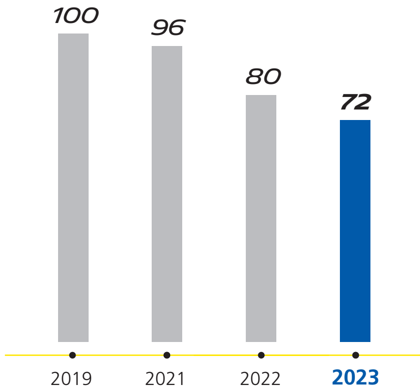
The new objective also encompasses emissions from Camso and Fenner and has entailed a change in the baseline to 2019 from 2010.

In this section, the CO_2 emission figures are presented for both the new boundary and 2019 baseline and for the i-MEP scope of reporting. The figures for the other i-MEP components – energy consumption, water withdrawals, VOC consumption and amount of waste generated – do not yet include data from the former Camso and Fenner facilities.

In January 2024, Michelin submitted to the SBTi a new Scope 1 and 2 emissions reduction target consistent with the "1.5°C" global warming scenario. The new target is much more ambitious, aiming for an absolute reduction of 47.2% over the same 2019-2030 period. Submitted in early 2024, it was not reflected in the 2023 reporting exercise.

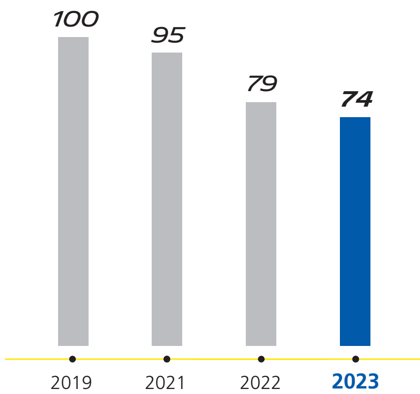
CHANGE IN CO_2 EMISSIONS* (total scope of reporting[3])

(base 100)



* *Absolute value in Scopes 1 and 2*

CO_2 EMISSIONS* (i-MEP scope of reporting)



* *Absolute value in Scopes 1 and 2*

In 2023, total CO_2 emissions from the Group's production plants, including the Camso and Fenner facilities, declined by 10% year-on-year and by 28.3% versus 2019.

In the i-MEP scope of reporting, the decline was 25.9%, or 44.2% compared with 2010. The ratio of CO_2 emissions per tonne of output stood at 0.25, versus 0.32 in 2019.

(1) Net emissions = Scope 1 and 2 emissions less absorptions from the atmosphere.
(2) The target boundary includes biogenic emissions and removals from bioenergy feedstocks.
(3) Total scope of reporting = i-MEP plus Camso and Fenner.

These improvements were driven by a two-pronged strategy designed to:

1. **reduce energy use;**
2. **shift to a less carbon-intensive energy mix.**

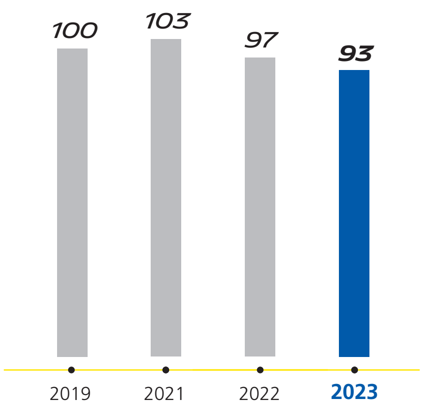
The first objective is being pursued through an energy efficiency process in the production plants, while the second is being met by activating both structural levers, to upgrade energy supply infrastructure to use less carbon-intensive energy solutions, such as electric steam boilers, and market levers to purchase less carbon-intensive energies.

In 2023, CO_2 emissions in the i-MEP scope of reporting decreased by 6.1% year-on-year, despite the inclusion of Multistrada emissions (110,000 tonnes of CO_2). The decline was attributable to:

- the 4.8% decrease in output[1];
- a 1.56% improvement in energy efficiency, led by such factors as the implementation of net-zero roadmaps reviewed by each facility, the application of best practices in curing, compounding and building air management, and process electrification; and
- an increase in the proportion of electricity from guaranteed renewable sources in the power mix, to 54% from 52%.

Improving energy efficiency

ENERGY USE, 2019-2023* (i-MEP scope of reporting)
(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, including a 24% improvement between 2019 and 2030.

2023 Outcomes

Energy efficiency improved by 1.56% year-on-year in 2023. The performance, which fell short of the targeted 3% a year, stemmed from fixed energy use.

In response to the energy crisis in Europe, in 2022 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.

In all, 361 projects were completed in 2023, requiring €114 million in capital expenditure, committed as follows:

- **Application of best practices: 39%;**
- **Process electrification: 42%;**
- **Heating plant and utility decarbonization projects: 19%.**

2024-2028 plan

The 2024-2028 strategic plan is built on a forecast gain in energy performance of around 3% a year. The capital budget to meet our objectives will remain around an average €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 27.5% by 2030 compared to 2019. 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 2023, 69 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).

2023 Outcomes

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.

(1) *Of finished and semi-finished products.*

Today, 22 Group facilities are equipped with renewable energy installations:

- Photovoltaic panels on four facilities in Thailand, six in Germany, three in China, two in Spain and one each in India and France;
- 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 almost 57,100 tonnes of CO_2 in 2023**, of which 47,000 tonnes directly reduced the Group's total CO_2 emissions (versus 33,000 in 2019).

In 2023, the plant in Shenyang, China brought into service a 19.8 MWp photovoltaic panel array, adding to the 6 MWp of installed capacity.

The plant in Almeria, Spain was equipped with a new 3 MWp photovoltaic system, which came on stream in January 2024 after successful trials in late 2023.

The plant in Nyiregyhaza, Hungary commissioned its first electric boiler in 2023, with a second unit undergoing final trials at year-end. At the same time, heat pumps entered service to heat on-site buildings and warehouses.

In France, the Golbey plant is currently commissioning two heat pumps, which are scheduled to go fully operational in first-quarter 2024. These new utilities are powered by electricity from guaranteed renewable sources.

A number of other projects were under review at year-end 2023, including the installation of a biomass-fired boiler and photovoltaic panels in Cuneo, Italy and the installation of biomass-fired boilers at the Campo Grande plant in Brazil and the Montceau-les-Mines facility in France.

Lastly, three photovoltaic projects are currently the subject of in-depth reviews in Germany, Indonesia and the United States.

Eliminating coal

Today, four of the Group's manufacturing facilities are still equipped with coal-fired boilers, 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 each of the five plants to replace coal with another primary energy source, such as natural gas or biomass from sustainably managed sources.

In 2023, the percentage of coal in total energy use declined versus 2019 at three of the above plants, in Bassens, France (to 28% from 46%), in Olsztyn, Poland (to 40% from 95%), and at Louisville KY, United States (to 41% from 74%).

During the year, the Olsztyn plant delivered two important improvements:

- a second coal-fired boiler was replaced by a gas-fired unit (the first was replaced in 2019);
- a contract was signed for the supply of supplementary heating, which will enable the facility to decommission its third coal-fired boiler in 2025. The supplemental heat will be generated by fuels comprising at least 50% biomass and no more than 50% coal. As a result, in 2025, coal will account for just 5% of the facility's energy use, with even these residual coal-fired sources scheduled to be eliminated by 2030.

Replacing fossil heavy fuel oil with fuel oil derived from biomass waste

In late 2023, the Waterville, Canada plant completed combustion trials with a new low-carbon fuel oil (LCFO) made from sawdust and forest residues. The two-week trial was sponsored by the Nova Scotia government, Atlantic Canada Opportunities Agency and Nova Scotia Innovation Hub. As part of the trial, one of Waterville's boilers was retrofitted for the use of LCFO fuel. A white paper assessing the results is currently being prepared by an independent laboratory.

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, Serbia and China since 2021, and in Thailand since 2022.

In 2023, this represented over 2,389,000 MWh, for which the corresponding I-RECs were duly canceled in the registry. In all, they covered more than 52% of consumed electric power and avoided the release of 727,000 tonnes of CO_2 during the year. Without these purchases, the Group's emissions would have been 34% higher for the year.

In 2023, the Group continued its strategy of purchasing renewable electricity in the United States and Mexico, with contracts to be deployed in 2024.

On-site power generation

In Asia, eight plants use electricity generated on-site from renewable sources under on-site power purchase agreements, which account for 1% of Group consumption.

In all, 23.9% of the heat and power used by the Group in 2023 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 volatile organic compound (VOC) emissions

OUR AMBITIOUS OBJECTIVES

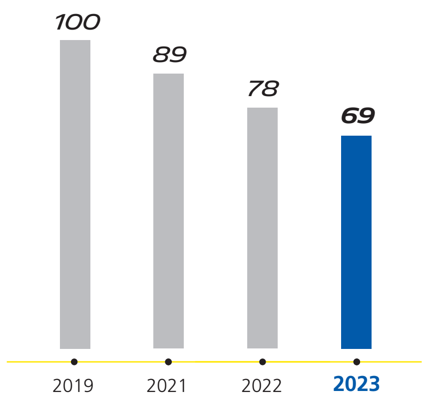
The Group's strategy to lower its VOC emissions is based on reducing the use of organic solvents in production processes. **The objective for 2050 is to phase out all VOC-generating organic solvents completely from the tire manufacturing processes**. **The 2030 milestone is to reduce VOC use by 50% compared 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)



* *Absolute value.*

2023 Outcomes

In 2023, VOCs used per tonne of finished product decreased by 7.4% year-on-year, pursuing the long-term downward trend in line with the 2030 target, despite the decline in output over the year.

The Group's VOC strategy is based on activating three key levers:

1. **Deploying good manufacturing practices to optimize solvent use, in particular by tracking quantities used, precisely selecting and adjusting the solvent applicators, using just the right amount of solvent and maintaining production and product performance over time. In some cases, this 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;
- the plant in Chennai, India reduced its VOC use by around 30% in 2023. Most of this improvement was led by the day-to-day management of VOC use, to collect data and analyze variances, implement cross-functional action plans and empower teams. Programs are underway to share these practices with other plants. The Nongkae plant in Thailand saw a 15% reduction in use following the deployment of a digital VOC consumption tracking system, whose real-time data access supports contextual data analysis and the ability to make the right decisions at the right time;
- a solution to partially refresh product interfaces, which has been shown to reduce solvent use by 20%, was installed at the Homburg, Germany and Alessandria, Italy plants in 2023.
- **Organic solvent use reduction criteria** have been incorporated into every project from the research and development phases, so as to minimize VOC emissions from the production of new products.

2. **The introduction of new process, materials and product solutions designed to reduce or remove organic solvents at certain interfaces. For example:**

- The industrial robustness of a VOC-free water-based solution was demonstrated at two plants, one in Italy and the other in France. The latter's advanced understanding of the solution's implementation process is likely to facilitate its large-scale deployment in 2024.
- A large number of plants continued to replace solvents with a thin rubber film on an interface between two products. In Asia, this solution reduced VOC use in Passenger car tire production by 19%.

3. **An exploratory project launched in 2022 is being pursued to examine the complete elimination of VOCs on the most solvent-intensive interface.**

These three pathways are being shared and documented by the VOC program, which comprises a network of experts who meet twice a year to discuss the take-up 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. 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 2023, specific NOx emissions amounted to 0.13 kg per tonne of output, versus a calculated 0.17 kg in 2019. SOx emissions came to 0.09kg 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 progress made in 2023 in phasing out coal use also contributed to the decline over the year. The total elimination of coal-fired boilers in all of the Group's production facilities by 2030 will drive a significant reduction in these emissions[1].

Other pollutants

The production plants all track their releases into the air, water and soil, in full compliance with their legal obligations in each host community. Installations are designed to limit such releases during normal operation, but to prepare for any accidents, plant teams have defined emergency response scenarios that are regularly stress-tested to minimize any potential impacts. In 2023, discussions were initiated to determine which releases would be the most relevant to track Group-wide, with respect to our business activities, so that policies could be defined to manage and abate them. These discussions are being led by the Pollution Operational Committee created in 2023, which will submit its recommendations to the Environmental Governance body.

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:

Eliminate waste at the source. Examples of levers include:
- avoiding single-use products;
- encouraging suppliers to re-use returnable packaging;
- reducing boiler ash by phasing out coal as an energy source.

(1) *See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions/Eliminating coal.*

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.

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 Management 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.

2023 Outcomes

In 2023, the Group's waste expert network, which was restructured by geography (Asia, Europe and the United States) in 2022, and the updated guidelines helped to impel a stronger 4R dynamic in every production plant. In addition, the decline in production volumes had a positive impact on the Group's waste production in 2023, as did the heightened awareness of plant employees, lifted by local work sessions focused on identifying waste sources and corrective actions.

In all, the waste performance ratio improved by 5.7% year-on-year and the amount of waste produced declined by 8% over the period, to 273 kt.

During the year, 95.2% of this waste was recovered and reused as fuel or as new materials, which represented a slight decline from the 2022 rate [SASB TR-AP-150a.1].

By focusing on materials recovery instead of other waste treatment channels, 72.7% of all waste was recovered as reusable materials in 2023, and this figure continues to grow.

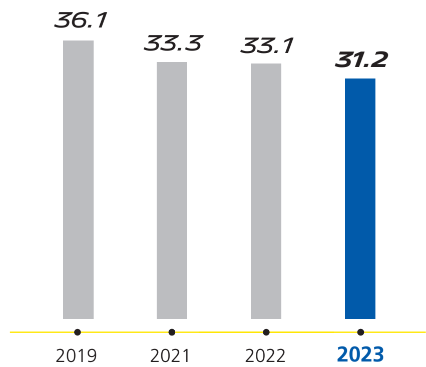
Lastly, 9.5% of total waste generated in 2023 was classified as hazardous under each country's legislation. [SASB TR-AP-150a.1].

In 2023, a study was conducted at seven pilot facilities to select a digital solution capable of improving the collection and traceability of all the Group's waste data. Scheduled for widespread deployment in 2024, the new solution will enable the Group to strengthen its roadmap by:

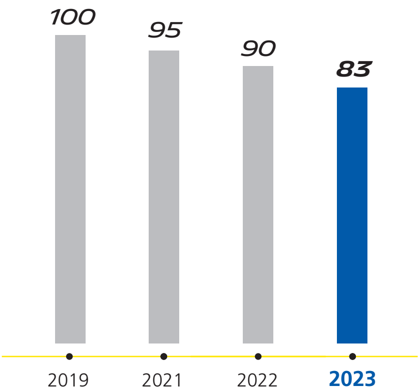
- Automatically centralizing the collection and traceability of waste management data, in particular to maintain compliance with forthcoming EU legislation *(e.g., the Corporate Sustainability Reporting Directive, applicable from 2025)*;
- Facilitating the work of on-site waste coordinators by optimizing their administrative tasks;
- Precisely identifying process waste flows in order to implement new waste reduction projects, followed by new waste recovery and reuse solutions.

WASTE PERFORMANCE

(Ratio in kilograms of waste per tonne of finished and semi-finished product)



WASTE PRODUCED*
(base 100)



* *Absolute value.*

WASTE GENERATED
(kt)

2019	330.8
2021	315.4
2022	296.9
2023	273.1

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

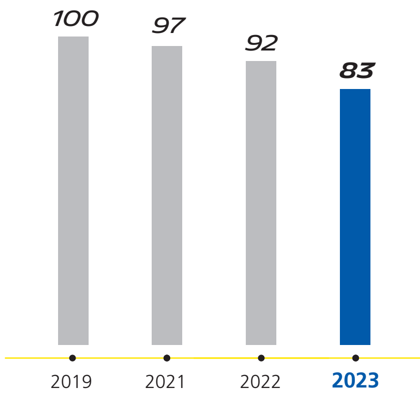
Introduced in 2017, the Water Program is structured around the Water Expert Team (WET), a network of water stakeholders who meet quarterly to:

- identify levers to reduce water withdrawals;
- find and share best practices;
- identify possible synergies with energy-related 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*
(base 100)



* *Absolute value.*

2023 Outcomes

In 2023, the water performance ratio of withdrawals per tonne of semi-finished and finished product improved significantly, decreasing by 8.1% year-on-year despite the 4.8% decline in output at constant scope over the period and the surge in cooling water use during the summer heatwaves in Europe and the United States. In absolute terms, water withdrawals declined by 10.2% over the year.

This remarkable improvement was driven by gains from projects to further reduce water withdrawals and by initiatives reflecting a changing attitude to water resources and a greater awareness of ways to conserve them.

The following examples illustrate how the levers are being activated in support of the Group's strategy to reduce its water withdrawals:

- Resende, Brazil: a heat pump fitted to the cold water production system has reduced the plant's steam consumption, saving 7,000 cu.m of water a year, or 1.6% of the plant's annual withdrawals.
- Manaus, Brazil: seal water from certain vacuum pumps is now reused in the plant's boilers, reducing withdrawals by 15,500 cu.m a year.
- Laem-Chabang, Thailand: the facility has successfully reduced the amount of cooling tower blowdown water. Optimizing biocide dosing and flow rate management has increased the cycles of concentration by a factor of 1.75, thereby reducing tower makeup water by 1,660 cu.m a month.
- Nongkae, Thailand: condensate from air handling units is now recovered and reused in the cooling towers, reducing withdrawals by 700 cu.m a month.
- Vitoria, Spain: cooling tower blowdown water is now reused as backup water in the metal reinforcement manufacturing process, after reverse osmosis treatment. This has reduced the plant's water withdrawals by 20,000 cu.m a year.

In parallel with these projects, three water audits were performed at the plants in Victoria, Romania, Laem Chabang, Thailand and Resende, Brazil. They identified additional levers that have now been incorporated into the plant's action plans.

EFFLUENT DISCHARGE

Michelin is in the process of defining a strategy to improve the quality of process effluent discharged by its production facilities. At present, all these facilities comply with the regulatory limits stipulated in their operating permits. The degree of regulatory compliance is an indicator tracked by each facility as part of its Environmental Management System (EMS), which is regularly audited.

Aware of the need to exceed the requirements of local legislation, in 2023 the Michelin Group launched a plan to improve its understanding of the potential impact of effluent discharged into the receiving environments.

Two methodologies are being tested on three pilot sites, one inspired by the Science-Based Targets for Nature step 3: Freshwater, and another inspired by the French Ministry of the Environment on the compatibility of effluent with the receiving environment. The Group hopes that this improved knowledge will support the definition of an appropriate target for effluent quality, which is intrinsically linked to each facility's local conditions.

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 B in 2023**[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).

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.

(1) https://www.michelin.com/en/sustainability/entreprise/planet/natural-resources-preservation.

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

An integral part of the Group's All Sustainable vision, the Digital Sustainability initiative is one of the key levers for attenuating impacts and reaching our decarbonization targets by 2050.

It is also helping to build the right balance between People, Planet and Profit from three perspectives:

Green IT: minimizing the environmental impact of digital technology

The Group's digital activities represent the equivalent of 2.3% of its Scope 1 and 2 emissions, or 50 ktCO_2e per year as of end-2023.

With half of these emissions coming from user equipment, a plan has been deployed to reduce the impact by recovering unused hardware, with around 9,300 computers and 7,550 fixed-line telephones already collected.

On the IT services side, applications and servers have been decommissioned and an annual campaign to replace obsolete network hardware is also underway.

IT for Green: leveraging digital technology to meet our Planet ambitions more quickly

In 2023, the IT for Green program was structured around a portfolio of more than eighty initiatives, including around 20 with a strong IT contribution.

A project to digitalize non-financial reporting has been deployed to prepare Group units to comply more efficiently with the European Corporate Sustainability Reporting Directive (CSRD).

The Digital Manufacturing transformation project has avoided the release of 11.6 ktCO_2e, while saving 27,960 MWh of power and €4,194,000 in costs.

4.1.1.6 Valuing 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 *Scope of the Report* section above. For the 2024 forecast, the scope also included the Camso, Fenner and Multistrada acquisitions.

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:

- The assumption is that the solutions implemented or scheduled to be implemented would reduce the amounts emitted, used or withdrawn over the depreciation period for the corresponding purchased equipment, i.e. 12 years;
- 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, €2.40 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 a cost of €120 per tonne for 2023, the same as the prior year.

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: the initially calculated cost was compared to what it would have been 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 2023, the total cost of valued externalities excluding recent acquisitions (€451 million including Multistrada) was down 11.5% year-on-year and down 23.6% from the 2019 baseline.

COST OF TARGETED NEGATIVE EXTERNALITIES

		2019 Actual	2022 Actual	2023 Actual	2024 Forecast	
		Excluding acquisitions	Excluding acquisitions	with Multistrada	with Multistrada	with Camso, Fenner* and Multistrada
Scope 1 and 2 CO_2 emissions	*Thousands of tonnes*	**2,919**	**2,304**	**2,164**	**1,897**	**2,037**
Unit cost	*€/t*	120	120	120	120	120
Fair value	*In € millions*	350	276	260	228	244
Scope 3 CO_2 emissions: from upstream and downstream transportation and distribution **/***	*Thousands of tonnes*	**1,302**	**1,182**	**1,032**	**1,047**	**1,047**
Unit cost	*€/t*	120	120	120	120	120
Fair value	*In € millions*	156	142	124	126	126
VOC consumption	*t*	**7,634**	**5,917**	**5,275**	**4,853**	**5,408**
Unit cost	*€/t*	2,100	2,100	2,100	2,100	2,100
Fair value	*In € millions*	16	12	11	10	11
Water withdrawals	*Thousands of cu.m*	**28,227**	**26,101**	**23,434**	**22,379**	**23,380**
Unit cost	*€/cu.m*	2.4	2.4	2.4	2.4	2.4
Fair value	*In € millions*	68	63	56	53	56
TOTAL COST	*In € millions*	**590**	**493**	**451**	**417**	**438**
Change from 2019				-23.6%	-29.3%	

* *Except for Fenner's Scope 3 emissions.*
** *Proportion of Scope 3 upstream and downstream transport and distribution corresponding to our SBTi commitments.*
*** *Camso and Multistrada Scope 3 emissions included from 2022.*

The 2023 performance was attributable to the following factors:

- **Scope 1 and 2 CO_2 emissions:**
  - The more than 4% decline in production over the year.
  - The continued 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, which have driven around a 5% improvement every year.
- **Scope 3 emissions from upstream and downstream transportation and distribution:**
  - The 4.7% decline in sales.
  - The structural improvement in the "tonne of CO_2 released per tonne sold" indicator, as a result of initiatives around the three strategic levers of transport less, transport better and transport differently, which have driven around a 7% decline per tonne sold every year.
- **VOC consumption:**
  - The more than 4% decline in production over the year.
  - The ongoing activation of the three levers of the Group's VOC strategy, which has driven a decline of around 7% per tonne produced every year.

– Deploying and sharing good manufacturing practices to optimize solvent use.

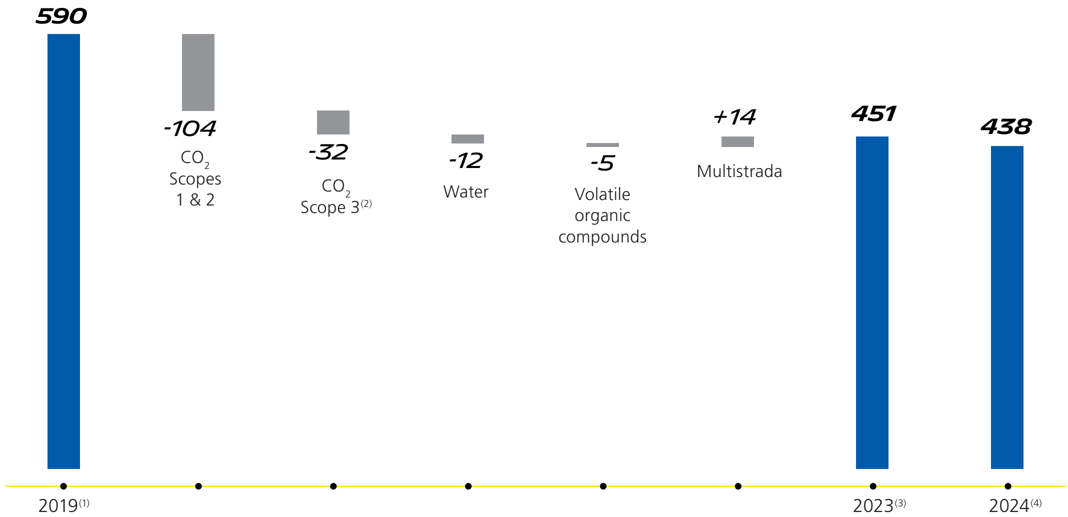
– Introducing new process, materials and product solutions designed to reduce or remove organic solvents.

– Including organic solvent use reduction criteria in every project from the research and development phases.

- **Water withdrawals:**
  - The more than 4% decline in production over the year.
  - The positive impact from the completion of a range of projects to reduce water withdrawals, despite the summer heatwaves in Europe and North America, which increased the cooling water needs in the manufacturing process. In all, these projects have driven a decline of around 5.5% per tonne produce every year.

ANALYSIS OF EXTERNALITY COSTS

(in € millions)



(1) *Based on a CO_2 cost of €120/tonne over the whole period.*

(2) *Inbound and outbound transportation and distribution of natural rubber, semi-finished and finished product.*

(3) *2023 with Multistrada.*

(4) *2024 with Camso, Fenner (except for Scope 3 emissions) and Multistrada.*

4.1.1.7 2023 report on the Michelin Group's activities in respect of the European Taxonomy Regulation

Introduction

Regulation (EU) No. 2020/852 of June 18, 2020 (the "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 the environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

This information must be disclosed every year in the Non-Financial Statement, which in France is included in the management report for the year.

2023 scope of reporting

As in 2022, companies had to disclose in the 2023 reporting exercise the proportion of their economic activities aligned with the climate objectives (climate change mitigation and climate change adaptation). Following publication of the new European Commission texts in June 2023, companies must now also disclose the proportion of their economic activities identified as eligible with regard to the environmental objectives (water, circular economy, pollution and biodiversity).

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, 2023.

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.

Methodology for assessing eligible and aligned activities.

To assess the contribution of its activities to the environmental objectives, the Group has followed a four-step process:

4.1.1.7 a) Identifying 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 environmental objectives			Reported KPIs		
Economic activity	**Description**	**Michelin activity**	**Mitigation**	**Adaptation**	**Circular economy**	**Net sales**	**CapEx**	**OpEx**
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions	Passenger car, Light truck and 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
5.1 Repair, refurbishment and remanufacturing	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer	Truck tire retreading (replacing worn tread with new tread)			X	X	X	X

The Group has assessed the climate change adaptation objective in relation to activity 3.6, as part of a multi-objective reporting exercise. The Group was unable to assess with sufficient robustness the proportion of CapEx specifically allocated to climate change adaptation in 2023. In addition, because this proportion was estimated to be immaterial over the year, its eligibility with regard to the objective has not been reported (see, however, the analysis below concerning the climate change adaptation objective). This outcome did not have any impact on the key performance indicators.

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 (4.1.1.7 e below).

In respect to the climate change mitigation objective, the following activities have been identified:

- **Activity 3.6**: corresponds to the manufacturing of Passenger car, Light truck and Truck tires. In 2023, as in 2022, the activity excludes the manufacturing of tires with class E rolling resistance[1] (see "*Activity 3.6 – rolling resistance as a technical screening criterion*" below for further explanation of the assessment methodology).
- **Activity 8.2**: corresponds to the fleet management services and solutions activities, which include the Masternaut, Sascar and Nextraq businesses conducted under the Michelin Connected Fleet brand. 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.

With respect to the transition to a circular economy objective:

- **Activity 5.1**: corresponds to Truck tire retreading services and other activities, excluding retreading activities licensed (e.g., Recamic) or franchised (e.g., Michelin Retread Technologies) by the Group, where Michelin is not the seller of the retreaded tires.

Treatment of activity 3.6 – rolling resistance as a technical screening criterion

As noted in 2021 and 2022, 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 specific screening criteria, even though the tire industry could contribute substantially to meeting the trucking industry's greenhouse gas emission reduction targets.

Pending recognition of this economic activity with specific criteria, the Michelin Group has identified, for reporting purposes, economic activity "*3.6 Manufacture of other low-carbon technologies,*" as corresponding to its tire manufacturing activities, in as much as it 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.*"

As in 2022, and pending clarification from the European Commission, the Group is using tire **rolling resistance** as the technical screening criterion for activity 3.6. This is because tires play an important role in a vehicle's energy efficiency *(see pages 201-202 of the 2022 Universal Registration Document*). An extensive amount of external research has demonstrated the close correlation between rolling resistance and carbon emissions[2]. This means that using tires with lower or higher rolling resistance feeds through to a more or less substantial reduction in a vehicle's carbon footprint.

European tire-labeling regulation EU 2020/740 provides for the objective measurement of tire rolling resistance using an EU-validated process, comprising calculation methods, EU-approved reference laboratories and the alignment of measuring machines. Measurement results are registered in the European Commission's EPREL energy labeling database. Michelin uses the EU ecolabel regulation to define the eligible and aligned proportion of Taxonomy activity 3.6 and considers that all the above factors enable the Group to meet the requirement for verification by an independent third party. The vast majority of tires sold outside Europe are also measured for rolling resistance, which means that the proportion of these sales meeting the screening criteria can be included in the totals.

(1) See p. 201 of the 2022 Universal Registration Document for an explanation of the rolling resistance labeling scale.
(2) See, for example, "Influence of Rolling Resistance on CO_2" International Council on Clean Transportation (ICCT), Working Paper 2012-6, November 9, 2012; "Reducing Tire Rolling Resistance to Save Fuel and Lower Emissions," Barrand & Bokar, SAE, Technical Paper 2008-01-0154.

Change in reported Taxonomy-eligible activities, 2022-2023[1]

Sales KPI

At the **2022 scope of taxonomy reporting** (activities 3.6 and 8.2 contributing to climate change objectives), 53% of Michelin Group sales were Taxonomy-eligible in 2023 (53% in 2022).

At the 2023 **enlarged scope of eligible activities reporting** (adding activity 5.1 contributing to the transition to a circular economy objective), 54% of Michelin Group sales were Taxonomy-eligible.

CapEx and OpEx KPIs:

At the **2022 scope of taxonomy reporting** (activities 3.6 and 8.2 contributing to the climate change objectives), 58% of Michelin Group CapEx and 53% of its OpEx was Taxonomy-eligible in 2023 (64% and 53% respectively in 2022).

At the 2023 **enlarged scope of eligible activities reporting** (adding activity 5.1 contributing to the transition to a circular economy objective), 59% of Michelin Group CapEx and 54% of its OpEx was Taxonomy-eligible.

In 2023, the **proportions aligned** with the substantial contribution criteria stood at 16% of sales, 22% of capital expenditure and 16% of operating expenditure.

Analysis of Taxonomy-non-eligible Group activities

Under the current Regulation, some of the Group's activities do not meet the eligibility screening criteria even though they have a potentially positive impact on the environment:

- *Process electrification capital projects to support the Group's decarbonization plan:*

  These projects are delivering substantial gains in energy efficiency and a smaller carbon footprint, but they are not yet recognized in the European Taxonomy. In December 2023, the Group submitted a request concerning this issue to the AMF Platform on Sustainable Finance created by the European Commission;
- *Agricultural, mining, aircraft and two-wheel tires:*

  These types of tires are not covered by a labeling regulation and therefore cannot be reported in the Taxonomy, even though they provide an array of customer benefits, including improved energy efficiency and with it, lower carbon emissions;
- *Tire-as-a-service activities:*

  The Group is developing fleet management and other services and solutions that optimize the use and management of vehicle fleets, while improving their fuel/energy efficiency. This activity is not deemed Taxonomy-eligible under activity 5.5 because it does not meet the criterion of the service provider retaining ownership of the product.

The Group will continue to assess the eligibility of activities in 2024 in consultation with the Platform on Sustainable Finance and the European Commission.

Michelin has not identified any activities eligible for the water, pollution prevention and control and biodiversity objectives. For the climate change adaptation objective, see above.

4.1.1.7 b) Substantial contribution screening criteria

As in 2022, the Michelin Group has assessed the substantial contribution of activities 3.6 and 8.2 to the climate change mitigation objective. In accordance with the Delegated Act published in June 2023, the aligned proportion of activities 5.1 will be assessed in 2024 for disclosure in 2025.

- In the case of **activity 3.6**, as in 2022, the Group considers that the "substantial contribution to climate change mitigation" criterion is met by tires in the two highest populated rolling resistance classes [A and B], as defined by European tire energy efficiency labeling rules. The criterion of verification by an independent third party is met insofar as the calculation method is defined by European regulations and the testing machines are approved by the European Union (Regulation (EU) [2020/740, Annex V], which defines the concept of reference laboratory and the alignment procedure for rolling resistance measuring machines);
- In the case of **activity 8.2**, as in 2022, the Group has not disclosed the aligned proportion because (i) the activity is not deemed sufficiently material (less than 3% of sales); and (ii) there is a lack of data to demonstrate alignment with the criterion defined by the European Taxonomy[2]. The Group plans to perform additional assessments at a future date.

4.1.1.7 c) Do no significant harm (DNSH) screening criteria

In 2023, as in 2022, the Group assessed compliance with the criteria of doing no significant harm to the other five environmental objectives in connection with activity 3.6 "*Manufacture of other low-carbon technologies*".

Objective 1: Climate change adaptation

The Taxonomy Regulation requires us to:

Identify the materiality of a list of chronic and acute climate phenomena with respect to the Group's activities:

After review, retain all the relevant climate phenomena to support assessments. Select the 90 priority sites for assessment on the basis of their materiality:

- Sites with the most employees;
- Sites critical to business continuity.

(1) *For the principles used to calculate the sales, CapEx and OpEx KPIs, see section 4.1.1.7 e) below.*
(2) *Communication on Commission Work Programme 2024, October 17, 2023, p. 5: "no assessment is needed from undertakings for activities that are not material to their business and where they lack evidence or data to prove compliance with the technical screening criteria of the EU Taxonomy".*

Assess their potential impacts:

The first assessments of the physical risks of climate change were undertaken in 2021 at a small number of pilot sites, to define the working method. In 2022, they were extended to:

- new facility projects;
- supplier sites during the new supplier approval process;
- sites involved in mergers and acquisitions.

In 2023, the physical risks of climate change were assessed at the 90 priority sites.

Assessments of all the Group's existing sites are scheduled for 2024 and 2025.

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.

Where necessary, additional adaptation solutions will be identified starting from 2024.

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).

An initial comprehensive costing of requirements for additional adaptation solutions will be carried out in 2024.

Objective 3: 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 and are regularly reviewed:

- 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, a plan was launched 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. The study was still underway on three pilot sites in early 2024.

Michelin has responded to the CDP Water Security questionnaire since 2016 and was attributed a B score in 2023.

The condition[1] that the activity does not hamper the achievement of good environmental status for marine waters or does not deteriorate marine waters that already have good environmental status, as defined in item 5 of Article 3 of Directive 2008/56/EC, does not apply to Michelin, whose operations do not discharge water directly into the sea.

Objective 4: 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 renewable and recycled materials into its products (see section 4.1.1.2). This approach is grounded in eco-design practices and the use of life cycle assessments. Michelin is also fast tracking its innovations and has formed a new Operational Department to orchestrate the circularity of renewable and recycled materials. To explore this technological frontier, Michelin is continuing to invest in R&D, technologies and materials. Even more important for circularity, the Group is forging an increasingly number of partnerships with a variety of public and private sector stakeholders to support the creation of new ecosystems enabling the emergence of new value chains for these renewable and

(1) Added by Delegated Regulation (EU) 2023/2485 of June 27, 2023.

recycled materials. The Group is committed to achieving full circularity in its tires by 2050. Already by 2030, its tires will be 40% made of renewable and recycled 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.

- Life cycle assessments:

  Michelin has long used life cycle assessments (LCAs) and is steadily improving its expertise in measuring the lifetime environmental impact of its products via 16 indicators, including climate change, the use of fossil resources, particulate matter emissions, land use and biodiversity impacts. This approach, which is based on ISO 14040-14044 guidelines, provides greater insight into these impacts that then informs the design choices made to reduce them.
- 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.

Objective 5: Pollution prevention and control

The Michelin Group has addressed the changes introduced in the June 2023 Delegated Regulation concerning screening criteria for "do no significant harm" to pollution prevention and control (removal of the reference to the concept of use essential for society, introduction of thresholds or performance levels, the concepts of suitable alternative substances and use under controlled conditions).

Under the Taxonomy Regulation:

An activity must not lead to the manufacture, placing on the market or use of the following chemicals regulated by European legislation:

(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 Waste Electrical and Electronic Equipment (WEEE) Directive;

(e) Substances restricted by the 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 meets the criteria defined by the European Taxonomy in paragraphs a) to e) of Appendix C hereafter.

In compliance with paragraph (f), raw materials, semi-finished and finished products must not contain more than 0.1% substances of very high concern (SVHC) on the REACH candidate list, unless the absence of suitable alternatives and use under controlled conditions can be demonstrated.

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. Michelin applies 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 the highest-risk chemicals or replace them whenever technically feasible. The policy also addresses substances of very high concern (SVHC) on the REACH candidate list.

In 2023, Michelin performed a diagnostic review of the 800 raw materials used in its tires, excluding special-purpose products used by the production plants such as maintenance products and detergents. Only one SVHC was identified with a concentration of more than 0.1% in the raw materials, and a suitable alternative was identified as a replacement. The SVHC is not quantifiable in the finished product and has been replaced in 80% of production capacity. In 2023, it was used in less than 1% of total output, in full compliance with local health and environmental regulations. It is being tracked through our process of prioritizing the most at-risk substances, with a view to replacing it entirely. Subject to these reservations, Michelin meets the criteria of paragraph f) of the European Taxonomy.

Michelin will review compliance with criterion f) of the Taxonomy in 2024, taking into account the extended scope of the candidate list.

Objective 6: 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.

For the other Taxonomy-eligible activities, the Group plans to assess compliance with the DNSH criteria in 2024, according to their materiality.

4.1.1.7 d) Compliance with minimum social safeguards (MSS)

The 2020 Taxonomy Regulation 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*."

The Group has assessed its compliance with minimum social safeguards and affirms that it upholds the highest international human rights standards both in conducting its business and in 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, freedom of association and collective bargaining, and workplace health and safety.

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, Engagement and Brands, 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 in Group and supply chain operations, along with the measures in place to prevent such risks.

Since 2017, Michelin has been a member of Businesses for Human Rights (EDH), a French association that supports companies in their human rights commitment.

By commissioning sustainability rating agency EcoVadis to conduct desktop supplier reviews, Michelin is tracking the performance of its main suppliers in 21 CSR metrics in four areas: the environment, labor relations & human rights, business ethics and responsible procurement. In this way, the Group is addressing minimum social safeguard criteria across its value chain. Each year, a growing number of Michelin suppliers are assessed by EcoVadis. In 2022, for example, 87% of assessed suppliers were confirmed as compliant with Group CSR standards and assessed suppliers accounted for 66% of Group purchases (92% of natural rubber inputs and 93% of other raw materials purchases). In October 2023, for the sixth year in a row, Michelin itself was awarded a EcoVadis score of 80/100 in Responsible Purchasing, ranking it in the top 1% of companies rated in the "Manufacture of Rubber Products" category. As regards compliance with minimum safeguards and the Group's value chain, see section [4.1.4.2 "*Demonstrating our CSR commitments through responsible procurement policies*"] below.

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/investor/regulatory-information

https://www.michelin.com/en/sustainability/company/people

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.

4.1.1.7 e) Calculation principles, tables and conclusion

The following paragraphs present in detail the principles used to calculate the three key performance indicators required by the European Taxonomy Regulations.

1. Sales KPI

For activity 3.6, alignment is assessed for sales of Passenger car, Light truck and Truck tires with class A and B rolling resistance.

To calculate the percentage of eligible and aligned sales, the amount of the above sales are divided by the Group's total consolidated sales, as reported in the consolidated financial statements (see the consolidated income statement in chapter 5 below).

2. CapEx KPI

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.

In accordance with Article 8 of the Delegated Act, the capital expenditure denominator used to calculate eligible and aligned portions includes additions to (i) tangible and intangible assets; (ii) right-of-use assets recognized under IFRS 16; and (iii) tangible and intangible assets resulting from business combinations (see notes 13 and 14 to the consolidated financial statements presented in chapter 5 below). As a result, it differs from the amount of capital expenditure usually reported by the Group.

3. OpEx KPI

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.

Detailed presentation of the eligible and aligned proportions of 2023 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 2023.

(in € millions)	Year 2023			Substantial contribution criteria						Do no significant harm criteria									
Economic activities	Code	Absolute turnover (€)	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of turnover Year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low-carbon technologies	3.6	4,531	16%	YES	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES	YES	YES	0%	E	
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4,531**	**16%**	**16%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**0%**		
Of which enabling			16%	16%	0%	0%	0%	0%	0%	N/A	YES	YES	YES	YES	YES	YES	0%	E	
Of which transitional			0%	N/A						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Manufacture of other low-carbon technologies	3.6	10,097	36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								52%		
Data-driven solutions for GHG emission reductions	8.2	234	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Repair, refurbishment and remanufacturing	5.1	381	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**10,712**	**38%**	**37%**	**0%**	**0%**	**0%**	**1%**	**0%**								**53%**		
A. SALES OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**15,243**	**54%**	**53%**	**0%**	**0%**	**0%**	**1%**	**0%**								**53%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Sales of Taxonomy-non-eligible activities (B)		13,099	46%																
TOTAL		**28,342**	**100%**																

TABLE 2 – CAPITAL EXPENDITURE

Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023.

(in € millions)	Year 2023			Substantial contribution criteria						Does not significantly harm criteria									
Economic activities	Code	CapEx (€)	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of CapEx Year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	3.6	601	22%	YES	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES	YES	YES	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**601**	**22%**	**22%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**0%**		
Of which enabling			0%	22%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES	YES	YES	0%	E	
Of which transitional			0%	N/A						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	3.6	990	36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								60%		
Data-driven solutions for GHG emission reductions	8.2	36	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Repair, refurbishment and remanufacturing	5.1	24	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**1,050**	**38%**	**37%**	**0%**	**0%**	**0%**	**1%**	**0%**								**64%**		
A. CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**1,651**	**59%**	**59%**	**0%**	**0%**	**0%**	**1%**	**0%**								**64%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**1,134**	**41%**																
TOTAL		**2,785**	**100%**																

TABLE 3 – OPERATING EXPENSES

Proportion of operating expenses from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023.

(in € millions)	Year 2023			Substantial contribution criteria						Does not significantly harm criteria									
Economic activities	Code	OpEx (€)	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of OpEx Year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	3.6	283	16%	YES	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES	YES	YES	0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**283**	**16%**	**16%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**0%**		
Of which enabling			16%	16%	0%	0%	0%	0%	0%	N/A	YES	YES	YES	YES	YES	YES	0%	E	
Of which transitional			0%	0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	3.6	639	36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								52%		
Data-driven solutions for GHG emission reductions	8.2	18	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Repair, refurbishment and remanufacturing	5.1	18	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**675**	**38%**	**37%**	**0%**	**0%**	**0%**	**1%**	**0%**								**53%**		
A. OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**958**	**54%**	**53%**	**0%**	**0%**	**0%**	**1%**	**0%**								**53%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**816**	**46%**																
TOTAL		**1,774**	**100%**																

TABLES 4 - MULTI-OBJECTIVES

	Proportion of OpEx/ Total OpEx	
	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM	16%	53%
CCA	0%	0%
WTR	0%	0%
CE	0%	1%
PPC	0%	0%
BIO	0%	0%

	Proportion of CapEx/ Total CapEx	
	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM	22%	59%
CCA	0%	0%
WTR	0%	0%
CE	0%	1%
PPC	0%	0%
BIO	0%	0%

	Proportion of turnover/ Total turnover	
	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM	16%	53%
CCA	0%	0%
WTR	0%	0%
CE	0%	1%
PPC	0%	0%
BIO	0%	0%

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. The Group embraces the universal principles of human rights and the leading international labor conventions.

A process grounded in international principles

The Michelin Group:

- has been a member of the United Nations Global Compact since 2010 and supports its ten fundamental principles;
- upholds the OECD Guidelines for Multinational Enterprises;
- supports the UN Guiding Principles on Business and Human Rights;
- embraces 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;
- a Master Policy on Human Rights.

In 2022, for the first time, **a Master Policy on Human Rights was issued and distributed across the Group**. Widely promoted among employees worldwide, the above documents have been translated into French and English and are available for consultation at any time on each country organization's intranet site. They may also be found on the corporate website: https://www.michelin.com/publications/politique-des-droits-humains/

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) and co-chaired by the Executive Vice President, Engagement and Brands. 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, Corporate Sustainable Development and Impact, 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 Impact, Purchasing, Personnel, Internal Control, Risk Management, Employee Relations, Public Affairs, Diversity & Inclusion, Legal Affairs/Compliance, and Manufacturing. It prepares an annual action plan engaging Michelin in a continuous improvement process.

(1) *Entreprises pour les droits de l'homme* (Businesses for Human Rights).

A Master Policy on Human Rights

In 2022, a Master Policy on Human Rights was prepared, distributed across the whole Group and posted on the corporate website[(1)]. 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 and the principles of application in each operating region. For most issues, this umbrella policy refers back to the more detailed policies already in effect across the organization.

In 2023, the Master Policy was widely rolled out to Regional Presidents and regional Personnel managers, who appointed Human Rights Correspondents in every geographic unit. **Training** based on 90-minute webinars was organized across the Group for these correspondents, as well as for Sustainable Development and Impact Correspondents, Ethics Correspondents and Regional General Counsels. The issue was also addressed at a two-hour in-person session during the annual meeting of the Group's purchasing management teams. Lastly, the corporate officers sitting on the boards of companies in which Michelin owns a minority stake were also directly offered these courses so that as directors, they can exercise due diligence in human rights issues. The courses were introduced by a video from the Group's Managing Chairman, emphasizing the importance of the issue.

To support this acculturation and prevention measure, a human rights **risk self-assessment questionnaire** was devised and deployed, while a human rights **e-learning** module was developed for the first time. The latter is available to any employee worldwide and mandatory for the Group's senior executives.

(1) https://www.michelin.com/en/sustainability/company/people

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	2023	2030 Objective
1 – A company where everyone feels physically safe at work	TCIR[(2)]	1.43	1.19	1.29	1.07	1.01	<0.5
2 – A company offering a decent wage and supportive employee benefits	Percentage of employees receiving a decent wage in each host country	-	-	95%	98.5%	100%	100% in 2025
	Percentage of employees with social protection floor of 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%	91%	≥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%	69%	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	1,855	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	72	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%	72%	80%
6 – A company that blends harmoniously into its environment and is beneficial for its local host communities	Number of volunteering initiatives[(3)]		-	5,000	10,900	19,700	

Note that some of the newly defined indicators do not yet have any prior-year comparatives.

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 h) Offering fair compensation and benefits);
- freedom of association (see section 4.1.2.3 Promoting responsible social dialogue);

(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.*
(2) *Total Case Incident Rate.*
(3) *Our current systems are unable to identify whether the same person has participated in several volunteering initiatives. The ultimate goal is to have 20% of employees taking part in such initiatives.*

- product safety (see section 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 2023

Based on the findings of the 2021 audit, a human rights action plan for the 2022-2025 period was prepared, 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.

In 2023, a network of managers from each of the Group's leading manufacturing host countries was formed to lead initiatives to prevent human rights risks across the Group.

As part of this process, a dedicated review analyzed possible forced labor concerning most at-risk suppliers.

After launching a living wage initiative, **all Group companies have been certified by the Fair Wage Network as a Living Wage Global Employer, guaranteeing that every employee is paid at least the equivalent of the living wage benchmark**.

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.**

Harassment risks have been managed as part of normal business operations since 2022.

A harassment prevention program is currently underway, based on the initiatives developed during the Integrity project and the various compliance programs already in place across the Group.

In 2023, the Group updated existing internal controls concerning harassment issues, formed a working group on support for people contacted as part of an investigation and pursued its awareness-raising initiatives.

By year-end, the e-learning module on harassment had been completed by more than 39,000 Group employees, representing 98% of the target[1].

These various harassment information initiatives at Group level and in the operating regions continued to encourage people to speak up, causing harassment complaints to increase to 23% of all reports to the ethics hotline in 2023.

Assessing human rights risks 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®**[2] **mobile application** deployed by the Group in seven countries since 2017 has gathered **information from 239,583 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) The 2023 target was set on December 31, 2022, based on companies with Intouch capabilities at that date, i.e., for categories 1 to 4 employees, 40,152 people. It will be updated in 2024 based on the progress in Intouch deployment and the Intouch categorization of people in the 2023 workforce.

(2) 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 a Diversity & 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 Diversity & 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 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 Diversity & Inclusion network bringing together D&I managers from each geographic region meets every two months. It 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 2023, for example, each operating region defined measurable targets for several diversity issues.

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 Diversity & Inclusion Councils tasked with organizing and fostering diversity in North America, Brazil, Mexico and North Europe;
- Diversity charters or company agreements, such as the one signed in France in November 2023 that includes a section addressing end-of-career issues;
- In-house diversity events, such as the Cultural Diversity Festival in the Africa/India/Middle East region, Diversity and Inclusion Day in Mexico and the Live Event in Brazil;
- Local networks formed in the United States (11 community-based business resource groups), Europe (Better Together), Hungary (Seniors' Club) and Brazil (Women in Sales);
- Diversity and 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. A highlight of 2023 was Michelin France's engagement with the FACE Foundation, which advocates against domestic violence.

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 2023, more than 4,000 new participants were trained, particularly in Europe and the United States, bringing the number of employees having completed the program over the past three years to more than 28,000.

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 2023	IMDI 2022	IMDI 2021	IMDI 2020
80/100 points	72	70	65	60

The five IMDI metrics	2023 score	2022 score	2021 score	2020 score
Gender equality in the workplace	73.9	69.2	56.2	48.2
Identity (age, religion, sexual orientation, etc.)	77.7	72.3	73	69.7
Multi-national management	73.6	76.2	76.6	69.4
Disability	66.6	66.7	56.2	50.8
Equal opportunity	68.1	66.6	64.1	64.1

The IMDI composite indicator continued to improve in 2023, rising by two points to 72/100 from 70/100 the year before. The strongest gains were in (i) the **percentage of women in management positions** (30.1%, from 29.4% in 2022) and in the 600 most senior management positions (21.5%, from 18.8% in 2022) and (ii) the perceived acceptance of diversity (the "identity" metric). On the other hand, the percentage of country organizations with more than 1,000 employees with at least 2% of the workforce recognized as disabled declined slightly over the year, to 35.3% from 35.7% in 2022, following the inclusion of three new countries (Sri Lanka, Indonesia and Canada) in the scope of reporting.

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	2023	2022	2021	2020	Ambition 2030
Gender equality in the workplace	% of women in positions of responsibility at least equivalent to supervisors	30.1%	29.4%	28.9%	28.2%	35%
	% of women in the Group's 600 most senior management positions	21.5%	18.7%	17.2%	15.5%	35%
	Compa gap ratio, men/women, excluding production operators	2.5%	2.6%	3.4%	3.6%	<2.2

Women accounted for 19.9% of the consolidated workforce as of year-end 2023. After declining somewhat last year due to the inclusion of Sri Lanka in the scope of reporting, this new improvement was led by the long-standing commitment to hiring more women and upgrading factory workstation ergonomics. Although, much like in the automotive industry as a whole, women accounted for just 13.9% of production operators in 2023 (excluding the dealership networks). They were better represented among technical staff (27.9%) and, to a lesser extent, in management and supervisory positions (30.1%). In 2023, **about 39% of new hires were women in the administrative employees, technicians, supervisors and managers categories.**

WOMEN AS A PERCENTAGE OF EMPLOYEES AT DECEMBER 31, 2023

% of women by employee category and region	Production operators	Administrative employees and technicians	Managers and supervisors[(1)]	Total	GRI Indicator
North America	16.5%	29.8%	26.9%	20.1%	GRI 102-08
South America	16.1%	27.1%	32.5%	20.2%	GRI 102-08
Europe	14.7%	27.6%	30.8%	21.4%	GRI 102-08
Africa/India/Middle East	1.7%	22.6%	27.5%	11.9%	GRI 102-08
Asia (excluding India)	12.3%	30.9%	33.7%	19.2%	GRI 102-08
GROUP TOTAL	**13.9%**	**27.9%**	**30.1%**	**19.9%**	**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 in view of presenting the diversity of industrial jobs and their interest 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 challenges in the 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.** At the "Trucks Are For Girls" event in the United States, marketing and sales employees raised young womens' awareness of careers in the trucking industry.

With the same objective of attracting more women to the shopfloor, the production plants are deploying a variety of programs to **improve workstation ergonomics.** At workshops in every host country, workstations are being individually analyzed to identify those accessible to women and to upgrade others to improve accessibility. In 2023, for example, 12 workstations were upgraded for this purpose in Poland. These studies are supporting the hiring of a growing number of women in the production plants, including in operator positions.

In 2023, a plan to improve sales force gender diversity was rolled out in all the operating regions. It comprises a method for analyzing pathways to progress, a brochure with dozens of recommendations and the introduction of a dedicated governance structure in each region.

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 has risen steadily since 2013, from 22.5% to **30.1% in 2023**. 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 women account for 35% of so-called "Group Manager" positions by 2030 versus 21.5% in 2023.

At January 1, 2023, the Executive Committee was made up of nine members (four of which were women), whose role is to assist the Group's two Managers. In 2023, five of the 11 members of the CGEM Supervisory Board and two of the four members on each of the three Board Committees (Audit, Compensation and Appointments, and CSR) were women[(1)]. 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. Applying this method to **a sample of 37,500 employees**, the overall gender gap was **-2.54% in 2023, versus -2.61% in 2022**. In France, an independent study by researchers at the French National Institute of Demographic Research (INED) found that once again in 2023, 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 2023**.

(1) See also section 3.1.3.3 Diverse profiles and experiences represented on the Board – gender balance on management bodies (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."

	2023	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%	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."	68%	67%	65%	61%	>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[(2)]	7 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. Following presentations to regional Ethics Committees, these practices were adopted in 2023 in certain regions, such as North America, where HR systems were reviewed to enable the identification of people regardless of their gender identity. In Brazil, a brochure on inclusive communication was published.

In June 2023, country organizations in the United States, Canada, Mexico, Brazil, Thailand, the United Kingdom and Germany celebrated **Pride Month** with employee parades and other festive events, as well as with webinars on LGBTQ issues. Also during the year, Michelin Mexico was certified as a "Best Place to Work for LGBTQ+ Equality" by the Human Rights Campaign Foundation.

A wide range of initiatives were undertaken to address age-related issues, such as the agreement signed with the unions in **France** specifying a variety of measures for people nearing retirement. In addition, Michelin Brazil rolled out the "Generational Forum" corporate initiative during the year and organized training courses to prepare employees for retirement.

Aware that people's physical appearance is also subject to stereotyping, **Michelin Brazil** created a working group on dress codes to ensure that employees enjoy a safe space.

In the Group's most diverse region, **Africa/India/Middle East**, more than 1,000 employees in nine countries took part in a cultural diversity festival, sharing their customs, foodways and traditional dress in the workplace.

In **Australia**, the five local Michelin companies have embarked on a Reconciliation Action Plan to support Aboriginal and Torres Strait Islander peoples. The Plan comprises 13 actions to ensure that these communities benefit from the opportunities created by the industries Michelin serves and that the workplace is a safe space for them.

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."

	2023	2022	2021	2020	Ambition 2030
Percentage 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	86.1%	85.8%	83.2%	78.8%	80%
Percentage of non-French nationals among the Group's 100 most senior executives	30.6%	33.3%	35%	30%	50%

Particular attention is paid to fostering the emergence of local managers in the growth regions of South and Central America, Southeast Asia, China and Africa/India/Middle East, **where 86.1% of managers were locals in 2023.** In addition, Michelin is aiming for half of its 100 most senior executives to be non-French nationals by 2030. In 2023, the percentage declined slightly to 30.6%.

(1) Moving Forward Together survey.
(2) Based on a new methodology in 2023 following the addition of a new age category.

DISABILITY:

Group objective: "Michelin offers career paths to people of all abilities, in accordance with its talent development policy".

	2023	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	35.3%	35.7%	26.6%	33.3%	100%
Percentage of country organizations that have appointed an Ambassador with expertise in workplace disability issues	97.9%	97.6%	85.8%	68.2%	100%

Michelin has long pursued a commitment to hiring people with disabilities and retaining employees who become disabled at some point in their careers. The Group's objective that people recognized as disabled should account for at least 2% of the workforce in every country organization with more than 1,000 employees has inspired new units to plot a course to progress and to share best practices. After deploying a roadmap, Mexico commissioned a specialist firm to hire autistic individuals in 2023. Mental disabilities were also the subject of training and adaptation programs in Hungary, Mexico, Poland and other countries. In 2023, extending the IMDI[4] scope of reporting to three new country organizations, in Canada, Sri Lanka and Indonesia, slightly reduced the percentage of organizations reaching the 2% target.

Disabled employees made up 6.49% of MFPM's French workforce in 2023, once again exceeding the legally mandated quota of 6%. In Brazil, hearing-impaired people have long been hired in workshops, with training and support provided to the departments concerned.

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)".

	2023	2022	2021	2020	2030 target
Percentage of managers who began their careers as production operators (category 5)	15.5%	14.8%	13.8%	13.4%	20%
Percentage of managers[(1)] promoted from within	68.4%	69.8%	72.7%	73.9%	80%

Promoting from within is one of the Group's core values, which 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.

In addition to these two targets, Michelin strives to support the social inclusion of disadvantaged people in its host neighborhoods.

In France, for example, three maintenance skills training and job opportunity programs offered to refugees in collaboration with the Hope association resulted in the hiring of more than 30 people under vocational training contracts, of which 14 were converted into permanent and fixed-term contracts.

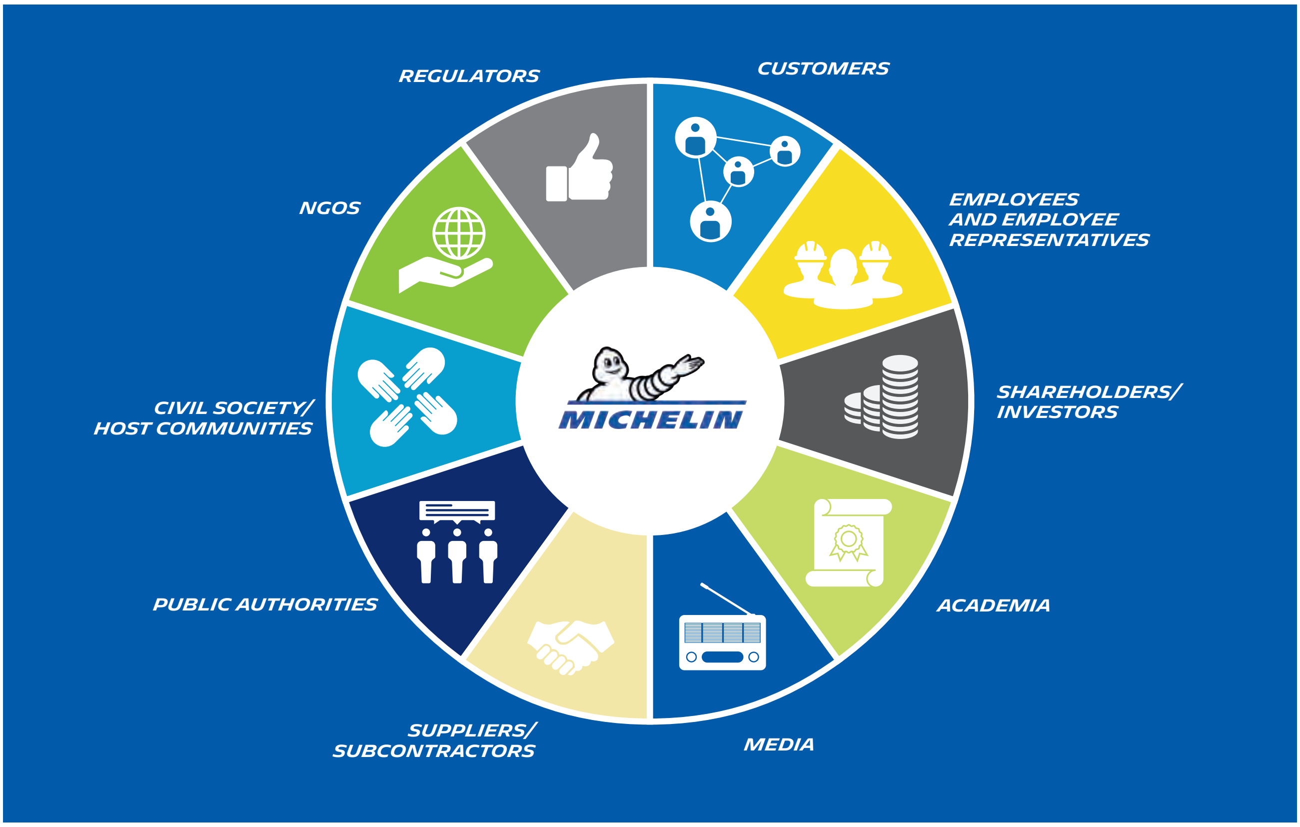
(1) Categories 1 to 4 or A to N.

4.1.2.3 Dialogue with stakeholders

SDG 8.5, 8.8 and 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) The Corporate Stakeholder 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 2023, the Committee comprised 12 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 Blanzy plant (France) on October 4 and 5, 2023, the Committee's eighth annual meeting with members of the Group Executive Committee focused on three main issues. First, the meeting offered an opportunity to act on the Corporate Stakeholder Committee's 2022 comments concerning the new definition of the term "sustainable materials." The new term "**renewable or recycled materials" was approved and a "committed to sustainable tires" approach was defined**. Then, two working sessions were organized on **how renewable energies are allocated to customers** and on **how the Michelin Group exercises its duty of care with non-Tier 1 suppliers**. The recommendations report was shared with the teams for input into the 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 29 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. The correspondents are tasked with identifying at-risk issues in their country, identifying and initiating dialogue with NGOs on targeted issues, and addressing their expectations and questions.

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 2022 and 2023, the Group engaged in sustained dialogue with several NGOs concerning the war in Ukraine and Michelin's withdrawal from Russia.

In 2015, Michelin set up a special stakeholder committee[1] dedicated to sustainable natural rubber issues. Meetings were held in 2016, 2018, 2020 and, most recently, in November 2022.

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. In addition, in November 2023, the Group engaged with other NGOs, including the WWF, Transport & Environment and the European Climate Foundation, on technical issues in the plan to decarbonize its manufacturing operations.

(1) The committee brings together around 20 social and environmental NGOs, as well as representatives of producers, manufacturers and academia.

4.1.2.3 c) Working with sustainable development institutions

Michelin also addresses sustainable development issues by working closely with its extended ecosystem, comprised of a wide range of both national and international institutions, associations and NGOs. These collaborations are designed to drive continuous improvement in every aspect of sustainability, including business models, climate, biodiversity and human rights, by acquiring expertise and sharing best practices. As regards lobbying, the positions taken by Michelin's public affairs teams are seamlessly aligned with its climate strategy and consistent with the Paris Agreements.

Organization	Category	Major issues
UN Global Compact	International institution	Deploying the Sustainable Development Goals
World Business Council for Sustainable Development (WBCSD)	International association	Climate, nature, labor relations, transportation, training
Tire Industry Project (TIP), part of the WBCSD	International association	Tire industry, ESG
Business for Inclusive Growth (B4IG), part of the WBCSD	International association	Diversity and inclusion, human rights, living wage, just transition
GreenBiz	European association	Sustainability news and events
Entreprises pour l'Environnement (EpE)	French association	Climate, biodiversity, finance, public affairs
Orée	French association	Biodiversity, circular economy, ESG
Entreprises pour les droits de l'homme (Businesses for Human Rights)	French association	Human rights, duty of care plan
French Sustainable Development Executives Association (C3D)	French association	CSR business model
Common Stake	French association	Intersectional civil society and CSR
Center for Life Cycle Assessment and Sustainable Transition (CIRAIG)	Think tank	Life cycle assessment (LCA) methods
Ellen McArthur Foundation	Think tank	Circular economy
Institute for Sustainable Development and International Relations (IDDRI)	Think tank	Academia - climate, biodiversity, transportation, analysis of international negotiations
WWF	NGO/think tank	Strategic cooperation - climate, nature, bio-based materials
International Transport Forum (ITF)	International institution	Mobility and sustainable development research
Sustainable Mobility for All (SUM4ALL)	International institution	Sustainable mobility concepts and guidelines

4.1.2.3 d) 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 e) Dialogue with investors

In 2023, 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 2023, for the second year in a row, 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.

(1) *See section 4.1.1.3 Supporting biodiversity.*

During the year, the Investor Relations team met with or responded to questionnaires from rating agencies, credit rating agencies and proxy advisors.

In 2023, the Group posted its third ESG data report for 2022 online in a single spreadsheet to facilitate stakeholder access.

Lastly, the Investor Relations team supports ongoing communication and dialogue with individual shareholders through a variety of channels, including regularly published newsletters, invitations to the Annual Shareholders Meeting, participation in specialized conferences (such as the Investir Day event in 2023) and the deliberations of the Michelin Shareholders Committee.

4.1.2.3 f) Dialogue with customers

The Group pays particular attention to customers, who play a central role in realizing its strategic vision and meeting its objectives.

Customer satisfaction has been steadily improving since 2020, with an NPS[(1)] of 42.7 in 2023, exceeding the target for the year.

The Group is leading a number of initiatives to constantly enhance customer intimacy and satisfaction. For example, the Customer Centricity Board brings together the chief executives of the Group's leading business units once a quarter, and regularly meets with customers or companies to improve our ability to satisfy increasingly demanding customers, in particular as regards sustainable development.

4.1.2.3 g) 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).

Its Group Policy 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 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 Michelin set up a Global Works Council (MWC), where it hopes to encourage, in the form of an economic, social and environmental observatory, a social dialogue process commensurate with its image and capable of driving its overall performance. Michelin is partnering with the IndustriALL Global Union, which participates in the Council.

In 2023, the Global Works Council began its second three-year term (2023-2026) with a broader membership, after welcoming new representatives from India, Sri Lanka, Indonesia and Australia. The Council now comprises 49 employee representatives from 19 countries.

It held its first meeting in the new term on September 27 and 28, 2023 at the Ladoux Technology Center in France, where representatives were able to see and test the latest product innovations on the testing grounds. The participants, including two Group Executive Committee members, reviewed in detail Michelin's All Sustainable strategy focused on the People, Profit, Planet (3P) bottom lines, as well as its application in the production plants and the B2B business. Employee relations issues were addressed, particularly during question and answer sessions.

In compliance with European legislation, the Group also has a European Works Council whose 32 employee representatives from 16 EU countries meet twice a year.

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. The Michelin European Works Council (CEEM) and Global Works Council (MWC) are also widely used as sharing platforms.

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. In this regard, should restructuring be necessary, the Group takes care to ensure that all of the affected employees are accompanied in finding a new job, if they so wish, while easing the impact on local communities with, in particular, revitalization initiatives. In addition, Group policy specifies that any project must be announced as soon as possible and carried out in accordance with the procedures negotiated with employee representatives.

(1) Net Promoter Score.

In every country represented in the European and Global Works Councils, meetings are periodically organized to share financial and employee relations information with employee representatives. Transparently explaining the issues so that they are understood by all parties creates conditions conducive to responsible dialogue during negotiations.

In Germany, reviews of plant performance and market trends led to the decision to close certain facilities and wind down operations. Implementation of the related projects, which have been discussed in detail with employee representatives, will continue in 2024 and 2025 with support plans for each of the employees concerned. Particular attention is also being paid to revitalizing the impacted sites[1].

In the United States, the phase-out of tire manufacturing operations at the Ardmore Oklahoma plant due to the technological obsolescence of the production equipment is being accompanied by in-depth interviews with each impacted employee so that personalized support plans can be defined for each one. Particular attention is also being paid, with local partners, to site rehabilitation[1].

An increasingly mature social dialogue process and workplace sentiment in every operating region

In Western Europe, while conditions in the Passenger car and Truck tire markets have forced the Group to continue reconfiguring its manufacturing footprint, 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.

The quality of social dialogue generally improved around the world, and particularly in Europe, as seen in the findings of the 2023 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.

Led by the Group Director of Social Development, a network of labor relations managers from the Group's 15 leading manufacturing host countries meet regularly to share the latest information on employee sentiment and labor relations in their units, as well as best practices and local experience.

A social dialogue indicator

Internationally, employees are represented by the European Works Council (CEEM) and the Global Works Council (MWC).

74% of host country organizations with more than 100 employees have an employee representative body[2].

- Total number of countries where the Michelin Group has more than 100 employees: 31.
- Total number of countries represented on the European and Global Works Councils: 23.

91% of employees are represented by an employee representative body[2].

- Total number of Michelin Group employees: 126,628.
- Total number of Michelin Group employees in the countries represented on the European and Global Works Councils: 115,492

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. Every year, the Moving Forward Together: Your Voice for Action survey measures the engagement rate and employee feelings about their jobs.

In 2023, the survey was conducted Group-wide for the eleventh year running, with a **91% response rate** that was two points higher than the year before. Employee confidence in the survey illustrates how managers are increasingly using it to support dialogue in their teams and drive continuous improvement. The credibility of the findings was also raised by the high response rate, with more than 110,000 employees participating.

In 2023, the overall employee engagement rate rose by one point, to 84%, with rates showing significant gains among administrative employees and managers and holding steady among production operators. The improvement was achieved in a highly tense environment, roiled by inflation and supply chain disruptions.

The survey also showed that the priority issues remained largely the same as in 2022, i.e., **(i) preparing employees for new challenges; (ii) simplifying procedures and resolving dysfunctions;** and **(iii) enhancing well-being in the workplace.**

(1) See section 4.1.2.3 i) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year.
(2) Based on the consolidated workforce at April 30, 2023, when the Councils were set up.

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 then make them a reality.

The results attest to the success of the Progress Idea system in the Group, with more than **19,000 employees** submitting at least one idea in 2023, or 27% of the workforce that had access to the process.

Of the total **38,116 ideas received in 2023, more than 16,145 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 the Innovation and Partnerships Department, the **Michelin Innovation Lab** incubator offers a supportive **environment**, **open** to the outside world, to any Group employee seeking to **explore** new businesses around and beyond tires that could **make a lasting contribution** to society in the **future**.

Launched in 2014, **the intrapreunarial program** is now open to all employees in Europe, North America, China and India.

In 2023, it **supported more than 100 ideas submitted from across the organization**. Over 20 are currently in the incubation stage, with objectives and a 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.

4.1.2.3 h) Offering fair compensation and benefits

Compensation, payroll taxes and other employee benefits

Employee benefits expense amounted to €7,401 million in 2023.

	Total employee benefits expense in 2023 *(in € millions)*	Production operators	Administrative employees and technicians	Management staff	Provisions and provision reversals for pension obligations	Taxes and provisions
Group	7,401	2,850	2,656	1,449	16	428

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, 2023.

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 aspirations and 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.

Variable compensation comprises three bonuses:

- a Group Bonus tied to how well the Group meets its People, Profit and Planet objectives, which is granted to every Group employee regardless of job position, business line, level of responsibility or country;
- a Team Bonus, based on shared objectives and indexed to the Group's financial results, which rewards collaborative work practices and the alignment of everyone's job performance with Group priorities (does not apply to sales forces and production operators);
- a Special Bonus for sales forces and production operators.

Integrating CSR performance criteria into the compensation of the Group's 100 most senior executives

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).

A significant portion of their annual compensation involves a long-term incentive in the form of performance share rights, 40% of whose vesting criteria are based on the Group's CSR performance. The number of rights granted to each member depends on his or her:

- level of responsibility;
- country of posting (or of origin in the case of expatriates);
- individual performance against objectives, including managerial performance (I CARE model).

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 of the Universal Registration Document, Investor relations (see section 6.5.4 Share grants and performance shares).

If all the performance criteria were fully met, these rights, when granted, would represent no less than 20% of the fixed compensation of these employees.

The GOS members' short-term incentive, or Michelin Bonus, comprises two components:

- the Group Bonus, 20% of which is based on CSR criteria (TCIR and Scopes 1 and 2 carbon emissions);
- the Team Bonus, which depends on each member's choice of shared objectives. At least 20% of the amount depends on a CSR criterion, since every member has the objective of increasing the proportion of women in senior management to 20%.

Compensation for the Managers is described in section 3.3.2 Compensation policy: the Managers.

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 the Group. Since 2021, it has been committed to 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 employees and their families to pay for food, housing, education, healthcare and other basic needs.

The system is based on the living wage benchmarks defined by the Fair Wage Network for a family of four, comprising two adults and two children.

In 2023, a review of Group compensation[1] found that **all employees are paid at least the equivalent of the living wage benchmarks** defined by the Fair Wage Network.

Also during the year, the process of earning Fair Wage Network certification was undertaken, **resulting in the award of Living Wage Global Employer certification for all Group companies[1] around the world.**

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 2023-2024 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 achieving production targets, reducing energy consumption and ensuring product quality. 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 are designed to support all employees and their families at important moments in their lives.

In 2021, Michelin defined the Michelin One Care Program, a package of basic social protection benefits to which every employee is entitled. Roll-out of this program began in 2022, for scheduled completion in 2025. Michelin One Care reflects the Group's commitment to supplementing national systems to:

- give every employee time to welcome a new child into the family;
- protect employees' families financially in the event of death;
- facilitate healthcare for employees and their families.

This universal floor is supplemented by the enhanced, diverse array of tailored employee benefit policies offered by each Group company, which are regularly updated in response to social changes, local legislation and the economic environment.

(1) The 2023 campaign surveyed 100% of Group companies, representing 100% of Group employees, except for companies either acquired in 2023 (plus the four RLU companies) or 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), regularly informing all employees, systematically monitoring employee health, preventing and managing occupational illnesses and conducting public health campaigns on such topics as nutrition and vaccinations on-site.

Supplementing national pension systems

With life expectancy on the rise, national pension systems in a growing number of countries may no longer be sufficient to meet employees' expectations. In response, in certain countries, Michelin has implemented systems that support employees in building up retirement savings.

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, 2023.

Enabling every employee to become a shareholder on preferential terms

For the Group, increasing the percentage of capital held by employees is a core process, which helps to strengthen the unique, business-critical role that everyone plays in realizing Michelin's strategic vision.

By becoming shareholders, employees can directly contribute to and share in the value created by their Company, which is committed to ensuring the fair distribution of the value-added generated by its operations.

For more than 20 years, the Group has regularly offered employees the opportunity, during a defined period, to invest in Company stock on preferential terms.

Share ownership is a strong indicator of employee confidence in the Group's future and strategic vision, as well as a real-world illustration of the "I am Michelin" transformation program.

As of year-end 2023, some **72,000 active employees**, **or more than half the global workforce**, were Michelin shareholders. This represents an aggregate 2.10% of the Group's issued capital and offers a compelling demonstration of employee engagement in the Company.

4.1.2.3 i) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year

France

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, 2023, 94 employees had opted for early retirement, 126 had accepted a transfer within the Group and 482 had been outplaced. Of the employees who took retraining leave with the support of an outplacement firm, 71% have found a job or started their own business and 1% 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 2023, authorities had approved applications to support 685 jobs, of which 502 had been created.

Separately, Michelin began working with leading public-sector stakeholders in the region to transform the site into a multi-purpose center of excellence, combining manufacturing, research and training activities focused on future-facing technologies.

In 2023, Michelin acquired a founding 45% interest in ATINEA SAS, which was set up to lead the transformation of the former truck tire production site closed in late 2020. The €50 million project is fully aligned with the Vendée region's economic development strategy. The new ecosystem is structured around sustainable mobility and the energies of the future. Already, for example, a green multi-energy station is up and running on the site, and in December 2023, Paris transit authority RATP announced it would be home to a new national training center dedicated to hydrogen-powered bus maintenance.

Three-year project to transition the manufacturing and corporate and administrative operations

On January 6, 2021, Michelin announced the roll-out of a strategic project to transition its operations in France over the 2021-2023 period, specifying that it would not entail any layoffs.

On April 27, 2021, Michelin and the unions signed the ADAPT France 21-23 framework agreement defining the support measures for all impacted employees, whether they wished to remain with the Group or preferred to pursue their careers elsewhere.

The agreement called for the negotiation of mutually agreed annual severance packages (RCCs), which were to be used to support the changes in the workforce and jobs over the following three years.

For employees who volunteered to leave the Group, support measures included early retirement opportunities open to all eligible employees and an outplacement program.

Under the 2021, 2022 and 2023 RCC agreements, 1,157 employees requested early retirement and 428 opted for outplacement.

Transfer of unit assembly operations from the Poitiers plant to the Bourges plant

On May 17, 2022, MFPM announced a project to transfer its unit assembly operations from the Poitiers plant to Bourges in 2023, without any loss of jobs.

The impacted employees were offered the opportunity to transfer to the Bourges plant to pursue the same job under the same employment contract. Of these employees, 13 refused to amend their contracts, leading MFPM to consider dismissing them for economic reasons.

An agreement on job retention initiatives was signed with a majority of trade union representatives on January 27, 2023 and implemented on February 11, 2023.

As of December 31, 2023, three employees had opted for early retirement and ten had been outplaced. Of the employees who took retraining leave with the support of an outplacement firm, 30% have found a job or started their own business and 70% are still being assisted by the firm in finding a job or starting their own business.

Italy

In Italy, as part of the Group's initiatives for the 2021-2023 period, organizational changes in the services business and the production plants were supported by collective early retirement agreements concerning 102 people.

Germany: Karlsruhe/Trier/Homburg plant

On November 28, 2023, Michelin announced that it would phase out production at its plants in Karlsruhe and Trier, Germany, as well as the manufacture of new tires and semi-finished products in Homburg. In addition, the Customer Contact Center will be transferred from Karlsruhe to Poland. A total of 1,532 employees will be impacted by these operations, which should be completed by the end of 2025.

The decision was prompted by the growing competition from low-cost truck tires and the German operations' lack of competitiveness in European and export markets.

Michelin's priority is to offer a comprehensive range of measures to individually support each of the impacted employees as they seek new career opportunities. Discussions are still underway with the works councils and the IGBCE union concerning deployment of the shopfloor changes and the future use of the former sites.

Michelin is engaging with its partner communities to explore every option for converting the impacted sites to support the creation of new jobs.

By the end of 2023, 94 jobs had been created on site, including 14 at CTIP, the company managing the innovation park. Rehabilitation work is underway, particularly on the innovation hub, which in coming months will welcome a large number of companies, employees and researchers.

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 affected 70 jobs.

A significant proportion of the plant's business involved sales to Russia, which have since been halted by the war in Ukraine. An employee support plan, including financial compensation and access to outside retraining and recruitment services, was negotiated and accepted by the employees.

After ceasing production in September 2023, the Marfleet site will be transferred to new owners in 2024.

A full 80% of employees had access to a comprehensive training program, and 85% of them changed jobs or retired.

United States: Ardmore, Oklahoma plant

On October 26, 2023, Michelin North America announced that it would wind down tire production at its plant in Ardmore, Oklahoma, which will impact around 1,400 people. Rubber-mixing operations are, however, expected to continue.

This decision was informed by shifting markets and the profound transformations in the North American market, as well as by the inability of the plant to deliver tires at competitive costs to meet evolving demand. The phase out should be completed by the end of 2025.

In line with its values, Michelin is committed to supporting employees, the community and its partners throughout the transition. Specific details were discussed directly with employees. Going forward, Michelin will offer retention bonuses and outplacement services to achieve a smooth transition for employees and customers. When staffing reductions begin in 2024, employees will be offered a combination of early retirement, separation benefits and financial incentives for relocation support. The Company will work closely with public and private sector partners to explore new uses for the site, in the best interests of the community and our employees.

Michelin will support the creation of local jobs in the Ardmore community.

4.1.2.4 Supporting employee growth and development SDG 4.3, 4.4 and 4.5.

As part of its All Sustainable strategy, the Group has to attract and retain new talent to protect its independence and continue to innovate.

In response, the Corporate Personnel Department (DCP) strives to foster an environment in which employee growth and development are embedded in the heart of the Michelin saga (via the Manufacture des Talents, for example).

It 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 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.

The front-line outcomes of these policies are primarily measured by the annual employee engagement rate, as determined by the findings of the global "Moving Forward Together" survey. With a survey response rate of 91%, the engagement rate stood at 84% in 2023, a one-point year-on-year gain that attests to the trust that has been forged between the Group and its employees over the years. The target engagement rate is 85% in 2030.

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 number of employees was virtually unchanged in 2023, ending the year at **132,496 people**[1].

(1) Including the dealership networks and recently acquired companies.

NUMBER OF EMPLOYEES AT DECEMBER 31, 2023[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						
2023	**8,295**	**26,082**	**8,363**	**23,213**	**66,543**	**132,496**
2022	8,258	24,870	8,290	23,550	67,245	132,213
FULL-TIME EQUIVALENT EMPLOYEES OF CONSOLIDATED COMPANIES, excluding interns, work-study trainees, apprentices and temp agency workers						
2023	**8,211**	**24,810**	**7,464**	**22,501**	**62,008**	**124,994**
2022	8,216	23,797	7,474	22,656	62,774	124,918

Employees by gender at December 31[1]	2022	2023
Men	80.4%	80.1%
Women	19.6%	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]	2022	2023
Production operators	62.3%	61.9%
Administrative and technical staff and supervisors	7.1%	7%
Management staff	30.5%	31.1%

(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

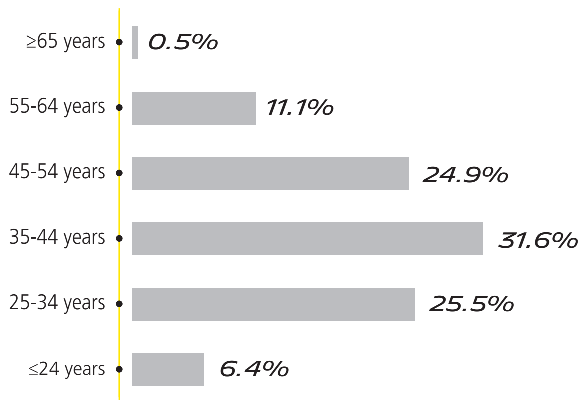
For the new skills development process to work, units and employees should be informed and advised about the talents and skills needed both immediately and over the next three to five years. This means accurately foreseeing both the emergence of new professions, jobs and skill-sets and the ways in which 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, Michelin implements a SWP process that consists of identifying the Group's skills and workforce needs over a five-year period and recommending action plans to address them with hiring, reskilling and upskilling solutions.

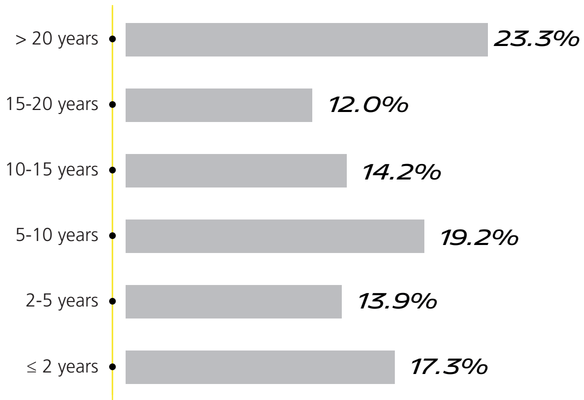
Led by the Competency Managers, the process is carried out in the form of a project in response to a specific problem posed, for example, by a new organization, significant changes in a job family or skill needs, or a strategic issue raised by the Group Executive Committee.

AGE PYRAMID[2]



(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.

SENIORITY[(1)]



Contract employees

The number of contract employees declined in 2023, to 2.5% of full-time equivalent employees, compared with 3.9% in 2022 and 4.1% in 2021.

Temp agency workers

The number of temp agency workers declined in 2023, to 1.09% 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 2023, each of the **nearly 10,643 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.

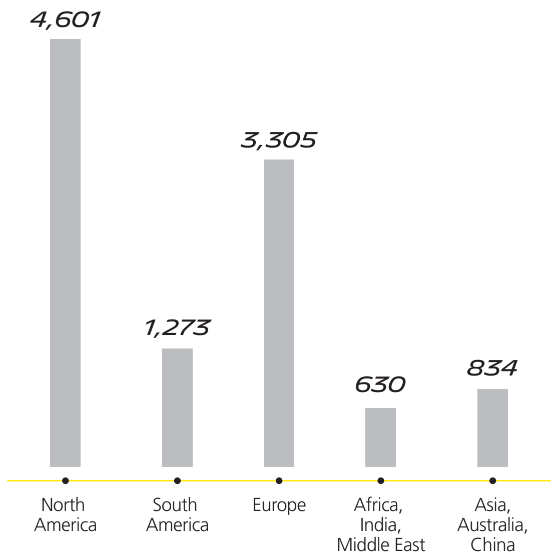
After two years of intense recruitment, in 2021 and 2022, hiring declined in 2023, primarily among production operators and in regions (North America, Central Europe and Asia) that had experienced periods of high turnover and/or ramp-up.

Michelin consistently prefers to promote from within. As of 2023, 68% of people in management have come up through the ranks and have been 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, 2023

NEW HIRES

New hires under permanent work contracts.



In all, **10,643** people were hired over the year, of whom **more than 29% were women**.

SEPARATIONS BY REASON

Separations in 2023	Resignation	Dismissal/ termination by mutual agreement	Retirement	Death	Total
Group	3,188	5,565	1,324	128	10,205

Scope: Employees under permanent work contracts, excluding the dealership networks and recently acquired companies.

The three main reasons for separation are dismissals and terminations, resignations and retirement.

In all, the Group's **attrition rate stood at 9.8%** for the year.

(1) Concerns all employees except Group managers and senior managers, InTouch classification.

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 are at the very heart of Michelin's Purpose and the Group strongly believes that successfully adapting to changes in the workplace depends on its ability to prepare employees for the jobs of tomorrow. This means continuously reassessing jobs and skills needs, while enhancing people's employability to sustain the Group's 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 73%[(2)].

In response to today's volatile, uncertain, complex and ambiguous world, Michelin has 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 the Group's host communities and improve talent retention with the promise: "We're here to help, but the journey is yours."

Manufacture des Talents campuses will eventually be set up in every operating region. The first, which opened in 2022, is a 2,500 sq.m space in Clermont-Ferrand, France that offers Michelin employees 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 2023 remained close to that of the prior year. Group employees completed **4.65 million hours of training during the year**.

The percentage of training hours per total hours worked came to an estimated **2.45%**, compared with 2.42% in 2022. The number of hours delivered online was stable, at nearly 820,000 over the year. With an **average of 41.6 hours of training per employee**, the **Group amply exceeds industry standards, in a clear commitment to investing in the employability and adaptability of all its employees.** The Learning & Development function comprises **1,055 full-time professionals**, of whom more than 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.
(2) Applies to all employees except production operators.

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 known as 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 42,000

jobs created with the support of Michelin Development, of which

31,000 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 2023 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 42,000 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 **31,000 jobs in France**.

Most of its activities involve spontaneous support for local jobs. In 2023, 85 agreements were signed engaging Michelin to support the creation of **984 jobs** in local companies, backed by the granting of around €2.5 million in loans and subsidies. In 2023, Michelin Development refocused on communities with the lowest employment rates, so that it could offer more impactful support to companies where it was most needed.

Over the year, a little under half of its financial commitments were dedicated to production plants being reorganized that were covered by a revitalization agreement. The closure of the La Roche-sur-Yon plant in late 2019 was supported by a revitalization agreement to create 613 jobs, of which 500 had been filled by the end of 2023.

During the year, the supported SOHOs and SMEs created jobs in a very wide variety of sectors, including:

- In the Cher region, several associations spearheading local inclusive labor market initiatives have joined together in a social solidarity consortium (GESS) to improve their performance by pooling their administrative, financial, training and management departments. Michelin Development is supporting the project by subsidizing the hiring of business, technical, quality and partnership managers capable of securing sustainable growth in the consortium's revenue from manufacturing and business services, which has risen by 15% a year since 2019, excluding the COVID period. This direct involvement in job creation is also helping to improve supply-demand alignment in the local job market, while lifting around a hundred people a year out of vulnerable situations.
- In the Morbihan region of Brittany, Michelin Development is working with the Acsomur association, as part of a zero long-term unemployment zone program (TZCLD), to support the start-up of an EBE social solidarity company focused on creating jobs in the city of Vannes. Approved by the French Ministry of Labor, the project is enabling people alienated from the workforce who live in the disadvantaged Ménimur neighborhood to gradually regain their confidence in a supportive environment.

- In addition to an existing agreement, Michelin Development and France Active Auvergne are leading a three-year trial program aimed at creating 180 jobs at a cost of €270,000. The program extends Michelin Development's reach and strengthens its contribution to economic growth by supporting projects that create at least five permanent jobs. In both the Puy-de-Dôme and Haute-Loire labor markets, the partners' shared commitment is to drive the emergence of new projects, foster entrepreneurship and consolidate and contribute to the creation of new jobs in the two regions. For Michelin Development, the partnership is a structural vector for enhancing the appeal of its host labor markets and maximizing its jobs impact.
- Michelin Development helped to create L'Abel Initiative, the first EBE in the Vosges region, by providing technical support and funding to the TZCLD association in Thaon-Vincey. In addition, Michelin Development signed a partnership agreement with L'Abel Initiative to subsidize the creation of the first 30 new jobs with a grant of €30,000. The new employees, based in three facilities, were offered a variety of jobs, such as shoe sorting, fabric cutting for industrial wipes and woodworking (carpentry, Christmas decorations, etc.).

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 18 jobs in four companies in 2023. Since 2004, Michelin Development has committed more than €8.7 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, *Fondazione Michelin Sviluppo* (FMS) was especially active in 2023 in forging and strengthening ties with local stakeholders, such as incubators and manufacturers associations. Its engagement, both as sponsor and/or jury member in specialized competitions, enabled it to showcase the start-ups in its portfolio. No new projects were approved during the year, but preparations were made for 2024.

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, facilities have been leased to 14 public and private-sector companies, with the creation of net 35 jobs bringing the total number of jobs on the site to 188. The objective remains to create as many jobs on site by 2030 as when tire production was terminated.

4.1.2.5 b) Participating harmoniously in local community life through our employees

Michelin is pursuing its 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.

The **Michelin Volunteers** program reflects the Group's commitment to encouraging volunteer work in community outreach initiatives, to foster engagement, pride and the development of new, non-job related skills. The **Group-wide target of 20% of employees involved in such initiatives in 2030 is closely tracked by a new reporting process**, based on an internal web platform whose easy access from any Michelin facility simplifies data acquisition and consolidation.

Participation again climbed sharply in 2023, with close to 19,700 employees engaging in voluntary initiatives in every region of the world. Compared with the nearly 10,900 participants in 2022, the strong upturn attests to employees' enthusiastic embrace of the revised policy. During the year, the main initiatives concerned health and community outreach (29% of projects) and education (26%), followed by environmental protection (12%), sports (9%), inclusion and culture (7% each).

In all, Michelin employees donated around **8,600 days** to projects in local communities around the world. Examples include:

- a road safety initiative in partnership with the Shanghai police in **China**, in which 200 Michelin employees volunteered to talk with and raise the consciousness of road users;
- training courses in a variety of skills, from management to sustainable development, for young farmers in southern Bahia, **Brazil**;
- regular food collection drives and meal-box distribution to people in need organized by employees in the **United States**;

- a project to renovate restrooms in a kindergarten and elementary school in **Thailand**'s Chonburi province;
- nature workshops in association with the Auvergne Regional Nature Conservancy (CENA) to preserve biodiversity in **France.**

In addition, €2.6 million was donated to local communities during the year, of which the majority was allocated to health and outreach projects.

4.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values

€10.8 MILLION

allocated in 2023 by the Michelin Foundation to

77 PROJECTS

In November 2023, the Michelin Corporate Foundation's mandate was renewed for another five years, in a reaffirmation of the Michelin Group's dedication to acting **as a good corporate citizen and its commitment to pursuing its philanthropic and outreach initiatives in regional and global communities.**

As part of the Group's corporate social responsibility, and in accordance with its purpose and values, the Foundation has defined a new strategic vision that will guide its actions in coming years and strengthen its positive impact for the common good. Areas of focus will include future-facing jobs, equal opportunity and inclusion, healthy living and eating, sustainable mobility, forest biodiversity, collaborative social models and regional development.

Already in 2023, a number of these Foundation-supported projects illustrated the new areas of action for the 2024-2028 period.

Future-facing jobs

The Viva Fabrica Foundation (under the aegis of FACE[1]) is creating and leading annual nationwide events to change perceptions and encourage the embrace and inclusion of all kinds of people in manufacturing professions. In 2023, 18,000 people, including 6,000 middle school students, visited these get-togethers.

Inclusion and equal opportunity

Libraries Without Borders is developing ***Bonjour France***, a new, free digital French language learning application designed specifically for refugees and immigrants. Ten new workplace health and safety training modules will be added to help Arabic-speakers to learn French quickly in ways that can be used immediately to enter the job market (note that there are four million native Arabic speakers in France).

CeCler is supporting the mobility of refugees as they enter the job market in the Auvergne-Rhône-Alpes region and managing mobility solutions to enable people to return to work in the rural areas of the Puy-de-Dôme region. The program hopes to offer appropriate mobility solutions to 50 people.

Healthy eating and living

ASM Omnisports' initiatives are fostering social inclusion for everyone through sports, while sharing best practices for a healthy, well-adjusted lifestyle. In one example, kitchen-truck cooking workshops held on October 18, 2023 at ASM Omnisports in partnership with the Les Insatiables (Groupe SOS) association gave some 60 budding young athletes a taste of a healthy, balanced diet.

Forest biodiversity

WWF Brazil is maintaining biodiversity in the Amazon rainforest by developing alternative deforestation-free business models for local communities. The social and environmental impact concerned 522 families or 2,600 people in 2023, when, in addition, a forest conservation reserve was extended to 1,380,000 hectares.

Regional development

Clermont Auvergne Opéra – On stage!: supporting the creation of an inclusive musical comedy involving around 15 amateur singers with various disabilities, to demonstrate that talent knows no handicap. The five performances in the Auvergne region in June 2023 were a huge success, with 1,535 spectators and the production of a documentary by Centre France entitled "*En scène, dans les coulisses du spectacle*."

These projects are described on the Foundation's website, fondation.michelin.com/en/

(1) FACE is a French state-approved umbrella charity that brings together public, private-sector and associative stakeholders to combat exclusion, discrimination and poverty.

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: building a new production plant, production plants in operation, closing a production plant and buying and managing rubber tree plantations. Key principles include 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 document was prepared with input from a variety of stakeholders, including WWF France.

One outcome is that new plant construction projects now include local community impact studies, covering such areas as access to land, respect for the community's cultural heritage and free, prior and informed consent of communities. 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, including low-carbon mobility for people and goods, requires systemic change at every level of society. The challenges are collective by nature, involving international institutions, national and local public decision-makers, civil society and the private sector. This is why 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 operating efficiency, protecting people's health and safety and ensuring universal access[1].

In 2023, 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.
- Michelin 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, as the industry's focal point for the UNFCCC[2], tasked with organizing the participation of non-state transportation stakeholders in successive COPs. Over the years, SLOCAT has become one of the Group's leading partners in the international arena.

In 2023, Michelin further raised its global profile in sustainable mobility issues, with invitations to speak at a number of headline international events during the year, such as the annual Transforming Transportation Summit organized by the World Bank and the 2023 International Transport Forum in May, where the Group participated in a round-table on the transportation industry and the circular economy. At the COP28 Conference in Dubai in late November and early December, Michelin was represented through SLOCAT and other partners. The Group supported the #FossilFreeTransport initiative[3] and participated in a United Nations Global Compact France Network Round Table on the contribution of Compact member companies to climate change.

In 2017, Michelin created the Movin'On ecosystem, which it leads alongside around 30 member companies bringing together more than 300 public and private stakeholders.

Movin'On is the world's leading international platform for business-led, multimodal, cross-sectoral, ecosystem-driven innovation. It is dedicated to enabling the emergence of real-world solutions and fostering the behavioral changes that support the sustainable mobility the planet needs.

(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.
(3) A call to double the share of energy efficient, fossil-free forms of land transport for people and goods by 2030, by focusing on shifts to public transport, walking, cycling and rail freight, as well as electric vehicles and railways.

Throughout the year, the Movin'On ecosystem reviews sustainable mobility issues and organizes physical and online events to move its projects forward. In 2023, Movin'On represented:

- the collective contribution of 15 Communities of Interest to the most urgent sustainable mobility issues;
- the creation of the Movin'On Leadership Day in Brussels, a catalyst for engagement among the ecosystem's more than 180 members;
- the organization of four Movin'On Impact events, attended by more than 600 people in Montreal, Paris, Antwerp and Broward County, Florida;
- the "Movin'On Inside" talk show dedicated to sustainable mobility, whose three episodes were watched by more than 150,000 people;
- the release of nine new episodes of Mobility Stories, the sustainable mobility podcast channel, bringing the total to 29.

About Movin'On Communities of Interest

Communities of Interest are working groups that bring together several ecosystem stakeholders. They investigate a common chosen sustainable mobility topic, develop a shared vision and experiment new mobility solutions together.

To find out more, please visit the Movin'On Connect website at https://www.movinonconnect.com/

4.1.3 Employee and contractor health, safety and security

Risks related to the health and safety of employees and contractors

Michelin directly employs more than 132,400 people worldwide and also uses temporary employment agencies and subcontractors. These people work in a very wide variety of environments, both in industrial facilities – where they use machines and equipment ranging from manual to automated, depending on the type of product manufactured and the model of the machines – and 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 affect the health, well-being and sometimes 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:

- **Corporate Departments:** Planning, Prevention and Protection, Internal Audit, Risk Management, Internal Control and Quality, Legal Affairs and Sustainable Development and Impact;
- **Operational Departments**: Manufacturing and Supply Chain;
- **Business Lines:** High-Tech Materials and Distribution.

The Governance body meets twice a year. 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 2023 **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 healthcare 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."

This definition underscores that the concept of health now exceeds the simple absence of any disorders and that physical, mental and social factors play an important role in fostering a state of well-being. In particular, mental health is increasingly becoming an area of concern.

The initiatives undertaken worldwide in alignment with the Health, Safety and Quality of Worklife Policy are designed to nurture a general sense of well-being across the Group.

4.1.3.2 a) Systematically monitoring employee health, to prevent and manage occupational illnesses

A majority of employees are under the care of an occupational physician, in accordance with local legislation. **Medical check-ups** are offered to expatriate employees before and during their expatriation.

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 against chemical risks, employees systematically wear personal protective equipment at workstations deemed at risk[(1)].

A documentary watch is in place to track changes in product knowledge, potential hazards and classifications and to upgrade protection plans accordingly.

4.1.3.2 b) Safeguarding health and ability to work

To 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 managing 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;
- paying particular attention to work-from-home arrangements, which are becoming increasingly prevalent;
- more closely monitoring for any signs of mental health issues.

(1) See section 4.1.3.2 d) Improving production workstation ergonomics.

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 of 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 identify and prioritize components to be replaced and phased out;
   - install and use collective protective equipment and facilities, (containment processes, hoods, extractors). Such 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 applicable regulatory standards and identified risks. Employees assigned to exposed workstations are monitored as necessary 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 product data sheets 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.

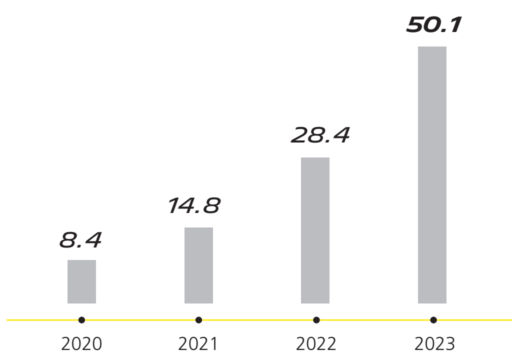
Their prevention is taken into account at the design stage of every industrial project, so as to attenuate any potentially negative impact on working conditions over the medium and long term.

The production facilities and logistics hubs plot and regularly update their workstation maps to identify action priorities and put in place tailored solutions.

Issues related to ergonomics and working conditions are addressed across the business base every year with a dedicated capital budget, which has increased sharply in recent years. Further progress demands greater investment as improvements become increasingly complex and technical in nature.

CAPITAL EXPENDITURE DEDICATED TO ERGONOMIC PROJECTS

(€m)



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, with a positive impact on workplace accidents.

This avenue to improvement is being explored with studies and trials, in particular to analyze more precisely a workstation's cognitive load, in addition to the current focus on a station's physical load.

4.1.3.3 Assessing and preventing workplace safety and security risks

SDG 8.8

In its **Health and Safety Statement,** Michelin affirms that *"Each person must be responsible for their own health and safety, as well as the health and safety of others, by striving every day to improve everyone's health and safety through their behavior and active contribution."* 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 2023: 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 at a time of intensifying international crises

Business travelers

To guarantee the security and safety of the Group's business travelers, the Corporate Planning, Prevention and Protection Department (DCAPP) primarily uses an online platform, managed by an international service provider[3] and connected to the Group's travel agency, where employees are required to book their tickets and hotels. The site informs travelers of potential risks, offers health, safety and security guidelines, alerts them in the event of an incident and validates that they meet the conditions for approved travel to at-risk countries. Any travel to an at-risk country must be approved by the security department, the regional manager or the head of the DCAPP, depending on the destination's level of risk.

(1) *Except in units not yet fully integrated into the system.*
(2) *Who responded to the "Moving Forward Together" survey.*
(3) *Canada-based GardaWorld, one of the world's leading providers of security solutions.*

To this end, the corporate Security Department maintains and distributes, through the DCAPP and Travel Managers portals on the intranet and other channels, a risk map with countries plotted according to four levels of risk. This means that the international situation is being constantly monitored by the DCAPP and its international network, which are committed to protecting employees and supporting decision-making across the Group.

This process has become even more important with the conflict in Ukraine and the war between Hamas and Israel.

Expatriates

These same risk prevention principles apply to the safety of expatriate employees and their families. People assigned to at-risk countries receive security training prior to departure. Expatriates are also tracked by the Group's online security platform.

Group events

In 2023, at a time of heightened tensions stemming in particular from the involvement of civil society in environmental issues, the DCAPP assisted organizers of major Group events in foreseeing and mitigating risks. This was notably the case for the Group's Annual Shareholders Meeting and the increasing number of high-profile MICHELIN Guide media events that were held in France and abroad throughout the year.

4.1.3.3 c) Measuring and tracking occupational accidents

In 2023, 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.

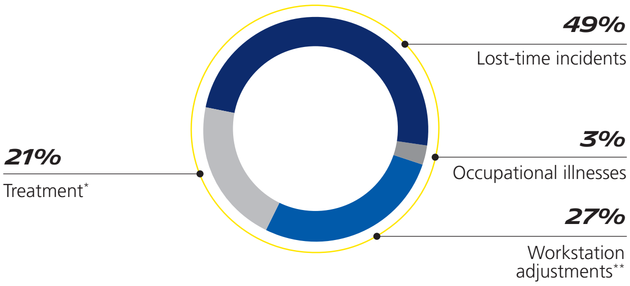
During the year, the scope of reporting workplace accidents was extended to temporary agency workers in the distribution operations and to employees of Fenner and other recently acquired companies. In 2024, newly acquired companies will continue to be added to the scope in phase with their integration schedule, but they are not expected to have a material impact.

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.

Despite the additions of Fenner and temp agency workers in the distribution operations to the scope of reporting, which increased incident rates, the 2023 outcomes confirmed that after the upturn observed in 2022, the pace of improvement remains in line with the Group's objective.

In 2023, consolidated TCIR[1] improved to 1.01 from 1.07 the year before. Technical and behavioral prevention initiatives in the production plants reduced the number of recordable incidents by more than 10% over the year. The distribution operations, through the Euromaster business, were also a major source of progress, with a 7% improvement in their aggregate TCIR.

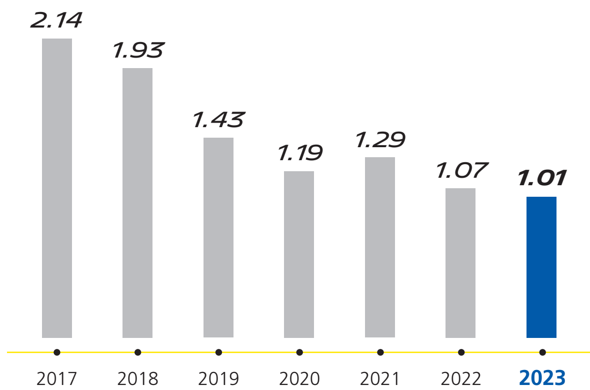
ANALYSIS OF 2023 CONSOLIDATED TCIR



* *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 0.5 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, with each incident reported directly to the members of the Group Executive Committee. 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 number of these accidents is **steadily falling, with a significant reduction in 2023.**

(1) Total Case Incident Rate: the number of accidents and cases of occupational illness recorded per 200,000 hours worked.

Every month, a TA+ accident case study is presented in detail to the Group Executive Committee, with an analysis of the causes and the deployment of an action plan to attenuate the risk of the same type of accident occurring in the future.

In 2023, the Michelin community was saddened by two fatal accidents, one in North America, in one of CAMSO Solideal's dealerships in Florida, and the other in a traffic accident in Northern Europe, in the course of our sales and marketing activities.

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

Adjusting office work schedules

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

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.

2.4% of employees opted to work part-time in 2023.

PART-TIME EMPLOYEES BY GENDER

	Women		Men		Total	
	2023	2022	2023	2022	2023	2022
Production operators	5.3%	4.8%	2%	2.2%	2.5%	2.5%
Administrative and technical staff and supervisors	5.8%	5.8%	1.1%	1.2%	2.6%	2.6%
Management staff	4.8%	5.0%	1%	0.9%	2.1%	2.0%
GROUP TOTAL	**5.5%**	**5.3%**	**1.7%**	**1.8%**	**2.4%**	**2.5%**

(1) See section 4.1.2.3 g) An assertive social dialogue process.

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 was relatively stable in 2023, at 78%**.

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.

To track it, a new "**Balance Index**" indicator has been developed, corresponding to three questions in the Moving Forward Together survey[(1)].

The Group hopes to use this new metric to manage attrition, improve engagement and enhance employee well-being.

In 2023, the Balance Index stood at 73 points, a two-point improvement on 2022.

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. Certain individual reassignments are helping to offset the impact of psychosocial risks.

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.

(1) The organization is taking appropriate steps to help employees stay physically & mentally healthy; I experience manageable levels of stress and tension; Work allows adequate work-life balance.

4.1.4 Ethics and compliance

Michelin is formally committed to respecting ethical standards and fighting corruption.

The Group has a dedicated organization in place 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 Impact and Sustainable Development 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.

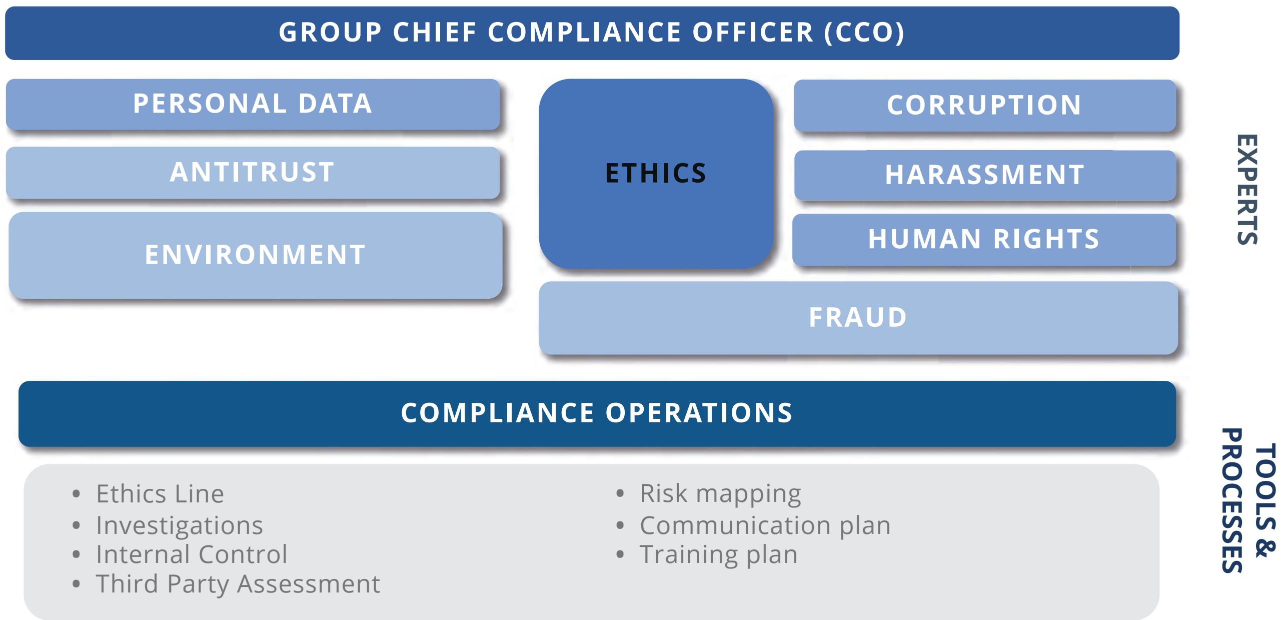
The Ethics Committee meets at least four times a year, with the remit to:

- 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 Compliance Officers. The Compliance network is tasked with instilling the values and principles of the Code of Ethics, deploying training initiatives and ensuring proper application of the procedures. Regular meetings are organized with local Compliance Officers to ensure that the regional organizations are widely and effectively deploying compliance programs and sharing best practices.

Since 2021, a **Chief Compliance Officer (CCO)** has been 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.

As part of the Corporate Legal Department, the CCO heads a multi-disciplinary Compliance Support Group (CSG) made up of experts in various ethics and compliance issues and a number of operations compliance officers. It is 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 & impact, 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 practice 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://ethique.michelin.com/en/). 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 are being steadily stepped up across the organization, with the number of audits rising by 20% in 2023 after increasing by 55% in 2022.

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 the following traditional channels:

ALERT MECHANISM STAKEHOLDERS

All reports are consolidated in the Group's alert hotline and regularly presented to the Corporate Ethics Committee and the Group Management Committee.

In 2023, the Group issued a new Group Whistleblowing Procedure, which provides a transparent, detailed description of the people involved in the whistleblowing system and how alerts are collected and processed.

The Procedure is available in 20 languages to all employees and external stakeholders on the Corporate website, the Code of Ethics website (https://ethique.michelin.com) and the Ethics Hotline website. The following chart summarizes the key stages in processing a whistleblowing report.

MAIN STEPS FOR PROCESSING AN **ALERT**

ALERT SENT	ALERT RECEIVED	INVESTIGATOR APPOINTMENT	INVESTIGATION REPORT	COMMITTEE DECISION	6 MONTHS > 1 YEAR LATER
Whistleblowers will be informed that their Alert has been received within seven (7) days in the form of a receipt.	Alerts will be analyzed for admissibility based on the information received from the Whistleblower.	Investigations are done for admissible Alerts, to check whether the allegations are true, based on factual information (interviews, witnesses' statements, forensic analysis)	The investigations' conclusions are presented to the competent Ethics Committee which will decide on the necessary measures to implement.	The Whistleblower, the implicated person and anyone who participated in the Alert's processing are informed that the investigation has been closed.	The situation is monitored after closure to ensure that there is no retaliation and that the corrective measures are implemented.
↓	↓	↓	↓	↓	↓
RECEIPT	**ADMISSIBILITY**	**INVESTIGATION**	**DECISION**	**CLOSING**	**FOLLOW UP OF MEASURES AND NO RETALIATION**

ALERT MECHANISM STAKEHOLDERS

Possible infringements or violations of Michelin's values, applicable legislation or the Code of Ethics may be reported through a variety of internal whistleblowing channels:

- the Ethics Hotline (by telephone or online),
- a direct or other manager,
- the occupational prevention and health office,
- an employee representative,
- the Legal Affairs Department,
- the Personnel Department,
- the Planning, Prevention and Protection Department,
- the Ethics Correspondent or Regional Compliance Officer.

Reports are analyzed and processed by authorized personnel in accordance with the Group Whistleblowing Procedure and the Group-wide internal investigation procedure defined by the Corporate Legal Department and the Corporate Planning, Prevention and Protection Department.

Based on the reported information, the regional Ethics Committees concerned decide if the alert is admissible and if it warrants an internal investigation. If the investigation substantiates the alleged violations, the Committees define and deploy action plans with remedial measures and/or disciplinary sanctions up to and including dismissal.

In 2023, a total of 2,233 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.

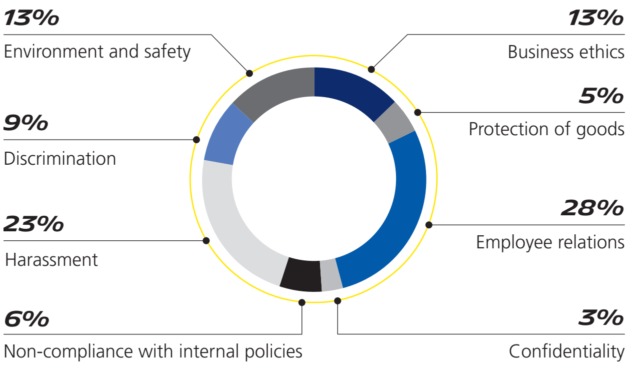
The figure corresponds to the total consolidated number of reports received directly on the Ethics Hotline or through traditional whistleblowing channels.

Of the 1,472 processed reports, 34% turned out to be unfounded, 8% lacked sufficient information for an investigation to be launched and 56% resulted in remedial and disciplinary measures including **dismissals.**

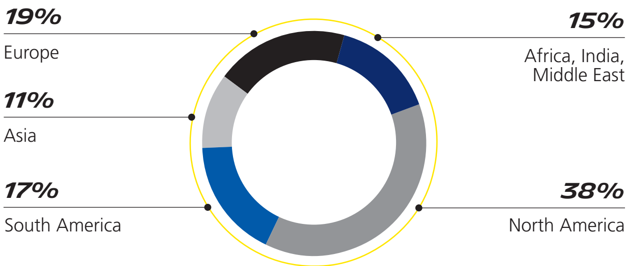
Of the total, 2% were duplicates. Among the cases resulting in remedial and disciplinary action, some concerned situations where non-compliance was not substantiated, but which were still addressed with measures to improve control procedures or internal processes.

(1) Total consolidated number of reports received directly on the ethics hotline or through traditional reporting channels.

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 Code of Ethics, first issued in 2021 and now being updated, 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) and addressing ESG aspects in due diligence audits;
- 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.

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, 2023, more than 39,000 Michelin Group employees had completed the course, **representing 98%** of the target, a full six points higher than in 2022.

4.1.4.1 c) Taking a firm stand against fraud

Consistent with its ethical values, Michelin condemns and assertively **combats any form of fraud** throughout the Group. This commitment is enshrined in the Code of Ethics and, since 2023, in a new version of the internal fraud risk management procedure.

This procedure describes the mechanisms for preventing, detecting and dealing with suspected fraud and specifies the compulsory process for tracking the action plans undertaken in response to substantiated fraud. It also describes the governance system in place to manage fraud risk.

The procedure was deployed Group-wide in 2023.

4.1.4.1 d) 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, using classroom training courses to help foster a strong culture of competition law compliance across the Group.

Updated in 2023, the Program is based on a risk map, plotted with the support of an outside provider, and covers:

- competition law procedures and guidelines, some general and others specific to certain issues;
- tracking the business contracts listed in dedicated databases;
- managing sensitive information flows, arising in particular from the Group's vertical integration in both production and distribution;
- awareness-building initiatives and classroom and e-learning courses for employees in the most exposed jobs, particularly in sales or in positions that have an impact on the Group's market behavior;
- deployment tracking procedures;
- specific internal control procedures;
- internal audits.

The ACP Program is led by the **Group Competition Officer** and deployed in the operating regions by a network of experts in the Regional Legal Affairs Departments. Each expert is tasked with ensuring the program's effective deployment in his or her remit across every Group unit, in accordance with the risk ownership principle.

The Program contains a "tone at the top" message from the Managers urging employees to ensure compliance, which is shared with participants during the training sessions.

As from 2024, deployment of the ACP Program will be reported to the Group Ethics Committee.

4.1.4.1 e) 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)[1], the US Foreign Corrupt Practices Act (CCPA)[2], and Brazil's General Data Protection Law (LGPD)[3], as well as the Group's own internal privacy policies.

The Group encourages every subsidiary, regardless of location, to apply these same personal data protection principles. Employees are informed of these principles, in accordance with the Group protection of personal data directive. In addition, the Group 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 user data has 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 f) 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) PIPL: Personal Information Protection Law.
(2) CCPA: California Consumer Privacy Act.
(3) LGPD: Lei Geral de Proteção de Dados Pessoais.

A recurring effective tax rate of close to 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.

To ensure the consistent deployment of key tax policy measures, in 2023, the Group created the position of Executive Vice President, Tax Governance, who during this first year primarily focused on:

- reminding everyone to comply with best tax practices consistently across the Group;
- helping to improve the security of worldwide intra-Group transactions, in particular by deploying the transfer pricing policy.

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.

In line with its new obligations, the Group is deploying and tracking compliance with the global minimum taxation rules issued by the OECD's Pillar Two initiative.

Lastly, in addition to these tax evasion mitigation measures, the Group is preparing a **tax transparency report** for publication in 2024, which will make its tax-related information even more accessible by presenting its worldwide tax position with respect to 2023.

4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies

SDG 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.

At around €16 billion in 2023, 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;
- the climate change impact of our suppliers[(1)];
- impact of our raw materials on the environment;
- non-compliance with the Supplier Relations Code of Conduct.

(1) *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, covering 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:

Michelin Purchasing Principles	Issued in 2012 and revamped in 2020 Specify the Group's environmental, social and ethical standards and expected performance Included in every Group procurement contract and the general terms and conditions of purchase
Supplier Relations Code of Conduct	Issued in 2021 Concerns all Group employees involved in supplier relations An integral part of the Group's Code of Ethics
Sustainable Natural Rubber Policy	See section 4.1.4.3.c

A global organization

The Group has around 40,000 suppliers located on every continent, while the Purchasing Department has some 770 employees based around the world.

The Purchasing Department is structured around four procurement categories:

- RAW MATERIALS
- NATURAL RUBBER
- INDUSTRY AND ENERGY
- SERVICES

It is seamlessly integrated into the Group's CSR Governance system. 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, climate change, 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. **The label was renewed in 2023.**

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 2023, Michelin was awarded **a score of 80/100 in " Responsible Purchasing ", for the sixth year running, ranking the Group among the top 1% of suppliers rated in the "Manufacture of Rubber Products" category.**

Concerning the specific issue of climate change, in 2023, for the fourth year in a row, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing carbon emissions with a CDP Supplier Engagement Leader award.

The award attests to the dedicated commitment to responsible procurement practices of all the Group's purchasing teams and their internal partners.

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. The exercise also identified the countries with high **environmental and human rights risks**, based on third-party databases.

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 over 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

In all, 72% of the Group's purchase spend is covered, and specifically:

By purchase category

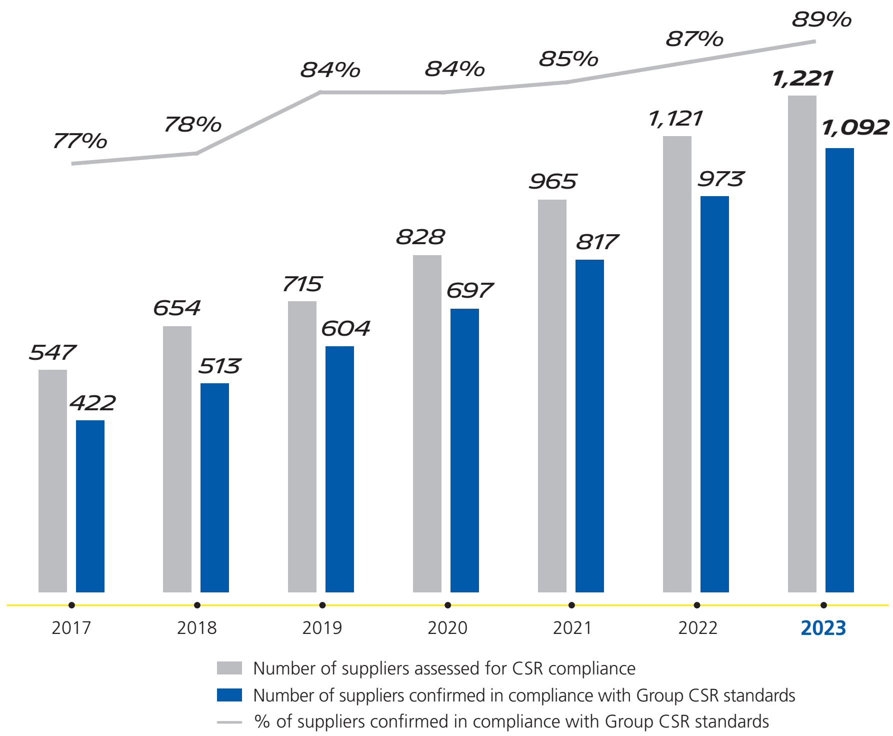
- 96% of natural rubber procurement
- 92% of other raw materials procurement
- around 95%[2] of raw materials sourced from countries posing environmental or human rights risks.

In 2021 and 2022 respectively, **Camso and Multistrada** began to perform CSR assessments of their most at-risk suppliers. The process was extended to **Fenner** suppliers in 2023.

Every year, desktop reviews are performed in additional risk categories, with a focus on those identified during the mapping phase.

(1) For more information, see the Duty of Care Plan.
(2) Based on an estimate for 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 2023, for example, of the 1,041 suppliers with an assessment track record, 66% had improved and 15% had maintained their score. Lastly, of the suppliers whose low scores in previous assessments had prevented them from being "confirmed" as compliant with Michelin standards, 64% 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 concerned 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.

A simplified questionnaire

A quick, simplified 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.

Following an ESQF, Michelin auditors assign a separate score for compliance with the Purchasing Principles. Where the score is less than 80%, the supplier is required to take the identified corrective measures and improve overall performance with a continuous improvement process. The initial score is then reassessed in light of the actions implemented by the supplier.

Note: a dedicated CSR assessment and risk mapping exercise has been deployed for natural rubber suppliers (see section 4.1.1.3 a).

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. A series of **15 online modules focused on responsible purchasing practices** ensures that high-quality training is available at any time for teams around the world. In 2023, the mandatory modules for buyers were taken by more than 70 people worldwide.

Supplier training

A dedicated supplier training module covering CSR fundamentals and desktop review practices has been developed to supplement the training available to suppliers on the EcoVadis platform (EcoVadis Academy) and on the CDP platform. 248 suppliers have completed at least one EcoVadis Academy module since 2021.

Addressing CSR issues in appropriate purchasing processes

The Group's procurement strategy pays particular attention to CSR issues in the case of certain high-risk categories, which can result in purchases being consolidated and sourced from certain 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.

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[1] for all types of raw materials, 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/Incrementing 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 section 2.1, risk 5 - Supply chain.
(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

Supplier CSR assessments include a dedicated indicator 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 **91%** at year-end 2023.

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.

Around twenty raw materials suppliers are concerned by this process.

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 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. **As of end-2023, 90% of the Purchasing organization**[1] had been trained. 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 (POT[2], 91.9% worldwide in 2023), 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.

(1) Percentage of Purchasing employees in contact with suppliers and with more than three months on the job.
(2) POT: Payment On Time.

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 2017-2023 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.

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 over 85% of the world's output on small farms generally covering less than four hectares.

In 2023, for the second year running, Michelin was ranked No. 1 in the tiremaker category by SPOTT, a natural rubber ESG disclosure platform, with a score of 80% (No. 2 in the general natural rubber category). The score demonstrates that Michelin **leads the global tire 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 4.1.2.5 a).

Sustainable natural rubber policy

In 2015, 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.

(1) The Global Platform for Sustainable Natural Rubber (GPSNR).
(2) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.

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 2023, reviews covered the vast majority of our natural rubber suppliers and the CSR maturity of suppliers representing 94% of total spend was confirmed as compliant with Michelin standards[1].

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 at least once every two years. 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.

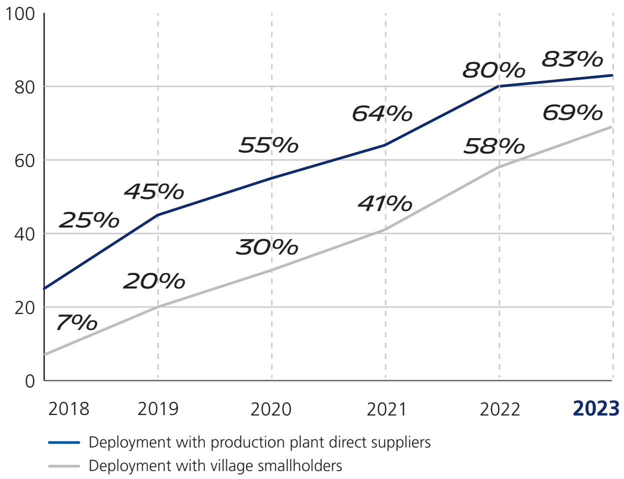
Developed in 2017, the RubberWay® risk-mapping system uses a mobile app to map environmental and social risks in the natural rubber supply chain. Supply chain stakeholders, including raw rubber processing plants, brokers, large plantations and smallholders, are asked to respond to a questionnaire about 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.

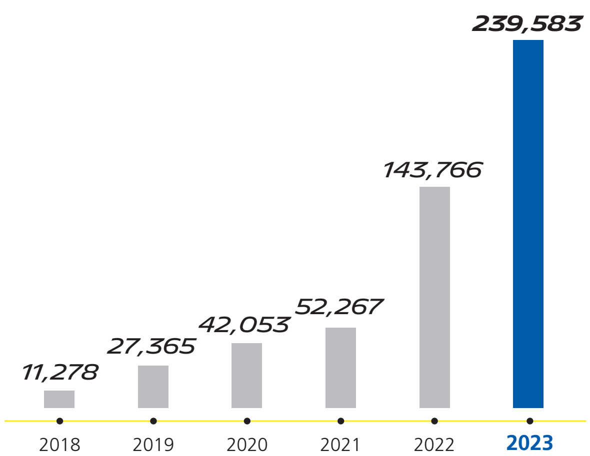
(1) This corresponds to 98% of the spending covered by the reviews (see section 4.1.1.3 b).

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. By 2023, five tiremakers were using the RubberWay® system, helping to drive faster take-up of sustainable practices across the natural rubber industry.

SOURCED RUBBER VOLUMES COVERED BY THE RUBBERWAY® APPLICATION



NUMBER OF RUBBERWAY® QUESTIONNAIRES COMPLETED BY VILLAGE SMALLHOLDERS (CUMULATIVE)



The app is currently deployed in Indonesia, Thailand, Malaysia, Vietnam, Côte d'Ivoire, Ghana, Guinea, Nigeria, Liberia and Brazil. **A total of 239,583 questionnaires had been completed by the end of 2023.**

Michelin requests that suppliers initially deploy the RubberWay® app in their production facilities and with their own direct suppliers. In this way, **83% of sourced natural rubber volumes were mapped** in 2023.

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 2023, this minimum representativeness had been reached for 69% 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[1].

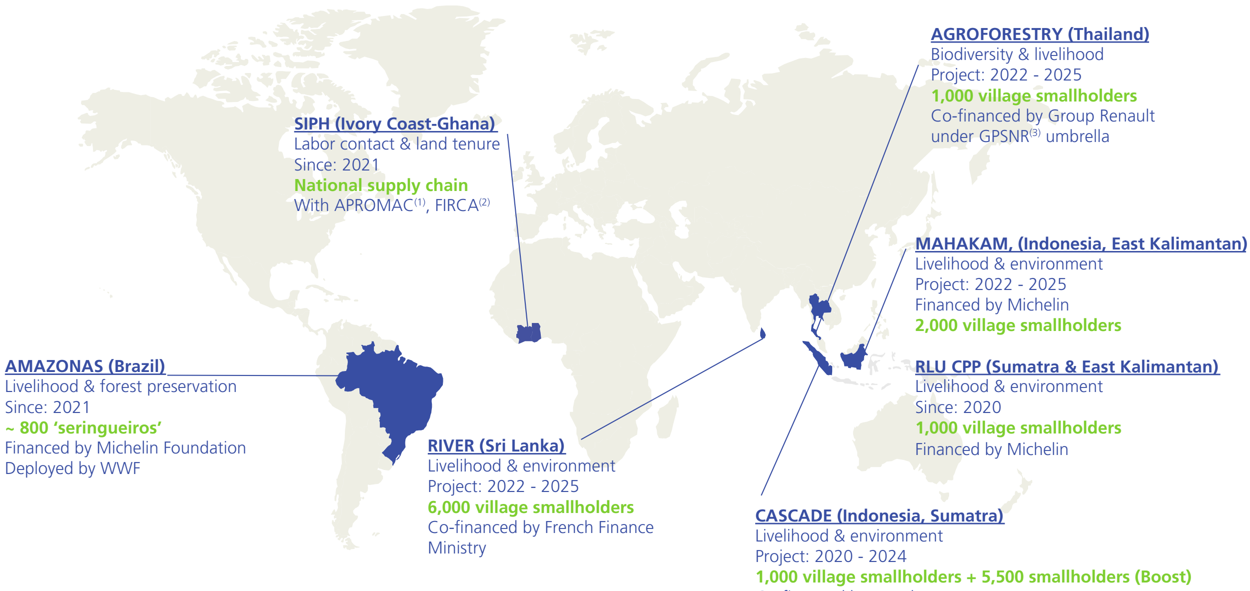
Michelin is tracking the specific risks of deforestation in its smallholder supply sheds using a dedicated assessment tool developed in association with the WWF. In 2021, a preliminary analysis was conducted, covering the main sourcing countries. Initially, the tool analyzes the environmentally sensitive areas around each natural rubber processing plant, based on a uniform radius. The factories are then prioritized, based on the risk found, for a detailed mapping of the supply chain. In 2022, eight plants and action plans were identified based on the results of this second analysis phase. In 2023, Michelin took this commitment to the next level by working with its natural rubber network and suppliers to geolocate all the smallholder rubber farms across its supply chain, in line with the new European Union Regulation of Deforestation-free Products. These farms were then assessed to confirm their compliance with both Michelin commitments and deforestation legislation. Wide-scale deployment and systematic assessment of deforestation-free operations are now underway.

The Group is engaging with suppliers in combating deforestation, in particular by seeking opportunities to directly address the risks in priority geographies.

(1) *https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.*

Frontline initiatives

MICHELIN COMMITMENTS TO DEVELOP A MORE SUSTAINABLE NATURAL RUBBER SUPPLY CHAIN
Target to develop capacity building for 30,000 smallholders by 2030



(1) *Association des Professionnels du Caoutchouc Naturel de Côte d'Ivoire*
(2) *Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles*
(3) Global Platform for Sustainable Natural Rubber

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 multi-stakeholder Global Platform for Sustainable Natural Rubber (GPSNR).

It is now leading improvements in the environmental and socio-economic 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 2023, it participated in six GPSNR working groups: Transparent Reporting Task Force, Assurance Model, Strategy and Objectives, Smallholder Representation, Capacity Building, Shared Responsibility and Risk Assessment.

For more information, please visit www.gpsnr.org.

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 the four themes of 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.

(1) *https://purchasing.michelin.com/en/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[1].

Michelin Quality

Throughout Michelin's history, the attention that the women and the men of the Company have paid to the needs of its customers and to the quality of its products and services has fostered confidence in the MICHELIN Brand and nurtured the Group's performance. Quality remains critical to the safety of products and services and to their compliance with applicable requirements.

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.

"*Together, through the contribution of each employee and our commitment to continual improvement of our Quality Management System, we strive every day to guarantee the core promises we make to our Customers and Stakeholders.*" [2]

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.

The Quality Process

Known as the Customer Promise Guarantee, the Michelin Quality Process 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.

(1) *See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 12: Product safety.*
(2) *Excerpt from Michelin's Quality Statement.*

These six steps could not be implemented without the foundation underpinning the Customer Promise Guarantee:

- management's unflagging commitment;
- a special focus on the employee experience;
- skills;
- standards;
- reliable data and indicators.

CLOSE UP: "We fulfill our commitments in implementing our solutions"

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.

100%

of Michelin tire manufacturing plants and support processes have been certified to

ISO 9001: 2015 STANDARDS

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.

In addition, the Group conducts internal and external assessments to guarantee the quality specified by certain OEM customers, such as VDA 6.3, FORD Q1, GM QPR.

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 for its products and ensure their long-term conformity of production (CoP). In 2023, for example, the Group performed several thousand regulatory tests, representing a run-time of more than 220,000 hours.

Annual CoP control plans addressing all the regulations in force in the markets served by the Group[3] are prepared for each production unit[3]. 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 1,500,000[4] hours of safety testing are conducted every year[5] 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.**

(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) 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.
(4) Actual hours of testing in 2023.
(5) Including safety tests requested by our OEM customers.

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.

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 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.

CLOSE-UP "We detect shortfalls and respond quickly"

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 2023, across the entire Group, all its brands and all its tire products, five voluntary recalls were issued, concerning 622,460 products of the total 200 million or so manufactured every year by the Group [SASB TR-AP-250a.1].

These recalls applied to:

- 98 passenger car tires, which were recalled in March 2023 in support of a car manufacturer. Under certain specific/extreme conditions of use, a manufacturing issue may have resulted in a loss of pressure.
- 365 passenger car tires sold primarily in Europe, which were recalled in April 2023 in association with a car manufacturer. The component used for the tread does not meet our internal specifications and could lead to a potential problem with the vehicle handling and/or longer braking distance, mainly on wet surfaces.
- 619,716 Agilis CrossClimate C-Metric tires which were recalled in April 2023 in North America. These tires are marked with the three peak mountain snowflake symbol but do not meet the test requirements for traction in severe snow conditions.
- 1,829 passenger car tires, which were recalled in July 2023 in South-east Asia and Mexico. These products do not meet our internal specifications. Balancing difficulties and vibrations may alert the user, but a rapid loss of pressure cannot be totally ruled out under certain sustained and prolonged conditions of use.
- 452 tires fitted on vintage cars in North America, as an extension of the recall already launched end of 2022 due to the absence of "DOT" letters on the sidewall markings.

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.

6 We measure the satisfaction of our Customers.

CLOSE-UP "We measure customer satisfaction"

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.

Since 2020, the Group has been tracking the Partner NPS, a composite metric that is the weighted average of the OEMs and dealers macro-clusters.

In addition, the new End Customer NPS indicator will be deployed in 2024.

OUR OBJECTIVE:

The Group is committed to increasing the Partner NPS by ten points by 2023 compared to 2020.

In 2023, the score improved by 1.1 points to 42.7, with gains among both OEM and dealer customers.

The quality of the Group's products and its brand identity are clearly esteemed. On the downside, some customers commented negatively on certain price increases or expected improvements in the supply and delivery chains, although in the latter case, the comments improved over the year.

In addition, in 2023, customers and independent rating agencies continued to recognize the commitment of the Group and all its employees to improving their experience. The Group received a wide array of awards and distinctions.

For the 20th year in a row, 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.

Our OEM customers also recognized our excellent relations with a number of awards, including the Supplier Excellence Award from Caterpillar; a Masters of Quality Award from Daimler Truck; the Best Supplier Award from Jiangxi Copper Group for the fifth straight year; the 2024 Competitive Tire Partners Award from BMW AG; and the 2023-2025 Preferred Partner Award by Mercedes Benz China.

For the fourth year running, its Customer Call Centers were named Best Customer Service of the Year in the tire manufacturer category in its 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.

In 2023, as proposed by the tire industry, even higher rolling resistance and wet grip standards were approved by the UN for application over the 2024-2026 period.

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 in 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. The "3PMSF snow" and "ice" logos are now displayed on the label and technical information is registered in the publicly accessible EPREL database. Published in 2020, this labeling regulation has been in effect since 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 2023, 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].

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 proposed including a metric in the R154 and WLTP regulations measuring actual emissions with very low rolling resistance tires. Its proposal was accepted in the latest UNECE regulation on October 8, 2022. This approach encourages transparency by suppliers and technical competition to reduce rolling resistance and, with it, carbon 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]

In December 2023, the European Parliament and Council reached a provisional agreement on the Euro VII regulation.

As part of the regulation's development, since April 2022, Michelin has been an active member of a UN working group formed to define a suitable method of measuring abrasion performance in passenger tires and setting acceptable abrasion limits.

The introduction of Euro VII standards, which are designed to reduce gaseous, particulate and solid pollutant emissions, and the ensuing sale of compliant vehicles will have a direct impact on tires. Compared with current Euro VI standards, Euro VII will be extended to wear particle emissions from brakes and tires. These tire road wear particles (TRWPs) are the physical result of abrasion from a tire's grip on the road. A method to measure such abrasion is currently being developed by the UN's Working Party on Noise and Tyres, which proposes to measure tire weight loss per kilometer traveled and per tonne of load on the tire. Once this method is available, the Euro VII working group will define minimum abrasion standards. Tires may be sold in Europe only if they meet this minimum standard after measurement and homologation.

Michelin supports this approach, which will help to reduce the quantity of particles in the environment.

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. France introduced such markings in March 2017, followed by Sweden in 2019.

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 strategy 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 use of RFID tags to connect tires and develop new services

Embedding RFID tags into every tire means that each one can be electronically identified across its entire life cycle. Moreover, associating data with each of these unique IDs is driving the emergence of new connected services capable of increasing efficiency, enhancing the user experience and supporting more sustainable mobility. In its commitment to connecting tires, Michelin is actively encouraging the widespread take-up of RFID technology. In this way, it has made a major contribution to the definition of international ISO standards and the introduction of standardized access to tire data. Through a licensing program, Michelin is facilitating access to its intellectual property concerning RFID tags and embedding processes. Through its ecosystem, Michelin is supporting its customers in using RFID and feels that its approach will play a role in the gradual introduction of Europe's Digital Product Passport.

An active private-sector stakeholder in safe mobility partnerships

Safety has been part of Michelin's culture for 130 years. This is why safe mobility is a priority for the Group, whose initiatives are aligned with the general thrust of the second Decade of Action for 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 1.2 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. The Group is taking a multi-faceted partnership approach, combining collaborative programs with multilateral institutions and non-governmental organizations (NGOs), which are critical local stakeholders, and businesses.

In 2023, Michelin pursued its commitments to global organizations acting under the aegis of the United Nations, including the **SUM4ALL initiative**, the **United Nations Road Safety Fund (UNRSF)**[2] and **UNICEF**.

As part of the SUM4ALL initiative, Michelin is engaging in (i) in-depth discussions to develop a shared vision of safe mobility (the "Enhancing Policy and Action for Safe Mobility" report presented at the Leipzig summit in May 2023) and (ii) operational initiatives to develop actionable policy guidelines to shape national-level road safety regulations in the Global South.

The Michelin Foundation is working with the UNRSF to help support initiatives in low and middle-income countries, with a special focus on public policy and infrastructure. Examples include initiatives to introduce speed limits, crosswalks and other safety measures in Argentina, to develop a regulatory framework for drivers (particularly concerning seatbelts) in Jordan and to train around 100 police officers in Brazil.

In late June 2022, the Group also formed a new three-year partnership with UNICEF focused on **children's road safety education** programs in China, Cambodia and the Philippines.

In addition to these multilateral institutional partnerships, Michelin stepped up its joint initiatives with NGOs in 2023. The Group continued to support the Youth for Road Safety (YOURS) NGO, which is dedicated to reaching out to the younger generation with such creative initiatives as exhibitions and project sessions to improve safety on city streets. Michelin also remains committed to its partnership with the Global Alliance of NGOs for Road Safety, with such capacity-building initiatives as upgrading infrastructure with data capture (regulating traffic, improving helmet availability) and supporting a multi-NGO incubator.

Lastly, the Group is working to improve road safety in partnership with other major private-sector stakeholders, such as the Global Road Safety Partnership (GRSP) and the VIA road safety education program. The latter, which is financed by the Michelin Foundation and Total Energies in more than 40 countries, **develops road safety training modules** that over 600,000 young people have participated in.

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 Chapter 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 Report/ Introduction – Michelin Sustainable Development/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 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) *See section 4.1 Sustainable Development 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	Chapter 1
	Our All Sustainable vision 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 performance	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 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 and contractor health, safety and security	• Achieve a total case incident rate (TCIR) of less than 0.5 in 2030 • 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 renewable or recycled materials by 2050. Commitment to using 40% renewable or recycled materials by 2030 • Percentage of natural rubber volumes used by the Group assessed as deforestation-free, with a target of 100% in 2030

Managing the social and environmental impact of our business operations

No.	Materiality matrix issue	Main risk identified in the CSR map	Policies, due diligence and outcomes	Key Performance Indicators and Objectives/Key outcomes
			4.1 Sustainable Development Report	
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	• Reduce CO_2 emissions in transport activities by 15% in 2030 compared with 2018 • 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.
		1 – Climate change impacts from the use of our products (Scope 3)	4.1.1.1 b) Transition plan: company strategy/ 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 of a representative sample of farmers (via the RubberWay® application), with a target of 80% in 2025 • More than 90% 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 f) Combating tax evasion	

Managing the social and environmental impact of our business operations

No.	Materiality matrix issue	Main risk identified in the CSR map	Policies, due diligence and outcomes	Key Performance Indicators and Objectives/Key outcomes
4.1 Sustainable Development Report				
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) Transition plan: decarbonizing our operations/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/Designing ultra-energy efficient products	
Social responsibility 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.	
	• stronger ties between French citizens and the armed forces and enlistment in the reserves		Signed in 2017, the first agreement to support the military reserves policy was renewed in 2022 under the same conditions. Under its terms, reservist employees of MFPM and its subsidiaries[(1)] may be granted up to 12 working days of paid leave per year to facilitate their service in the French Army, Air Force or Navy, the National Gendarmerie, the National Police Force, or armed forces support organizations such as the Armed Forces Health Service, the Defense Procurement Agency (DGA), the Services of Supply, the Operational Energy Service (SEO) and the Defense Infrastructure Service (SID). There are currently around **70 reservists among Michelin employees in France**. The various aspects of the employee reservist system are explained in detail on a dedicated intranet page. To raise employee awareness of opportunities to serve in the military reserves, events are periodically organized at Group facilities, at Carmes, Cataroux and Ladoux in 2020, for example, and at Montceau in 2023. In addition, Michelin received the **2021 National Guard Award** in recognition of its commitment to supporting its reservist employees. Health restrictions that year prevented the presentation of the award, which was finally presented in March 2023. Note as well that Florent Menegaux is a colonel in the French Army's citizen's reserve.	

(1) Pneu Laurent and the Bassens plant operated by Société du Caoutchouc Synthétique Michelin.

Managing the social and environmental impact of our business operations

4.1 Sustainable Development Report				
No.	**Materiality matrix issue**	**Main risk identified in the CSR map**	**Policies, due diligence and outcomes**	**Key Performance Indicators and Objectives/Key outcomes**
	• 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 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) 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 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 to support 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	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 to support 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 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	

Managing the social and environmental impact of our business operations

4.1 Sustainable Development Report				
No.	**Materiality matrix**	**Other identified risks and issues**	**Description**	**Policies, due diligence and outcomes**
24	**Responding to environmental damage**	Risks related to the physical effects of climate change	Addressed in Chapter 2 Risk Management Section 2.1 Risk factors specific to Michelin, descriptions and related management systems/Risk 1 – Physical effects of climate change	
25	**Protecting soil quality and biodiversity**	Damage to biodiversity	**4.1.1.3 Supporting biodiversity**	4.1.1.3 a) The Biodiversity Operational Committee 4.1.1.3 b) Dependencies and impacts of Michelin's operations on nature 4.1.1.3 c) Michelin's commitment to biodiversity 4.1.1.3 d) Preserving biodiversity and ecosystems in rubber tree farming 4.1.1.3 e) 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 e) Protecting employee privacy and personal data	
13	**Responsible governance**		4.1 Sustainable Development Report/Introduction – Michelin Sustainable Development/Governance	
18	**Transparency and access to information**		4.1 Sustainable Development Report/Introduction – Michelin Sustainable Development/Non-Financial Statement: Michelin, a recognized All Sustainable approach 4.1.2.3 i) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year	

4.2.4 Report by one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement

(For the year ended December 31, 2023)

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.

Compagnie Générale des Établissements Michelin

23 place des Carmes-Déchaux

63000 Clermont-Ferrand

In our capacity as Statutory Auditor of the company Compagnie Générale des Etablissements Michelin (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, 2023 (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 causes 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 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 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 2023 and February 2024 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 23 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 and purchasing.

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 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 with 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; 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: Ardmore, Fort Wayne, Louisville, Norwood (United States), Campo Grande, Resende (Brazil), Aranda, Lasarte (Spain), Bourges (France), Euromaster ATS, Euromaster Trucktire (United Kingdom), Bucharest (Romania), Karlsruhe (Germany), Olsztyn (Poland), Nyiregyhaza (Hungary), Hat Yai (Thailand), Cilegon (Indonesia), Shanghai (China);
- 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: Ardmore, Fort Wayne, Louisville, Norwood (United States), Campo Grande, Resende (Brazil), Aranda, Lasarte (Spain), Bourges (France), Euromaster ATS, Euromaster Trucktire (United Kingdom), Bucharest (Romania), Karlsruhe (Germany), Olsztyn (Poland), Nyiregyhaza (Hungary), Hat Yai (Thailand), Cilegon (Indonesia), Shanghai (China), and covers between 19% and 42% 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 16, 2024

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou	Sylvain Lambert
Partner	Sustainable Development Partner

Appendix: List of information we considered most important

Key performance indicators and other quantitative results:

- CO_2 emissions from "Scope 3 – Essential" of which Scope 3 categories of the carbon footprint disclosed separately in the report: 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;
- I-MEP and its components (energy, water, volatile organic compounds, CO_2 (scope 1 and 2), waste)
- Workforce and feminization
- Diversity of inclusion management index and its components (diversity, identity, multi-nationality of management, disability, equal opportunity)
- 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
- Percentage of employees receiving a living wage in the countries in which the Group operates
- Rate of access to training
- Total Case Incident Rate and Serious Accident Frequency Rate
- Number and nature of referrals to the ethics alert line
- Percentage of employees trained in anti-corruption
- Percentage of total procurement spend covered by Ecovadis
- Share of suppliers assessed by EcoVadis reaching the "confirmed" level
- Share 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
- Percentage of rubber used by the group assessed as "deforestation free"
- Percentage of the volume of natural rubber used by the Group evaluated on the basis of criteria relating to human rights (Rubberway)
- Proportion of purchasers trained in ethical risk in supplier relations
- Number of volunteer acts performed
- Partner Net Promoter Score (NPS)

Qualitative information (actions and results):

- Energy transition and decarbonization (new SBTi target, multimodal platform, participation in "*Coalition des Chargeurs pour un Transport Maritime Décarboné*", improved rolling resistance on certain tires, climate risk adaptation policy, "fresque du climat");
- Environmental footprint of industrial operations (renewable energy initiatives, biodiversity and VOC initiatives, water initiatives, responsible AI manifesto, environmental externalities, ISO 14001 certification);
- Natural rubber (deployment and participation of growers in the Rubberway program, fight against deforestation, community partnership program, training of growers);
- Human rights (self-assessment tool, human rights training, forced labor analysis, Michelin One Care Program, fight against harassment initiatives) and responsible purchasing (certification on purchasing practices, mapping of risks related to supply chain CSR issues, training)
- Diversity and inclusion (feminization, internal diversity events, engagement with the FACE Foundation, diversity & inclusion training, initiative for disability, social dialogue, and identity);
- Workforce (age pyramid, seniority, part-time, use of temporary workers, hiring thanks to "Michelin Développement", volunteering, employee share ownership);
- Safety at work (ISO 45 001 certification, Health and Safety Declaration 2023, health assessment programs, investments in ergonomics, Quality of Life program);
- Safety and quality of Michelin products and services (safety training and testing, Best Supplier Award, product recall, safety measures).

4.3 DUTY OF CARE PLAN

4.3.1 Methodology

For the seventh 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 increasingly deepen, year after year, 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.

This commitment is supported by strategic management at the highest level of the Company.

The plan is based 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, the Diversity and Inclusion 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.

In 2023, the Duty of Care Plan was coordinated and updated by the Sustainability and Impact Department, in liaison with the Internal Control, Risk Management, Environment and Prevention, Purchasing, Legal and Employee Relations Departments.

It 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 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.

In addition, in 2023, Michelin Germany ensured compliance with recent German duty of care legislation, in particular by posting a statement on its website, assessing risks in Germany-sourced procurement and introducing an internal governance system to prevent and mitigate duty-of-care risks.

4.3.2 Table of concordance

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
GENERAL INFORMATION				
	Dialogue with stakeholders	4.1.2.3 Dialogue with stakeholders	• Methodology and risk mapping – Materiality matrix – Map of the most critical non-financial risks – Mapping methodology • Scope of the duty of care plan and risk management procedures in recently acquired companies – Integrating recently acquired companies into the CSR reporting process	
1. 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 2023
	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

(1) *Chapter/section where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Freedom of association	**4.1.2.3 Dialogue with stakeholders** 4.1.2.3 e) Dialogue with investors 4.1.2.3 i) 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" 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 2023
	Non-compliance with personal data protection legislation	4.1.4.1 e) Protecting employee privacy and personal data		Application of personal data protection principles in every subsidiary
	Compensation and social protection	4.1.2.3 h) Offering fair compensation and benefits 4.1.2.1 b) Human rights: Organization and ambitions/ Decent wage-related risks now being assessed in the contracting chain 4.1.2.1 b) Human rights: Organization and ambitions/A deeper understanding of several issues in 2023	Percentage of employees paid a decent wage Percentage of employees with a social protection floor	Implementation of the **decent wage** policy Feasibility study for the creation of a **social protection floor**
	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	Number of Michelin Volunteers program initiatives	• Drafting of guidelines for preventing risks to local communities • Deployment and outcomes of the Michelin Volunteers program in 2023
	Product and service safety	4.1.4.3 Guaranteeing the quality of our products and services	**NPS: Net Promoter Score**	Implementation and tracking

(1) *Chapter/section where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
2. 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 safety data sheets in the local language	• Deployment and outcomes of the measures taken to manage chemical risks in 2023 • 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 2023 Change in capital expenditure dedicated to ergonomic projects in 2023
	Malaise at work	4.1.3.3 Assessing and preventing workplace safety and security risks 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" survey Employee response rate to the Moving Forward Together survey Quality of Work Life (QWL) satisfaction index Balance Index	Tracking the "Moving Forward Together" survey on this issue in 2023 Deployment and outcomes of the measures to prevent psychosocial risks in 2023
	Risk to employee safety	4.1.3.3 a) Managing workplace safety	Risk mapping	Deployment and outcomes of the measures taken to prevent workplace safety risks
3. 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 2023

(1) *Chapter/section where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	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 CO_2 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 2023 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
	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) Incrementing 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 2023 Deployment and outcomes of the Michelin 4R strategy in 2023 Deployment and outcomes of waste reduction in 2023
	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		

(1) Chapter/section where the information is present.

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
4. 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	
	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 2023 Deployment and outcomes of the Michelin 4R strategy in 2023
	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 2023

(1) *Chapter/section where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	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 addressing 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 2023 (WWF and GPSNR) • Analysis of the 2023 results from the RubberWay® application and implementation of on-site action projects

5. 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

6. SUMMARY OF KEY PERFORMANCE INDICATORS

7. TABLE OF CONCORDANCE WITH THE DUTY OF CARE PLAN

(1) *Chapter/section where the information is present.*

4.4 OTHER TABLES OF CONCORDANCE

4.4.1 Global Reporting Initiative (GRI)

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, 2023.

Statement of Use	Compagnie Générale des Établissements Michelin has disclosed the information in this GRI content index for the 12 months from January 1, 2023 to December 31, 2023
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 i)	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
		2023 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 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 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 and contractor health, safety and security
		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 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 and contractor health, safety and security
		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 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 2023
		3.2.7	Assessment of the Supervisory Board's practices
2-19	Remuneration policies	3.3	Management and Supervisory Board compensation policies for 2024
		4.1.2.3 h)	Offering fair compensation and benefits
2-20	Process for determining remuneration	3.3	Management and Supervisory Board compensation policies for 2024
		3.5	Individual compensation paid or awarded to the Managers and the Chair of the Supervisory Board for 2023
2-21	Annual total compensation ratio	3.4.5	Compensation ratios of the Managers and the Chair 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 vision
		4.1.2.1 a)	Employee relations standards and responsibilities
		4.1.2.2 a)	A comprehensive, worldwide commitment
		4.1.3.1	Engaging in health, safety and quality of worklife policies
		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.

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 3 – MATERIAL TOPICS			
3-1	Process to determine material topics	4.1	Sustainable Development Report/Challenges and performance
3-2	List of material topics	4.1	Sustainable Development Report/Materiality matrix
3-3	Management of material topics	4.1	Sustainable Development Report/Materiality matrix
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 the 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, 2023
201-2	Financial implications and other risks and opportunities due to climate change	2.1	Risk 1 – Physical effects 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

Disclosure	Description	Section	Cross-reference (or reason for omission)
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.			
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)	Incrementing 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

Disclosure	Description	Section	Cross-reference (or reason for omission)
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
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

Disclosure	Description	Section	Cross-reference (or reason for omission)
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/Clearly defined expectations for each human rights issue
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/Clearly defined expectations for each human rights issue
GRI 410 – SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	4.1.2.1 b)	Organization and ambitions/Clearly defined expectations for each human rights issue/A deeper understanding of several issues
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

Disclosure	Description	Section	Cross-reference (or reason for omission)
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 the Sustainability Accounting Standard Board - Transportation Standard Index - Autoparts, according to the standards updated on December 31, 2023.

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 2023 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) Incrementing the use of sustainable materials
Competitive behavior TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive 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	3,431 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/en/sustainability/commitments


FENDT

5 FINANCIAL PERFORMANCE

5.1 REPORT OF THE MANAGERS

5.1.1 Tire markets

5.1.1 a) A global market worth some $190 billion in 2022

The global tire market rose by 5% year-on-year in 2022, to around $190 billion, with light-vehicle tires accounting for approximately 60% of the total and truck tires 30%. 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.

Around three out of four tires were sold in the Replacement market.

Longer term, tire demand is likely to expand by 0-2% a year on average in mature markets and by 2-4% a year on average in the new markets. In this environment, Michelin is targeting growing, high value-added market segments, with a focus on premium segments.

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.

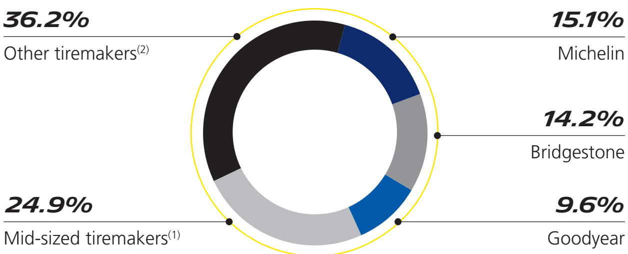
In addition, environmental legislation requiring car and truck manufacturers to reduce carbon emissions is helping to drive demand for low rolling resistance tires, of which Michelin is a world-leading manufacturer.

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 has worked on the R117-04 regulation, with the goal of introducing, effective July 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, embedding RFID tags into every tire means that each one can be electronically identified across its entire life cycle. Moreover, associating data with each of these unique IDs is driving the emergence of new connected services capable of increasing efficiency, enhancing the user experience and supporting more sustainable mobility. In its commitment to connecting tires, Michelin is actively encouraging the widespread take-up of RFID technology.

THE GLOBAL TIRE MARKET BY MANUFACTURER IN 2022



Source: 2022 sales in US dollars, published in Tire Business.

(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 2023

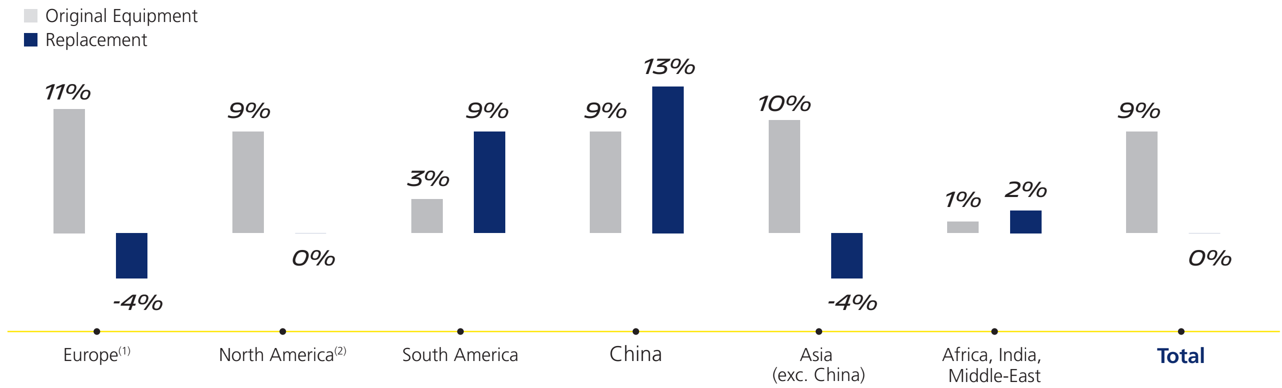
In 2023, sell-in demand was more volatile than sell-out, due to the impact of inventory drawdowns in every dealer channel, in both the Passenger car and Light truck and Truck tire markets. By year-end, however, inventories had returned to normal levels and sell-in demand is now expected to move more closely in line with sell-out.

Methodological note: Tire market estimates reflect sell-in data published by local tiremaker associations (sales of manufacturers to dealers and vehicle manufacturers), 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.

5.1.1 c) Passenger car and Light truck tire markets in 2023

The global Original Equipment and Replacement **Passenger car and Light truck** tire market grew by 2% year-on-year in 2023, lifting demand back to 2019 levels in both segments.

THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET, 2023 VS. 2022



(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

Original Equipment

In the Original Equipment segment, **global demand** climbed by 9% year-on-year, impelled by an expanding market dynamic as automakers took advantage of easing supply chain restrictions to steadily rebuild vehicle inventory. Robust EV sales, particularly in China, also helped to support demand for new vehicle tires.

Passenger car and Light truck tire markets Original Equipment *(in millions of tires)*	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe[1]	83	75	+11%	+7%	+9%	+5%	+14%	+14%	+15%
North America[2]	75	69	+9%	+6%	+4%	+7%	+12%	+15%	+9%
South America	15	14	+3%	-2%	-3%	0%	+8%	+7%	+9%
China	132	121	+9%	+11%	+21%	+2%	+7%	+22%	-6%
Asia (excluding China)	77	70	+10%	+5%	+6%	+4%	+16%	+18%	+15%
Africa/India/Middle East	36	36	+1%	+1%	-3%	+5%	+2%	+4%	0%
TOTAL	**417**	**384**	**+9%**	**+7%**	**+10%**	**+4%**	**+11%**	**+16%**	**+6%**

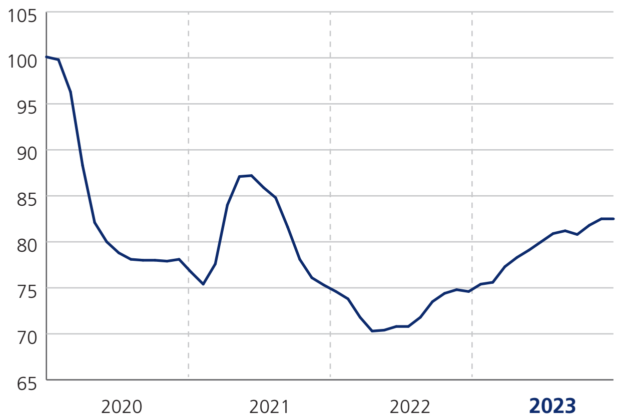
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

In **Europe**, the market rose by 11% over the year, buoyed by favorable prior-year comparatives. This was particularly the case in the first half, when demand climbed 14% compared with the 2022 period, which was adversely impacted by automaker supply shortages and the outbreak of the war in Ukraine. The market gained a further 7% in the second half, during which most automakers completed the process of replenishing their vehicle inventories. Nevertheless, the European market ended the year well below its 2019 level, with an 18% shortfall.

The **North American** market expanded by 9% in 2023, led by sustained new car demand throughout the year. The automaker strikes called in late third quarter and early fourth quarter weighed somewhat on second-half growth (up 6%), although they did not prevent automakers from rebuilding their vehicle inventories. Nevertheless, the North American market ended the year 5% down on 2019.

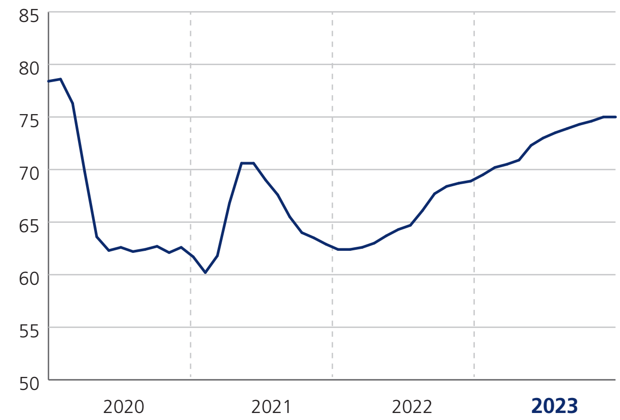
The market in **China** improved by 9% over the year, with wide swings from one quarter to the next. The 7% overall gain in the first half, for example, reflected a 6% drop in the first quarter, stemming from the high inventory overhang from year-end 2022, and a 22% rebound in the second three months due to the favorable comparison with second-quarter 2022, when the health crisis re-emerged in April and May. As well, the second half's 11% growth comprised a slight 2% increase in the third quarter from high prior-year comparatives, which were boosted by the lifting of health restrictions in June and by government new car rebates, and a sharp 21% upsurge on favorable prior-year comparatives in the final three months, driven by rising exports of domestically manufactured EVs to the rest of the world. EVs accounted for around 30% of new vehicle sales in 2023, up more than five points year-on-year.

THE OE PASSENGER CAR AND LIGHT TRUCK MARKET
IN EUROPE
(in millions of tires – moving 12 months)



Michelin estimates.

THE OE PASSENGER CAR AND LIGHT TRUCK MARKET
IN NORTH AMERICA
(in millions of tires – moving 12 months)



Michelin estimates.

Replacement

In Replacement tires, the stability of **global demand** compared with 2022 hid significant disparities by region, with brisk growth in China offsetting a decline in Europe.

Passenger car and Light truck tire markets Replacement *(in millions of tires)*	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe(1)	371	385	-4%	-1%	+3%	-4%	-6%	-4%	-8%
North America(2)	316	316	0%	+9%	+12%	+6%	-9%	-8%	-10%
South America	79	73	+9%	+7%	+4%	+10%	+11%	+18%	+4%
China	133	117	+13%	+11%	+14%	+8%	+16%	+32%	+3%
Asia (excluding China)	143	148	-4%	-5%	0%	-11%	-3%	-1%	-4%
Africa/India/Middle East	114	111	+2%	+2%	+2%	+2%	+2%	+2%	+2%
TOTAL	**1156**	**1151**	**0%**	**+3%**	**+6%**	**+1%**	**-3%**	**0%**	**-5%**

(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

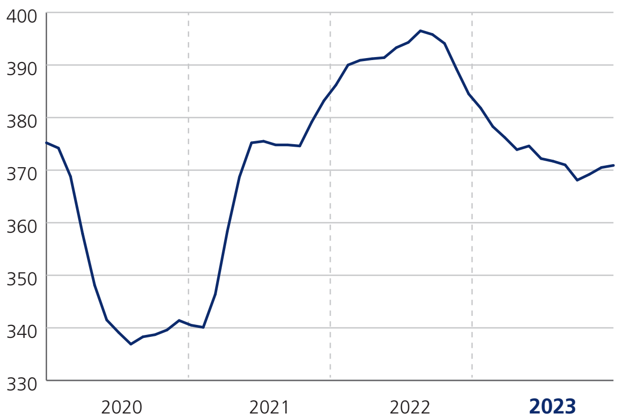
In **Europe**, sell-in demand contracted by 4% over the year, primarily due to sustained dealer destocking throughout the period, with a particularly negative impact on winter tire sales. Sell-out demand, which is shaped by the number of kilometers traveled by motorists, was more resilient. By year-end, inventory across the value chain had returned to normal levels, including in the winter tire segment.

The **North American** sell-in market was unchanged over the year, with demand dampened, as in Europe, by dealer inventory drawdowns. In the second half, however, demand continued to trend upwards (by 9%) in a resilient economy, with favorable prior-year comparatives emerging in September (in 2022, dealer buying – and therefore sell-in – had already started to slow by year-end following the massive wave of low-cost imports in July and August). Year-end 2023 inventory levels had returned to normal.

In **China**, the market grew by 13% over the year, as domestic mobility rebounded in 2023 from the sharp restrictions on motorists' freedom of movement imposed during the resurgent health crises in the second and fourth quarters of 2022.

THE REPLACEMENT PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN EUROPE

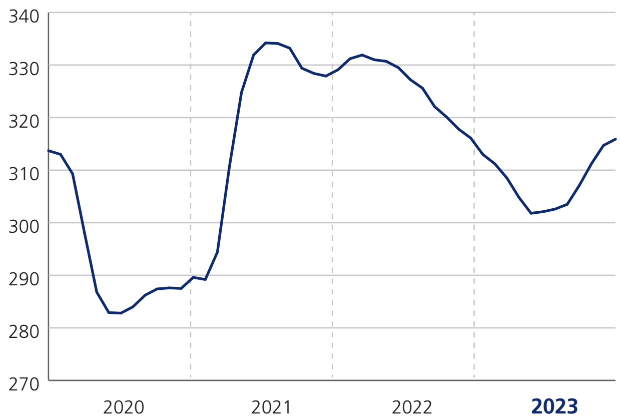
(in millions of tires – moving 12 months)



Michelin estimates.

THE REPLACEMENT PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN NORTH AMERICA

(in millions of tires – moving 12 months)



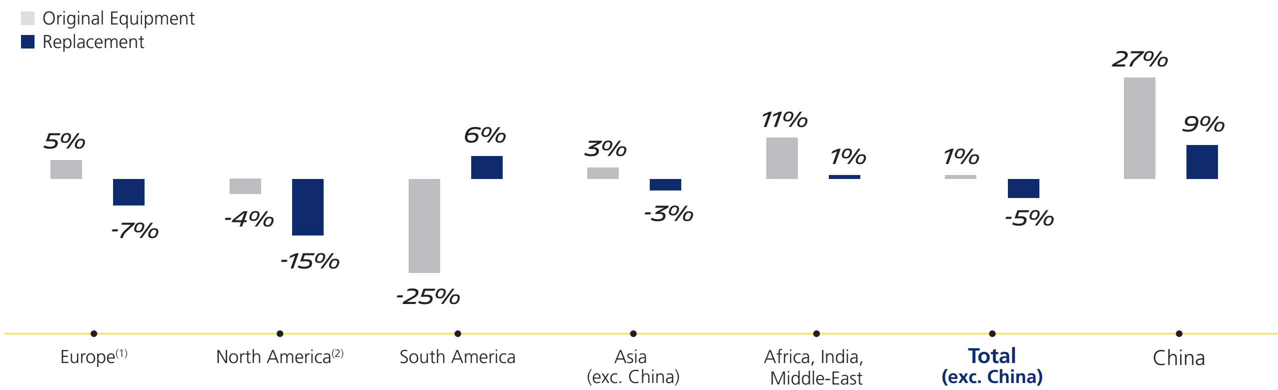
Michelin estimates.

5.1.1 d) Truck tire markets in 2023

The worldwide **Truck** tire sell-in market (excluding China) declined by 4% in 2023.

In China, where the Group's presence is negligible, demand increased by 14% over the year.

THE GLOBAL TRUCK TIRE MARKET, 2023 VS. 2022



(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates – new tire market only.

Original Equipment

In Original Equipment, the **global Truck tire market (excluding China)** was stable overall for the year, with just a 1% gain.

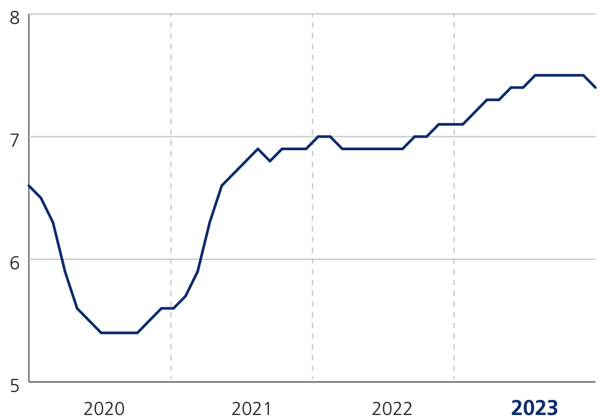
Truck tire markets Original Equipment *(in millions of tires)*	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe[1]	7.4	7.1	*+5%*	0%	-4%	+6%	+9%	+9%	+10%
North America[2]	6.4	6.7	*-4%*	-8%	-14%	-3%	-1%	-9%	+9%
South America	1.9	2.5	*-25%*	-27%	-30%	-25%	-22%	-26%	-19%
Asia (excluding China)	4.5	4.3	*+3%*	+1%	+2%	-1%	+6%	+8%	+5%
Africa/India/Middle East	5.8	5.3	*+11%*	+18%	+17%	+19%	+5%	+23%	-9%
TOTAL (EXCL. CHINA)	**26.1**	**25.9**	***+1%***	**-1%**	**-4%**	**+1%**	**+2%**	**+3%**	**+2%**
China	20.7	16.3	*+27%*	+37%	+39%	+36%	+19%	+41%	+2%

(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

In **Europe** (up 5%) and in **North and Central America** (down 4%) demand was sustained over the year, albeit on the basis of very high prior-year comparatives. This was particularly the case in North America where, despite some persistent truck maker difficulties with supply and labor shortages, demand was buoyed by truck purchases ahead of the introduction of a new greenhouse gas emissions standard on January 1, 2024.

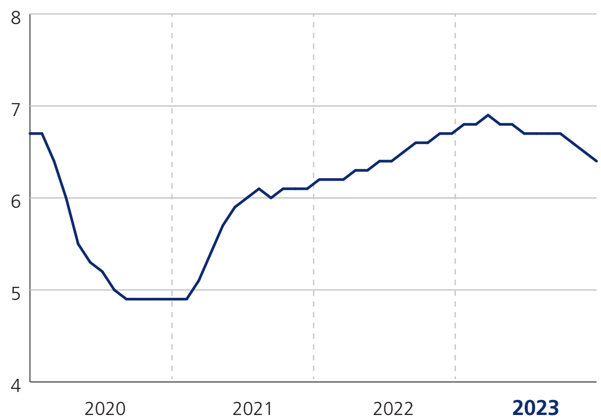
Demand in **South America** was down 25% at the end of December, following extensive new truck buying in 2022 ahead of the introduction of a new emissions standard on January 1, 2023.

THE OE TRUCK TIRE MARKET IN EUROPE
(in millions of new tires – moving 12 months)



Michelin estimates.

THE OE TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of new tires – moving 12 months)



Michelin estimates.

Replacement

In Replacement tires, the **global sell-in market** (excluding China) ended 2023 down 5% due to extensive destocking by dealers and fleets throughout the year, despite resilient freight demand.

Truck tire markets Replacement (in millions of tires)	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe[1]	25.5	27.5	-7%	-2%	-2%	-2%	-12%	-11%	-14%
North America[2]	30.5	35.7	-15%	-13%	-8%	-17%	-17%	-24%	-7%
South America	16.4	15.5	+6%	+3%	+1%	+4%	+9%	+22%	-3%
Asia (excluding China)	22.1	22.6	-3%	-3%	+2%	-9%	-2%	+3%	-6%
Africa/India/Middle East	28.9	28.7	+1%	-5%	+2%	-12%	+6%	+4%	+9%
TOTAL (EXCL. CHINA)	**123.4**	**130.1**	**-5%**	**-5%**	**-2%**	**-9%**	**-5%**	**-6%**	**-5%**
China	41.5	38.1	+9%	+1%	-1%	+2%	+20%	+27%	+13%

(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

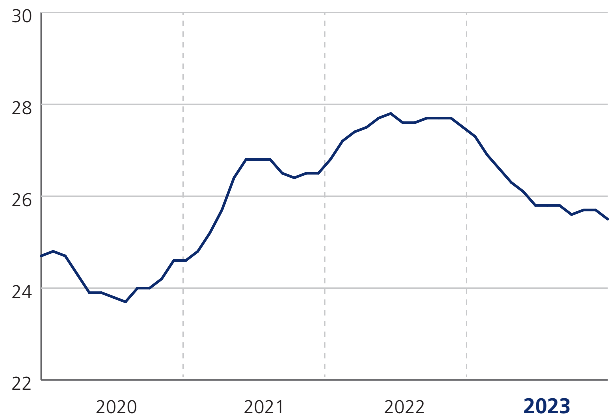
Sell-in demand contracted by 7% year-on-year in **Europe**, where an economic slowdown, particularly in Northern Europe, has led to a glut in overland freight capacity, exacerbated by the steep reduction in Truck tire inventories across the supply chain throughout 2023. However, most dealer and fleet inventories had returned to normal levels as of year-end.

In **North America**, demand declined by 15% over the year, reflecting both particularly high comparatives and extensive dealer and fleet destocking that brought inventory levels back to normal by year-end.

In **South America**, demand rose by 6% over the year and remains robust, supported in particular by opportunistic dealer buying of low-cost imports.

THE REPLACEMENT TRUCK TIRE MARKET IN EUROPE

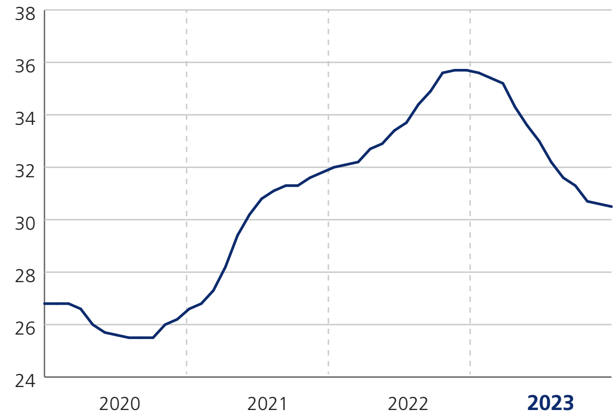
(in millions of new tires – moving 12 months)



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 2023

Mining tires: Mining tire purchases are growing at a relatively stable rate year after year, led by ever-increasing ore mining needs. Sell-in demand was somewhat volatile over the year, due to temporary inventory reductions or rebuilding by mine operators, but remains robust.

Agricultural, Infrastructure and Materials Handling tires: Original Equipment demand rose overall during the year, buoyed by relatively high farm commodity prices and the wide array of infrastructure projects that are raising demand for equipment.

Replacement demand, on the other hand, fell sharply over the period, dragged down by massive destocking in every dealer channel. By the year-end, inventories had returned to more or less normal levels.

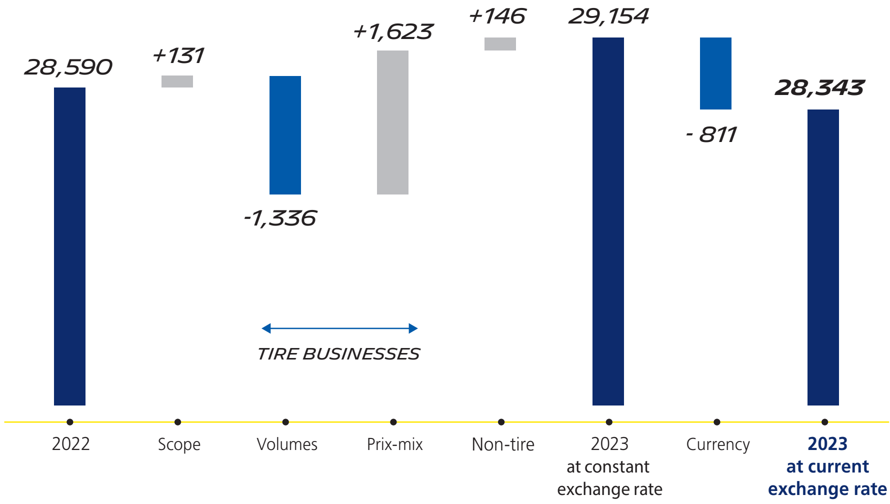
Two-wheel tires: Demand plunged in 2023, in both the motorcycle and bicycle tire segments, due to the sharp reduction in dealer inventories throughout the year. By year-end, inventories had returned to normal levels.

Aircraft tires: The market is expanding and has exceeded 2019 levels, led by an upturn in passenger traffic on regional flights, particularly in China.

Conveyor belts: The market for conveyor belts remains robust, both in the mining segment, driven by strong demand for commodities, and in the manufacturing segment, supported by high capital spending.

Specialty polymers: Global demand flattened out as the economy cooled and inventories were reduced across the value chain.

5.1.2 Sales



Sales for the year amounted to €28,343 million, down a slight 0.9% from €28,590 million in 2022. Sales were up 2.0% at constant exchange rates.

The year-on-year change reflected the combined impact of the following factors:

- a 4.7% decline in tire volumes, stemming from extensive destocking across every segment and value chain as the uncertain economic environment and soaring interest rates prompted dealers and business customers alike to drastically draw down inventory and reduce their standard stock levels. The volume decline was partially offset by an increase in sales in the Group's proprietary dealership networks, reflecting more resilient sell-out demand;
- a 5.7% increase from the positive price-mix effect. The €1,286 million positive price effect, comprising €1,130 million in the first half and €156 million in the second, resulted from the full-year impact of the price increases introduced in 2022 and early 2023 to cover the full range of cost inflation factors (raw materials, freight, energy, payroll, etc.). The price effect remained positive over the second half, it declined compared to first half 2023 due to prior-year comparatives and, to a lesser extent, the deferred impact on certain activities of raw materials-based and other indexation clauses. The highly positive €337 million mix effect reflected the priority focus on the MICHELIN brand and on high value-added products and services, as well as growth in sales of 18-inch and larger Passenger car tires;

- a 2.9% decrease from the negative currency effect, due in particular to the decline in the US dollar, as well as the Chinese yuan and the Turkish lira, against the euro;
- a 0.5% increase from changes in the scope of consolidation, led by the inclusion of FCG on September 26, 2023, of CPS in Australia, acquired in July 2022, and of US-based Blacksmith, following the acquisition of all its outstanding shares in April 2023.

Sales from the non-tire businesses (particularly conveyors, fine dining and travel services, and fleet connected mobility solutions) rose by 10% over the year, adding 0.5% to consolidated 2023 sales growth.

(in € millions and %)	2023	Second-half 2023	Fourth-quarter 2023	Third-quarter 2023	First-half 2023	Second-quarter 2023	First-quarter 2023
SALES	**28,343**	**14,264**	**7,191**	**7,073**	**14,079**	**7,118**	**6,961**
Change, year-on-year	**-247**	**-1,037**	**-667**	**-370**	**+790**	**+310**	**+480**
Volumes	-1,336	-839	-585	-254	-497	-68	-429
Price-mix	+1,623	+369	+120	+249	+1,254	+457	+797
Currency effect	-811	-679	-266	-413	-132	-186	+54
Scope of consolidation	+131	+77	+52	+25	+54	+42	+12
Non-tire sales	+146	+35	+12	+23	+111	+65	+46
Change, year-on-year	**-0.9%**	**-6.8%**	**-8.5%**	**-5.0%**	**+5.9%**	**+4.6%**	**+7.4%**
Volumes	-4.7%	-5.5%	-7.4%	-3.4%	-3.7%	-1.0%	-6.6%
Price-mix	+5.7%	+2.4%	+1.5%	+3.3%	+9.4%	+6.7%	+12.3%
Currency effect	-2.9%	-4.4%	-3.4%	-5.6%	-1.0%	-2.7%	+0.8%
Scope of consolidation	+0.5%	+0.5%	+0.7%	+0.3%	+0.4%	+0.6%	+0.2%
Non-tire sales	+0.5%	+0.2%	+0.2%	+0.3%	+0.8%	+1.0%	+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-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, according to the same measurement principles used in the consolidated income statement.

(in € millions)	2023	Second-half 2023	Fourth-quarter 2023	Third-quarter 2023	First-half 2023	Second-quarter 2023	First-quarter 2023
GROUP	**28,343**	**14,264**	**7,191**	**7,073**	**14,079**	**7,118**	**6,961**
Automotive and related distribution	14,339	7,315	3,728	3,587	7,024	3,567	3,457
Road transportation and related distribution	6,975	3,578	1,802	1,776	3,397	1,701	1,696
Specialty businesses and related distribution	7,029	3,371	1,661	1,710	3,658	1,850	1,808
Change, year-on-year	**-0.9%**	**-6.8%**	**-8.5%**	**-5.0%**	**+5.9%**	**+4.6%**	**+7.4%**
Automotive and related distribution	+1.4%	-3.0%	-4.4%	-1.4%	+6.4%	+6.6%	+6.2%
Road transportation and related distribution	-6.5%	-10.4%	-12.5%	-8.2%	-2.1%	-5.2%	+1.3%
Specialty businesses and related distribution	+0.6%	-10.6%	-12.5%	-8.6%	+13.6%	+10.9%	+16.4%

5.1.2 b) Automotive and related distribution – Analysis of sales

Sales in the Automotive and related distribution segment rose by 1.4% year-on-year to €14,339 million in 2023.

Volumes sold declined by 1.9% over the period, reflecting an increase in Original Equipment sales and a contraction in Replacement sales, which were impacted by extensive dealer inventory drawdowns through to the final quarter.

In the midst of this steady return to standard stock levels, spurred by higher interest rates, the Group focused on the most value-accretive market segments, by continuing to broaden its product portfolio and growing its sales of premium 18-inch and larger tires. As a result, the reporting segment enjoyed a very positive mix over the year, with the product and geographic mixes amply offsetting the unfavorable OE/Replacement mix.

Sales were positively impacted by the price increases introduced in 2022 and early 2023 to offset sharply rising costs.

Original Equipment volumes sold rose over the period, lifted by the return to normal conditions in automotive supply chains, particularly for semiconductors. This helped to drive gains in every operating region except China, where the reduction in government incentives weighed on local demand. In addition, sales continued to be lifted by growth in the electric vehicle segment. Backed by its technological leadership, the Group is targeting the premium segments of the EV market, and continues to enjoy significantly higher market share in electric vehicle tires than in internal combustion vehicle tires.

In the **Replacement** segment, sales volumes declined year-on-year, at a time of economic uncertainty and extensive dealer inventory drawdowns. The geographic mix had a positive impact, reflecting more favorable dynamics in the most profitable regions, with sales holding firm in North America, growing in China and declining in Europe. The percentage of 18-inch and larger tires in the sales mix continued to rise sharply over the period, led by a fast growing market in which the Group maintained its positions.

The sustained success of the MICHELIN Cross Climate 2 attests to the Group's leadership in the all-season segment.

The Group continued to roll out its distribution strategy by (i) expanding its presence in online channels, as seen in the development of Allopneus in France and BlackCircles in the UK; (ii) pursuing franchising programs in several countries (Canada, Egypt and South Africa); and (iii) acquiring, in late 2023, online tire retailer Tyroola in Australia and New Zealand.

In **Europe**, sales declined as dealers steadily drew down inventory all year long, with Southern Europe (France, Spain and Italy) proving more resilient than the other operating regions. Thanks to a significant improvement in its customer service performance, the Group gained market share in the 18-inch and larger segment in the second half.

In the intermediate or "Tier 2" segment, Kléber brand sales enjoyed robust growth and continued to move upmarket.

Sales volumes held firm in **North America**, reflecting resilient demand and kilometers traveled, particularly in the second half when MICHELIN-branded sales rose year-on-year despite inventory drawdowns that continued through to year-end.

In **South America**, where fast-growing demand is being driven by imports, the Group further enhanced its mix and gained new market share in the 18-inch and larger segment, particularly in Brazil.

Group sales in **China** rose from favorable prior-year comparatives, which were impacted by the lockdowns that dampened demand in spring and autumn 2022. The Group continued to support the market's move up the value chain, stabilizing its overall share and increasing its penetration of the 18-inch and larger segment.

In a **Southeast Asian** market that was down year-on-year, largely due to reduced demand in Japan and Australia, 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 highly competitive **Africa/India/Middle East** markets, Group sales were impacted by extensive inventory drawdowns, but sell-out market share rose in the 18-inch and larger segment in the most profitable countries (the United Arab Emirates, South Africa and Egypt). In India, the sales are very strongly held back by drastic restrictions in imports, the volumes sold by the Group in the country have dropped 90% over the last three years.

Michelin Lifestyle (formerly **Michelin Experiences**) reported robust sales growth for the year, primarily in the fine dining, hospitality and travel markets. Michelin Lifestyle remains an unrivaled vehicle for promoting the MICHELIN brand and its premium positioning.

5.1.2 c) Road transportation and related distribution – Analysis of sales

Sales in the Road transportation and related distribution segment totaled €6,975 million in 2023, down 6.5% from the prior year.

After two post-Covid years shaped by very strong overland freight demand and highly constricted supply conditions across every value chain, the Road transportation business contracted sharply in 2023, particularly in Europe.

Volumes sold declined by 8.5% over the year, reflecting both unfavorable comparatives, particularly in the second half, and the massive fleet and dealer destocking that continued through to year-end in every geography. In this environment, the Group pursued its selective marketing strategy with a sharper focus on the MICHELIN brand and the highest value-creating regions.

In the **Original Equipment** segment, OEM output continued to trend upwards during the year and the Group increased its market share, especially in the higher value-creating North American market. Environmental standards aimed at reducing CO_2 emissions and difficulties in hiring truck drivers in Europe and North America are prompting trucking companies to upgrade their fleets, offering the Group an opportunity to demonstrate its technological leadership, its knowledge of usage practices and the energy efficiency of its products. In addition, Group sales were supported by local price adjustments designed to capture the full value of this technological leadership.

In the **Replacement** segment, worldwide new tire demand (excluding China) fell a steep 5% during the year due to extensive inventory drawdowns by dealers and fleets. In this challenging environment, the Group focused on its value-added offerings, led by the MICHELIN brand and retreading solutions. The portfolio of connected mobility service solutions was further broadened during 2023, notably in November when the Group presented Michelin Connected Mobility, a comprehensive solution combining end-to-end tire management (fitting, maintenance, end-of-life management) with a suite of digital support services. In the passenger transportation segment, the Group reaffirmed its leadership for example in the highly profitable subway tire segment, especially in emerging markets. Lastly, the growth in online shopping, while somewhat slower than in the post-Covid years, continued to underpin demand in the last-mile delivery segment, where the MICHELIN Agilis 3 tire remained a best seller.

In the **European market**, in a market with high transport overcapacity which is readjusting downward, marked by a strong increase in imports of Asian tires, the Group sales declined during the year, albeit to a lesser extent overall in Southern Europe. The Group is pursuing its value-driven strategy and optimizing its retreading solutions to support customers in their commitment to increasingly sustainable trucking.

In **North America**, stronger economic growth kept business more buoyant than in the other operating regions. The Group is gaining market share thanks to its geographic coverage and its network of fleet service centers.

The **South American** market remained buoyant, but growth was held back by economic conditions in Argentina and high inflation in Colombia, Chile and many other countries in the region. In addition, the mix moved downmarket due to the significant upsurge in imports from Asia, particularly in Brazil. The Group strengthened its positions in the premium segment by prioritizing its MICHELIN brand sales, again particularly in Brazil.

Sascar's fleet management solutions remained on a growth trajectory, with a steady upmarket shift in the portfolio and a significant increase in the number of vehicles under contract.

In **Asia (excluding China)**, where the economy was more lackluster during the year, the Group stepped up its value-driven approach to targeting market segments that appreciate MICHELIN solutions for their technological content.

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, helped to drive market share gains. The Group also locally raised prices to offset adverse currency movements, particularly in Nigeria.

5.1.2 d) Specialty businesses and related distribution – Analysis of sales

Surface mining tires: In an ore market still positioned for long-term growth impelled by rising demand for metals, in particular to support the energy transition, Group sales experienced two very different half-year periods in 2023. After rising quickly in the first six months, led by restored operating efficiency and a significant improvement in maritime shipping capacity, sales were hurt in the second half by inventory drawdowns at certain mining companies. In addition, with sales hitting all-time highs in several months of second-half 2022, prior-year comparatives were particularly unfavorable. Despite a slight reduction in indexed prices on July 1 due to the decline in commodity prices in 2022, prices still had a favorable impact over the year, led by the increases introduced in 2022 and first-half 2023 to offset inflation factors unrelated to raw materials, especially energy costs and payroll costs. Digital tire management services continued to deliver sustained growth. This was particularly the case for the Michelin Earthmover Monitoring System (MEMS) connected tire, which offers major competitive advantages in the areas of safety and operational productivity.

Beyond-road tires: In the Original Equipment markets, which trended upwards over the year, particularly in the first half, Group sales were lifted by market share gains in the premium Agricultural tire segment in Europe and North America, as well as in the Materials Handling segment.

On the Replacement side, where demand contracted in 2023, the Group pursued its value-driven approach by targeting the higher value-added segments.

The agricultural tracks business, where margins are high and the Group is market leader, maintained its strong growth momentum in the United States, Brazil and other parts of the Americas.

Two-wheel tires: Group sales declined from unfavorable comparatives and in a highly competitive environment, dragged down by massive destocking in both the motorcycle and bicycle tire segments. The drawdowns followed on from two post-Covid years of very brisk demand and favorable financing conditions, which had pushed dealers to maintain high levels of inventory.

Sales were nevertheless supported by a favorable price effect.

Aircraft tires: As overall air traffic rose above its 2019 levels, both in number of flights and in passenger load factors, the Commercial segment rebounded sharply over the year.

Overall, Group sales volumes rose significantly and exceeded 2019 levels. Sales revenue was also lifted by a favorable price effect, reflecting the market value of the Group's technological superiority and capacity for innovation, as illustrated by the introduction of the new MICHELIN Air X Sky Light tire.

The **High-Tech Materials** business reported growth for the year, driven in particular by the Conveyors business. Momentum was very strong in the first half, but slowed in the second six months due to the extensive inventory drawdowns across the value chain. FCG, which has been consolidated since September 26, 2023, contributed around €50 million to segment sales.

In all, sales by the Specialty businesses reporting segment increased by 0.6% year-on-year, to €7,029 million. Exchange rate movements, particularly the decline in the US dollar against the euro, had an unfavorable impact on the segment's sales.

5.1.2 e) Changes in exchange rates for the main operating currencies

At current exchange rates, consolidated sales ended 2023 down 0.9%.

The reported decline included the 2.9% (€811 million) negative impact of the decrease against the euro during the year in a large number of currencies, such as the US dollar, which accounts for 40% of consolidated sales, the Chinese yuan and the Turkish lira.

Average exchange rate	2023	2022	Change
Euro/USD	1.082	1.054	+2.6%
Euro/CNY	7.656	7.081	+8.1%
Euro/AUD	1.627	1.516	+7.3%
Euro/GBP	0.870	0.852	+2.2%
Euro/BRL	5.401	5.435	-0.6%
Euro/CAD	1.460	1.370	+6.5%
Euro/JPY	151.564	137.587	+10.2%
Euro/MXN	19.177	21.206	-9.6%
Euro/THB	37.617	36.874	+2.0%
Euro/TRY	24.899	17.209	+44.7%

Sales break down as follows by currency:

Currency	%	Currency	%
USD	40%	TRY	1%
EUR	31%	THB	1%
CNY	6%	Other	6%
BRL	4%		
GBP	3%		
AUD	3%		
CAD	3%		
JPY	1%		
MXN	1%		
TOTAL			**100%**

5.1.2 f) Sales by region

(in € millions)	2023	2023/2022	Second-half 2023	First-half 2023
GROUP	**28,343**	**-0.9%**	**14,264**	**14,079**
Europe	9,891	-2.5%	4,990	4,901
of which France	*2,502*	*+0.7%*	*1,282*	*1,220*
North America (incl. Mexico)	11,098	+1.6%	5,685	5,413
Other regions	7,354	-2.3%	3,589	3,765

(in € millions)	2023	% of total	2022	% of total
GROUP	**28,343**		**28,590**	
Europe	9,891	34.9%	10,140	35.5%
of which France	2,502	8.8%	2,484	8.7%
North America (incl. Mexico)	11,098	39.2%	10,920	38.2%
Other regions	7,354	25.9%	7,530	26.3%

Consolidated sales rose in North America, but declined in Europe and the other operating regions.

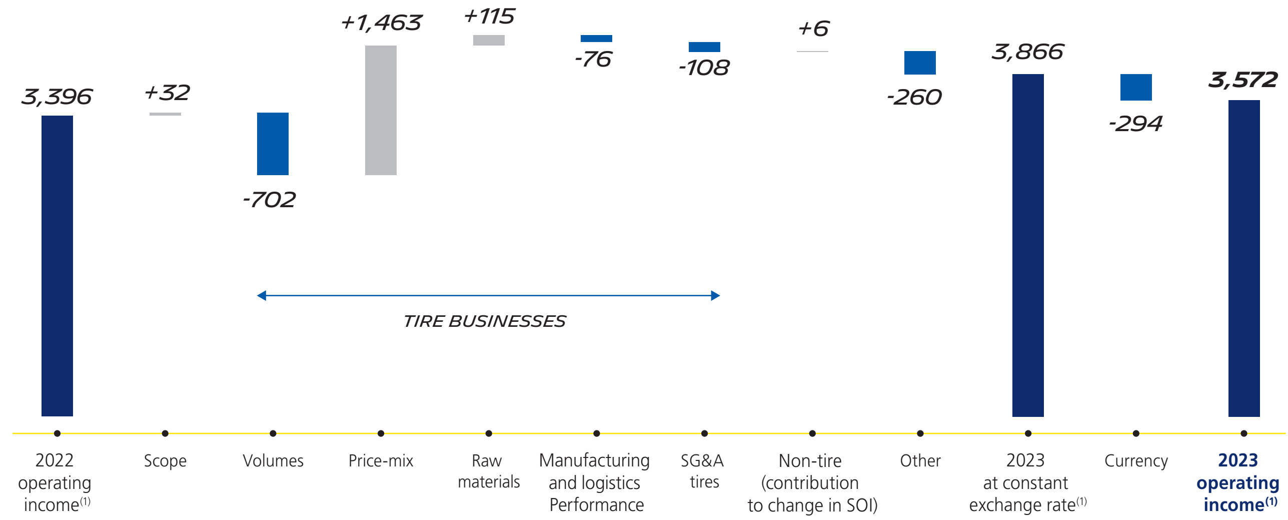
Around 65% of consolidated sales were generated outside Europe and more than 90% outside France.

5.1.3 Consolidated income statement review

(in € millions, except per share data)	2023	2022	2023/2022	2023 (as a % of sales)	2022 (as a % of sales)
Sales	**28,343**	28,590	**-0.9%**		
Cost of sales	(20,395)	(21,052)	-3.1%	72.0%	73.6%
GROSS INCOME	**7,948**	7,538	**+5.4%**	**28.0%**	26.4%
Sales and marketing expenses	(1,210)	(1,174)	+3.1%	4.3%	4.1%
Research and development expenses	(756)	(698)	+8.3%	2.7%	2.4%
General and administrative expenses	(2,336)	(2,244)	+4.1%	8.2%	7.8%
Segment other income and expenses	(74)	(26)	+184.6%	0.3%	0.1%
SEGMENT OPERATING INCOME	**3,572**	3,396	**+5.2%**	**12.6%**	11.9%
Other operating income and expenses	(920)	(375)	**+145.3%**	3.2%	1.3%
OPERATING INCOME	**2,652**	3,021	**-12.2%**	**9.4%**	10.6%
Cost of net debt	(198)	(239)	-17.2%	0.7%	0.8%
Other financial income and expenses	2	(22)	-109.1%	0.0%	0.1%
Net interest on employee benefit obligations	(94)	(45)	+108.9%	0.3%	0.2%
Share of profit/(loss) from equity-accounted companies	128	(59)	-316.9%	0.5%	0.2%
INCOME BEFORE TAXES	**2,490**	2,656	**-6.3%**	**8.8%**	9.3%
Income tax	(507)	(647)	-21.6%	1.8%	2.3%
NET INCOME	**1,983**	2,009	**-1.3%**	**7.0%**	7.0%
• Attributable to the shareholders of the Company	1,983	2,001	-0.9%	7.0%	7.0%
• Attributable to the non-controlling interests	0	8	-100.0%		
EARNINGS PER SHARE *(in €)*					
• Basic	2.77	2.81	-1.2%		
• Diluted	2.75	2.79	-1.3%		

5.1.3 a) Analysis of segment operating income

(in € millions)



(1) Segment operating income.

Segment operating income amounted to €3,572 million or 12.6% of sales for the year ended December 31, 2023, compared with €3,396 million and 11.9% in 2022.

The €176 million improvement reflected the net impact of the following factors:

- a €32 million increase from changes in the scope of consolidation, primarily in the non-tire businesses, most notably the acquisition of Flex Composite Group in late September 2023;
- a €702 million decrease reflecting:
  - the decline in volumes sold;
  - the fixed cost shortfall resulting from the decline in output and the general under-utilization of production capacity;
- a €1,463 million increase from the highly favorable price-mix effect, led by:
  - the full-year impact of the price increases introduced in 2022 and early 2023 in response to sharply rising costs. A significant proportion of these increases helped to offset the steep decline in certain very high inflation or hyperinflation currencies,
  - a mix enhanced by the sustained growth in sales of 18-inch and larger tires in the Passenger car segment, offsetting a market mix impacted by robust gains in Original Equipment sales across every business;
- a €115 million increase from the decline in the cost of raw materials used in production from their peak in 2022;
- a slight €76 million decrease from the rise in manufacturing and logistics costs, as the reduction in finished product shipping costs did not fully offset the increase in payroll and other manufacturing costs;
- a €108 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 inflation, particularly on payroll costs;
- a €260 million decrease from other unfavorable cost factors, primarily comprising an adjustment in the variable compensation paid in respect to 2023;
- a €294 million decrease from exchange rate movements, led by the highly unfavorable impact of the increase in the euro against the US dollar, the Turkish lira, the Argentine peso and most other operating currencies.

Other operating income and expenses unallocated to the operating segments represented a net expense of €920 million in 2023 versus a net expense of €375 million in 2022. The €545 million increase was mainly attributable to the impact of industrial restructuring projects in Germany and the United States.

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:

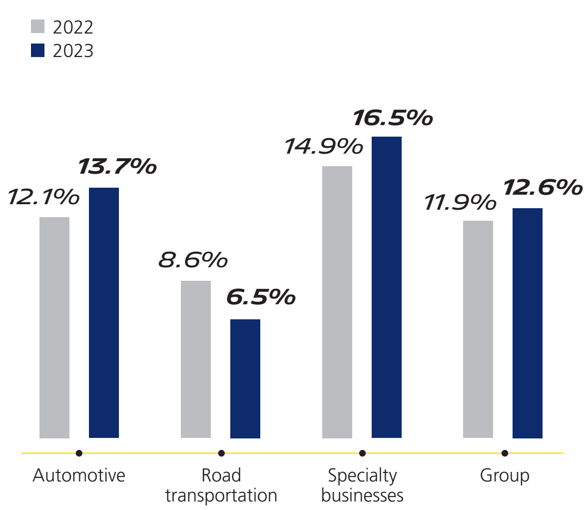
- automotive and related distribution;
- road transportation and related distribution;
- specialty businesses and related distribution.

The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities as well as the High-Tech Materials activities. The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

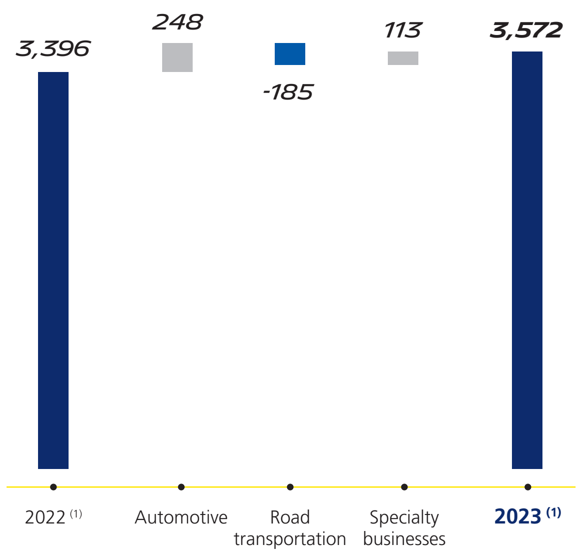
Operating segment performance is measured primarily on the basis of sales and segment operating income, according to the same measurement principles used in the consolidated income statement.

(in € millions)	2023	2022	Second-half 2023	First-half 2023
AUTOMOTIVE AND RELATED DISTRIBUTION				
Sales	14,339	14,138	7,315	7,024
Segment operating income	1,959	1,711	1,093	866
Segment operating margin	**13.7%**	**12.1%**	**14.9%**	**12.3%**
ROAD TRANSPORTATION AND RELATED DISTRIBUTION				
Sales	6,975	7,462	3,578	3,397
Segment operating income	456	641	288	168
Segment operating margin	**6.5%**	**8.6%**	**8.0%**	**5.0%**
SPECIALTY BUSINESSES AND RELATED DISTRIBUTION				
Sales	7,029	6,990	3,371	3,658
Segment operating income	1,157	1,044	487	670
Segment operating margin	**16.5%**	**14.9%**	**14.5%**	**18.3%**
GROUP				
Sales	28,343	28,590	14,264	14,079
Segment operating income	3,572	3,396	1,868	1,704
Segment operating margin	**12.6%**	**11.9%**	**13.1%**	**12.1%**

Segment operating margin



(in € millions)



(1) Segment operating income.

Automotive and related distribution – Analysis of segment operating income

Automotive and related distribution *(in € millions)*	2023	2022	2023/2022	2023 (% of consolidated total)	2022 (% of consolidated total)
Sales	14,339	14,138	+1.4%	50%	50%
Change in volumes	-1.9%				
Segment operating income	1,959	1,711	+14.5%	55%	50%
Segment operating margin	13.7%	12.1%	+1.6 pts		

Automotive segment operating income amounted to €1,959 million or 13.7% of sales, versus €1,711 million and 12.1% in 2022.

Despite the 1.9% decline in volumes sold and an unfavorable market mix, the segment delivered excellent results, led primarily by the very robust mix effect. Prices were lifted by the full-year impact of the 2022 increases and the policy of targeted price adjustments, while the mix was improved by sustained growth in sales of 18-inch and larger tires and the solid results achieved in the most profitable regions, in both the Original Equipment and Replacement segments.

Distribution operations contributed positively to segment operating income, with a significant year-on-year gain driven by growth in the service activities.

Exchange rate movements had a negative impact on segment operating income.

Road transportation and related distribution – Analysis of segment operating income

Road transportation and related distribution *(in € millions)*	2023	2022	2023/2022	2023 (% of consolidated total)	2022 (% of consolidated total)
Sales	6,975	7,462	-6.5%	25%	26%
Change in volumes	-8.5%				
Segment operating income	456	641	-28.9%	13%	19%
Segment operating margin	6.5%	8.6%	-2.1 pts		

Road transportation segment operating income totaled €456 million or 6.5% of sales, versus €641 million and 8.6% in 2022.

At a time of steeply falling tire demand, shaped by massive inventory destocking across the entire value chain, volumes sold contracted by 8.5% over the year, resulting in a slowdown in production plant output that in turn had a highly unfavorable impact on fixed costs absorption.

In addition, the mix was adversely affected by fast growth in Original Equipment demand, spurred by buying ahead of the introduction of new environmental standards in North America.

On the other hand, the decline in raw material costs helped to maintain a favorable economic equation.

The Services & Solutions operations, now combined under the Michelin Connected Fleet brand, continued to expand in 2023 and delivered higher year-on-year operating income, thanks in particular to more appropriate pricing for their solutions.

Exchange rate movements had a negative impact on segment operating income.

Specialty businesses and related distribution – Analysis of segment operating income

Specialty businesses and related distribution *(in € millions)*	2023	2022	2023/2022	2023 (% of consolidated total)	2022 (% of consolidated total)
Sales	7,029	6,990	+0.6%	25%	24%
Change in volumes	-4.6%				
Segment operating income	1,157	1,044	+10.8%	32%	31%
Segment operating margin	16.5%	14.9%	+1.6 pts		

Segment operating income from the Specialty businesses amounted to €1,157 million or 16.5% of sales, versus €1,044 million and 14.9% the year before.

Mining tires: Volumes edged down over the year after second-half performance was dampened by unfavorable comparatives and inventory drawdowns at certain customers. However, with a large percentage of the mining operator contracts covered by raw material and shipping cost indexation clauses, 2023 segment operating income was lifted by favorable prior-year comparatives, particularly in the first half.

Beyond Road tires: Excluding the currency effect, segment operating income held firm thanks to a highly selective marketing strategy that supported favorable pricing, which offset the lower volumes and the adverse market mix caused by the fast growth in Original Equipment sales.

Two-wheel tires: Extensive inventory drawdowns weighed on volumes sold, which declined year-on-year. This was particularly the case in the bicycle tire segment, which has emerged from its post-Covid bubble.

Aircraft tires: In a favorable environment shaped by a recovery in air traffic, volumes sold turned in a very good performance and exceeded pre-Covid levels, helping to boost segment operating income.

The Conveyor Belt business enjoyed relatively sustained demand over the year, particularly in the first half.

Exchange rate movements had a negative 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 €5.9 billion in 2023 versus €6.7 billion in 2022.

It is calculated on the basis of:

- the price and mix of the Group's raw materials purchases;
- sales and production volumes, which fell sharply in 2023, spurred by the steep reductions in inventory;
- 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 local currency purchasing costs 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.

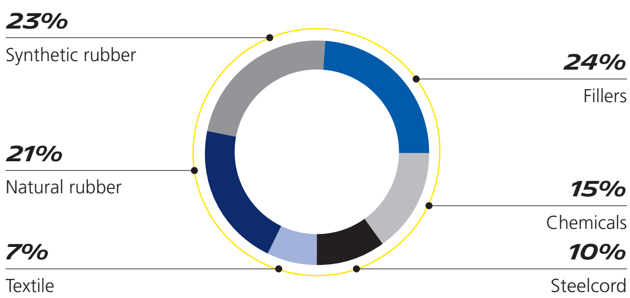
In 2023, the raw materials costs and the related transportation costs recognized in cost of sales included a €115 million favorable price impact, including a residual exchange rate effect.

Changes in natural rubber and butadiene prices feed through to the income statement around three to six months later.

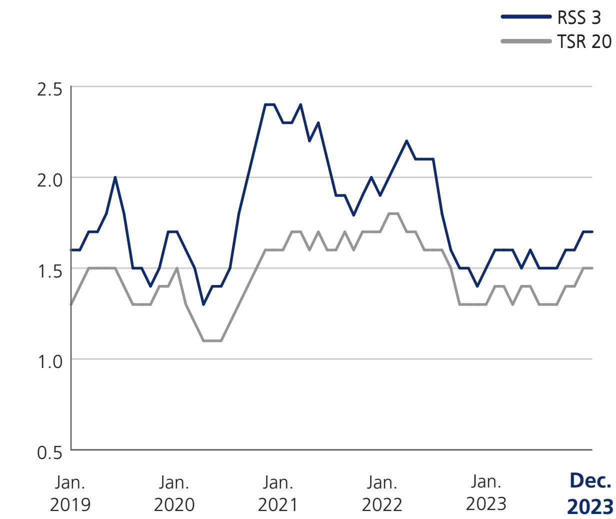
Based on estimated 2023 production volumes, the sensitivity of cash purchasing outlays to fluctuations in natural rubber and oil prices is as follows:

- a $0.10 per kg decrease in natural rubber prices would feed through to around an $111 million reduction in full-year purchasing costs;
- a $1.00 per barrel decline in oil prices would feed through to a $7 million decrease in full-year purchasing costs.

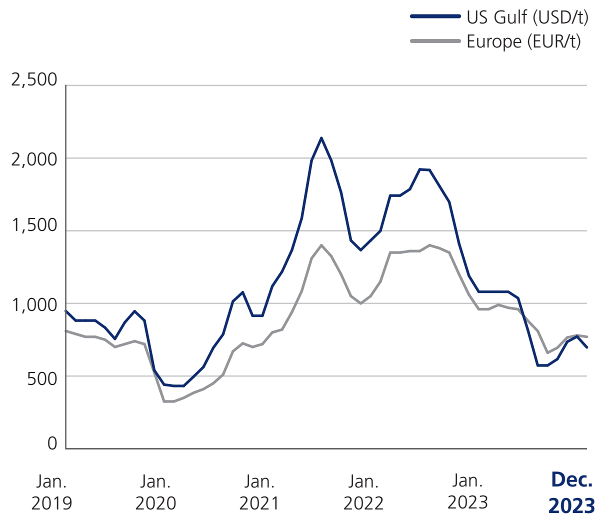
RAW MATERIALS RECOGNIZED IN 2023 COST OF SALES (€5.9 BILLION)



NATURAL RUBBER PRICES (SICOM)
(USD/kg)



BUTADIENE PRICES



Employee benefit costs and number of employees

Employee benefit costs came to €7,401 million or 26.1% of sales, up €451 million year-on-year, reflecting, in particular, adjustments in the compensation policy in response to high inflation. The 1.8-point year-on-year increase as a percentage of sales was also due to the time lag between the price increases (most of which were introduced prior to 2023) and the ongoing impact of inflation on payroll costs in 2023. Nevertheless, the rate remains slightly lower than in 2019.

The relative year-on-year stability in headcount may be attributed to the efforts to streamline and reorganize the Group's corporate operations, which offset the slight increase from the acquisition of Flex Composite Group in September 2023.[1]

In 2023, €7,397 million in expenses were recognized in segment operating income and €4 million in other operating income and expenses (see notes 6 and 9 to the consolidated financial statements).

(in € millions and number of people)	2023	2022	Change
Total employee benefit costs	7,401	6,950	+6.5%
As a % of sales	26.1%	24.3%	+1.8 pts
Employees on payroll at December 31	132,500	132,200	+0.2%
Number of full-time equivalent employees at December 31	125,000	124,900	+0.1%
Average number of full-time equivalent employees	125,000	121,700	+2.7%

Depreciation and amortization

(in € millions)	2023	2022	Change
Total depreciation and amortization	2,008	1,944	+3.3%
As a % of sales	7.1%	6.8%	

Depreciation and amortization charges rose by €64 million to €2,008 million for the year. The modest increase stemmed from the slight uptick in capital expenditure, which returned to suitable levels after several years shaped by the Covid-19 crisis and its impact on the global economy.

Of the total, €1,917 million was recognized in segment operating income and €91 million in other operating income and expenses (see notes 6 and 9 to the consolidated financial statements).

(1) See note 4.1.1 to the consolidated financial statements.

Transportation costs

(in € millions)	2023	2022	Change
Transportation costs	1,485	2,056	-27.8%
As a % of sales	5.2%	7.2%	

Transportation costs came to €1,485 million in 2023, down 28% on 2022. The steep reduction was driven by a number of factors, including (i) the decline in volumes sold; (ii) the fall in maritime shipping costs since late 2022, which fed fully through to logistics costs in 2023; and (iii) the Group's performance in raising supply chain productivity, curtailing the use of air freight and rationalizing finished product delivery modes by improving the tonnes carried/tonnes sold ratio.

In addition, the shipping market is mainly denominated in US dollars, so the decline in the dollar against the euro over the year contributed to the decrease in transportation costs.

Sales and marketing expenses

Sales and marketing expenses represented 4.3% of sales in 2023, versus 4.1% in 2022. In value and on a like-for-like basis, they rose by €36 million year-on-year, primarily due to cost inflation. Nevertheless, they remained lower than in 2019.

The year-on-year increase as a percentage of sales primarily reflected the time lag between price increases and the impact of inflation on payroll.

Research and development expenses

(in € millions)	2023	2022	Change
Research and development expenses	756	698	+8.2%
As a % of sales	2.7%	2.4%	

Research and development expenses rose by €58 million year-on-year to €756 million. This increase attested both to the Group's commitment to maintaining its technological leadership in delivering performance and sustainability in its products and services, and to the impact of inflation on research and development expenses.

They represented 2.7% of sales for the year, versus 2.4% in 2022 and more or less on a par with 2019.

General and administrative expenses

General and administrative expenses amounted to €2,336 million, a €92 million year-on-year increase that was primarily attributable to inflation.

They represented 8.2% of sales for the year, up 0.4 points compared with 2022.

Segment other income and expenses

Segment other income and expenses represented a net expense of €74 million in 2023, up from a net expense of €26 million in 2022.

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 €920 million in 2023, versus a net expense of €375 million in 2022.

The €545 million increase mainly corresponded to the recognition of provisions for restructuring, following the Group's announcements in October and November 2023 that it intended to terminate certain production operations in, respectively, the United States and Germany. To a lesser extent, the depreciation of a number of rubber cropland plots in Indonesia also increased net expense for the year.

Other operating income and expenses are described in more detail in note 9 to the consolidated financial statements.

Cost of net debt

(in € millions)	2023	2022	Change
Cost of net debt	198	239	-41

At €198 million, the **cost of net debt** was down €41 million compared with 2022, mainly as a result of the following factors:

- a significant €123 million reduction in net interest expense to €172 million, reflecting the net impact of:
  - relatively stable interest expense, due to the lack of any material change in either average debt or the interest rates on it, the majority of which have been fixed in recent years
  - a sharp increase in interest income, to €118 million, as higher interest rates lifted the return on cash investments, most of which are euro-denominated and variable rate;
- an €89 million decline in the impact of exchange rate derivatives, due mainly to the drop in US dollar interest rates over the course of 2023 (compared with an increase in rates in 2022);
- an aggregate €7 million decrease from movements in other factors.

Other financial income and expenses

(in € millions)	2023	2022	Change
Other financial income and expenses	2	(22)	+24

Despite net exchange losses, due in part to unhedged currencies, **other financial income and expenses** represented a gain of €2 million in 2023, up €24 million on 2022, thanks to net income from financial assets, whose return was also improved by higher interest rates, and other financial items, whose favorable impact primarily stemmed from the treatment of hyperinflation in Argentina.

Income tax

(in € millions)	2023	2022	Change
Income before taxes	2,490	2,656	-166
Income tax	**(507)**	**(647)**	**+140**
Current tax	(816)	(586)	-230
Withholding tax	(33)	(39)	+6
Deferred tax	342	(22)	+364

Income tax amounted to €507 million in 2023, a €140 million year-on-year decrease. However, current tax rose by €224 million to €849 million for the year. The difference reflected the increase in deferred taxes, due in large part to the restructuring provisions recognized in 2023.

The effective tax rate for 2023 stood at 20.4%, versus 24.4% the year before. The four-point difference stemmed from the non-recurring impact in 2023 of the share of profit from equity-accounted companies, in particular the TBC joint venture (see note 17 to the consolidated financial statements). Restated for this non-recurring income, the year-on-year increase in the tax rate was 2.3 points.

Consolidated net income and earnings per share

(in € millions)	2023	2022	Change
Net income	1,983	2,009	-26
As a % of sales	7.0%	7.0%	0.0 pts
• Attributable to the shareholders of the Company	1,983	2,001	-18
• Attributable to the non-controlling interests	0	8	-8
Earnings per share (in €)			
• Basic	2.77	2.81	-0.04
• Diluted	2.75	2.79	-0.04

Net income came to €1,983 million for the year, or 7.0% of sales, compared with €2,009 million and also 7.0% of sales in 2022.

The €26 million decline reflected the following factors:

- favorable factors:
  - the €176 million increase in segment operating income,
  - the €187 million increase in profit from equity-accounted companies, corresponding mainly to disposal gains realized by two joint ventures, TBC (disposal of retail operations) and Symbio (sale of a one-third equity stake),
  - the €140 million decrease in income tax expense,
  - the €41 million reduction in the cost of net debt;
- unfavorable factors:
  - the €545 million increase in other operating expenses unallocated to the operating segments, corresponding primarily to provisions for restructuring operations in Germany and the United States.

5.1.4 Consolidated balance sheet review

Methodological note: translation adjustments in the balance sheet primarily stem from the translation into euros of prior-year assets and liabilities at the closing exchange rate.

Assets

(in € millions)	December 31, 2023	December 31, 2022	Total change	Translation adjustments	Movement
Goodwill	2,982	2,430	+552	-46	+598
Intangible assets	1,794	1,803	-9	0	-9
Property, plant and equipment	12,260	12,136	+124	-154	+278
Right-of-use assets	1,082	1,010	+72	-23	+95
Non-current financial assets and other non-current assets	1,605	1,161	+444	-15	+459
Investments in equity-accounted companies	871	1,102	-231	-29	-202
Deferred tax assets	932	630	+302	-7	+309
Non-current assets	**21,526**	**20,272**	**+1,254**	**-273**	**+1,527**
Inventories[1]	5,447	6,318	-871	-154	-717
Trade receivables	3,850	4,205	-355	-110	-245
Current financial assets	512	652	-140	-3	-137
Other current assets	1,345	1,315	+30	+87	-57
Cash and cash equivalents	2,515	2,584	-69	-90	+21
Current assets	**13,669**	**15,074**	**-1,405**	**-269**	**-1,136**
TOTAL ASSETS	**35,195**	**35,346**	**-151**	**-542**	**+391**

Equity and liabilities

(in € millions)	December 31, 2023	December 31, 2022	Total change	Translation adjustments	Movement
Share capital	357	357	0		0
Share premiums	2,702	2,702	0		0
Reserves	14,896	14,051	+845	-316	+1,161
Non-controlling interests	3	6	-3	0	-3
Total equity	**17,958**	**17,116**	**+842**	**-316**	**+1,158**
Non-current financial liabilities	4,672	4,705	-33	-16	-17
Non-current lease liabilities	738	690	+48	-13	+61
Provisions for employee benefit obligations	2,726	2,561	+165	-34	+199
Provisions and other non-current liabilities	860	695	+165	-8	+173
Deferred tax liabilities	497	541	-44	-6	-38
Non-current liabilities	**9,493**	**9,192**	**+301**	**-77**	**+378**
Current financial liabilities	591	1,826	-1,235	-32	-1,203
Current lease liabilities	241	233	+8	-4	+12
Trade payables	3,075	3,416	-341	-58	-283
Trade payables under reverse factoring agreements	530	595	-65	-16	-49
Provisions and other current liabilities[1]	3,307	2,968	+339	-61	+400
Current liabilities	**7,744**	**9,038**	**-1,294**	**-171**	**-1,123**
TOTAL EQUITY AND LIABILITIES	**35,195**	**35,346**	**-151**	**-564**	**+413**

5.1.4 a) Goodwill

Goodwill before translation adjustments rose by €598 million in the year to December 31, 2023, primarily due to the following factors:

- the recognition of €576 million in provisional goodwill following the Group's acquisition on September 26, 2023 of Flex Composite Group, Europe's leading manufacturer of high-tech fabrics and films;
- the recognition of €18 million in goodwill following the Group's acquisition on January 31, 2023 of EGC Enterprises, Inc. a US manufacturer of graphite-based sealing products[1].

5.1.4 b) Intangible assets

Intangible assets stood at €1,794 million for the year, a €9 million decrease from December 31, 2022 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 for software.

5.1.4 c) Property, plant and equipment

Property, plant and equipment stood at €12,260 million at December 31, 2023, up €278 million before translation adjustments. The carefully managed increase reflected the Group's commitment to pursuing the steady upturn in capital expenditure underway since 2022, following the period of slower growth caused by the Covid-19 crisis.

Additions to property, plant and equipment amounted to €2,004 million for the year, compared with €1,919 million in 2022. Three quarters of total outlays were committed to production equipment and facilities.

In addition, the acquisition of Flex Composite Group and completion of the purchase price allocation for RLU led to an increase in the property, plant and equipment base.

(1) See notes 4.1.1 and 4.1.2 to the consolidated financial statements.

5.1.4 d) Right-of-use assets

Right-of-use assets, which are recognized separately from property, plant and equipment, came to €1,082 million at December 31, 2023, up €95 million year-on-year before translation adjustments. New leases on land and buildings exceeded 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 €1,605 million at year-end, a €459 million increase (before translation adjustments) that was largely attributable to the net increase in loans due to mainly two factors:

- a €254 million loan contracted to fund pension obligations in the United Kingdom;
- the recognition of a $200 million receivable corresponding to an installment of the special $375 million dividend paid by the North American dealership joint venture TBC to each co-shareholder. Conversely, a long-standing $100 million loan granted in 2018 when the joint venture was set up was repaid during the year.

5.1.4 f) Investments in equity-accounted companies

Excluding translation adjustments, **investments in equity-accounted companies** declined by €202 million over the year to €871 million. The decrease stemmed mainly from dividend payments, particularly those by the TBC joint venture mentioned above.

5.1.4 g) Deferred tax

At December 31, 2023, the Group held a **net deferred tax asset** of €435 million, representing a year-on-year increase of €347 million before translation adjustments. The increase was led by the recognition of tax loss carryforwards and the rise in employee benefit obligations following a reduction in the discount rates.

5.1.4 h) Trade working capital

(in € millions)	December 31, 2023	December 31, 2022	Change	2023 (as a % of sales)	2022 (as a % of sales)
Inventories	5,447	6,318	-871	19.2%	22.1%
Trade receivables	3,850	4,205	-355	13.6%	14.7%
Trade payables	(3,075)	(3,416)	+341	-10.8%	-11.9%
Trade payables under reverse factoring agreements	(530)	(595)	+65	-1.9%	-2.1%
TRADE WORKING CAPITAL	**5,692**	**6,512**	**-820**	**20.1%**	**22.8%**

Trade working capital requirement declined by €820 million over the year, primarily due to the reduced level of inventories.

Representing 19.2% of sales at end-2023, **inventories** fell by €871 million year-on-year to come in at €5,447 million. The decrease was mainly attributable to:

- a €154 million favorable currency effect;
- efficient inventory management, which reduced volumes from end-2022 levels, particularly for raw materials and semi-finished products;
- lower average raw material costs in 2023, which fed through to a favorable price effect across every inventory class.

Trade receivables stood at €3,850 million or 13.6% of sales, a year-on-year decrease of €355 million, of which around a third, or €110 million, resulted from translation adjustments. The decline was primarily due to the decrease in volumes sold over the year and, to a lesser extent, the disposal of certain receivables following the introduction of off-balance sheet factoring programs.

Trade payables, including those covered by **reverse factoring contracts**, declined by €406 million year-on-year to €3,605 million, representing 12.7% of sales. The decrease was driven by reduction in purchased inputs, both by volume (due to decline in output) and by value (due to lower raw materials costs).

5.1.4 i) Cash and cash equivalents

Cash and cash equivalents were relatively stable at €2,515 million, down a slight €69 million year-on-year (excluding translation adjustments) as a result of the following main factors:

- increases from:
  - the exceptionally favorable €2,343 million in free cash flow,
  - €28 million in various favorable items;
- decreases from:
  - a €1,455 million reduction in debt, stemming mainly from the redemption of a non-dilutive convertible bond issue in November 2023 for €553 million, the decline in commercial paper drawdowns for €355 million, and the repayment of bank loans in Thailand, Indonesia and other countries, for €211 million,
  - the payment of €896 million in dividends and other distributions.

5.1.4 j) Total equity

Including the €316 million unfavorable change in translation adjustments, **total equity** rose by €842 million over the year to represent €17,958 million at December 31, 2023.

The €1,158 million increase excluding translation adjustments was primarily due to the following factors:

- the €2,024 million increase in comprehensive income for the year, including:
  - €1,983 million in net income,
  - the €50 million unfavorable impact from post-employment benefit obligations,
  - an €18 million favorable tax impact relating to those obligations,
  - a €57 million increase from the reversal of translation adjustments on company disposals, mainly in Russia,
  - €16 million in other favorable items;
- the €896 million impact from dividends and other payments;
- the €30 million favorable impact from service costs on performance share plans.

As a result, at December 31, 2023, the **share capital** of Compagnie Générale des Établissements Michelin stood at €357,479,113, comprising 714,958,226 shares outstanding corresponding to 990,275,053 voting rights.

5.1.4 k) Net debt

Net debt stood at €3,281 million at December 31, 2023, down €1,039 million from December 31, 2022, mainly as a result of the following factors:

- the positive €2,343 million in free cash flow;
- €896 million in distributions, of which €893 million in dividends;
- the absence of any share buybacks and employee share ownership plans, compared with a €196 million impact in 2022;
- a €363 million increase from the recognition of new leases;
- a €23 million increase arising on changes in the scope of consolidation;
- a €25 million increase from translation adjustments.

CHANGES IN NET DEBT

(in € millions)	December 31, 2023	December 31, 2022
At January 1	**4,320**	2,789
Free cash flow[1] before M&A and financing of joint ventures and associates	-2,804	+67
Investments in new ventures	+666	+76
Net financing of joint ventures and associates	-205	+37
Free cash flow[1]	**-2,343**	**+180**
Distributions and other	+896	+809
Share buybacks	0	+120
Employee share issue – Bib'Action	0	+76
New leases	+363	+198
Changes in scope of consolidation	+23	+193
Translation adjustments	+25	+77
Other	-3	-122
AT DECEMBER 31	**+3,281**	**+4,320**
CHANGE	**-1,039**	**+1,531**

(1) See definition in section 1.5.3.

Gearing

Gearing declined to 18.3% at December 31, 2023 from 25.2% at end-2022, primarily due to the year-on-year reduction in net debt with the sharp improvement in free cash flow, even as equity rose more slowly over the period.

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 January 17, 2024.

5.1.4 l) Provisions

Provisions and other non-current liabilities rose by €165 million over the year as reported, to €860 million from €695 million at December 31, 2022. Excluding the negative €8 million in translation adjustments, the €173 million increase was attributable to the recognition in 2023 of new provisions for the restructuring programs announced late in the year, which mainly concerned the United States and Germany. At the same time, payments out of restructuring provisions set aside in prior years, in particular for the French simplification and competitiveness plan, were lower than the new provisions written in 2023.

5.1.4 m) Employee benefit obligations

CHANGE IN THE FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(in € millions)	Pension plans	Other plans	2023	2022
At January 1	**1,005**	**1,325**	**2,330**	**3,030**
Contributions paid to the funds	(11)	-	(11)	(19)
Benefits paid directly to the beneficiaries	(39)	(57)	(96)	(102)
Other movements	-	3	3	2
ITEMS RECOGNIZED IN OPERATING INCOME				
Current service cost	18	52	70	107
Actuarial (gains) or losses recognized on other long-term benefit plans	-	1	1	(8)
Effect of plan amendments, curtailments or settlements	(13)	12	(1)	(116)
Other items	18	-	18	9
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME				
Net interest on employee benefit obligations	37	58	95	39
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME				
Translation adjustments	(15)	(23)	(38)	60
Actuarial (gains) or losses	20	38	58	(655)
Unrecognized assets due to the effect of the asset ceiling	(7)	(1)	(8)	(17)
AT DECEMBER 31	**1,013**	**1,408**	**2,421**	**2,330**

The net defined benefit obligation recognized at December 31, 2023 stood at €2,421 million, a year-on-year increase of €91 million as reported and of €129 million excluding translation adjustments.

The increase reflected the following main factors:

- the total €107 million in contributions and benefits paid in 2023 (2022: €121 million), of which:
  - €11 million in contributions paid to fund management institutions (2022: €19 million),
  - €96 million in benefits paid directly to employees (2022: €102 million);
- a €70 million expense recognized in operating income in 2023 (2022: €107 million), which resulted from the cost of defined benefit plans;
- a €1 million gain recognized in operating income (2022: €116 million, of which €118 million stemming from the French simplification and competitiveness plan announced on January 6, 2021);
- the €95 million in net interest expense on the net defined benefit obligation, recognized outside of operating income (2022: €39 million);
- the €58 million in actuarial losses recorded in 2023 (2022: actuarial gains of €655 million), which corresponded to:
  - €93 million in actuarial losses on defined benefit obligations, resulting mainly from decreases in discount rates,
  - €35 million in actuarial gains on plan assets, due to the fact that the actual rate of return on plan assets was higher than the discount rate.

In addition, contributions paid by the Group to defined contribution plans amounted to €256 million in 2023, up €3 million on 2022.

5.1.5 Consolidated cash flow statement review

5.1.5 a) Cash flows from operating activities

(in € millions)	2023	2022	Change
Segment EBITDA	**5,489**	5,262	+227
Change in net inventories	775	-1,055	+1,830
Change in net trade receivables	254	-746	+1,000
Change in net trade payables	-276	+9	-285
Restructuring cash costs	-188	-181	-7
Other changes in provisions	-30	-53	+23
Interest and other financial income and expenses received and paid, net	-193	-323	+130
Income tax paid	-776	-697	-79
Other	+232	-285	+517
NET CASH FROM OPERATING ACTIVITIES	**5,287**	**1,931**	**+3,356**

At €5,489 million, or 19.4% of sales, segment **EBITDA** was up €227 million compared with 2022 (18.4% of sales), lifted by the €176 million increase in segment operating income over the year.

Cash flows from operating activities rose by a very robust €3,356 million over the year, to €5,287 million with, in addition to the increase in EBITDA:

- a highly positive impact from the €2,545 million improvement in trade working capital, led by the reduction in both net inventories (due to their disciplined management and decline in value) and trade receivables (primarily due to the fall-off in volumes sold at year-end);
- a €517 million increase from the change in other receivables and payables;
- a €130 million increase from the reduction in net interest paid;
- a €79 million decrease from the increase in income tax paid;
- an aggregate €16 million increase from other factors.

Restructuring-related outlays rose by just €7 million over the year.

5.1.5 b) Capital expenditure

(in € millions)	2023	2022	2023/2022	2023 (as a % of sales)	2022 (as a % of sales)
Additions to intangible assets and PP&E	**2,236**	2,141	+95	**7.9%**	7.5%
Investment grants received and change in capital expenditure payables	32	(100)	+132	0.1%	(0.3)%
Proceeds from sales of intangible assets and PP&E	(47)	(33)	-14	(0.2)%	(0.1)%
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**2,221**	**2,008**	**+213**	**7.8%**	**7.0%**

Additions to intangible assets and property, plant and equipment amounted to €2,236 million in 2023, compared with €2,141 million in 2022.

Capital expenditure committed during the year rose somewhat versus 2022 and returned to suitable levels after several years shaped by the Covid-19 crisis and its impact on the global economy.

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, North America and China;

Road transportation tires:

- in Romania and North America;

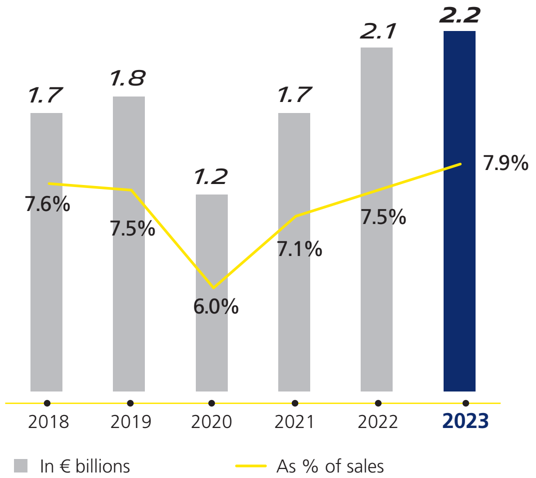
Specialty products:

- Mining tires;
- Beyond-road tires, with a focus on tread production in North America.

All these capital projects were supported by the commitments presented below.

CAPITAL EXPENDITURE

(in € billions)



"Investment grants received and change in capital expenditure payables" corresponds mainly to changes in capital expenditure payables.

5.1.5 c) Free cash flow

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.

(in € millions)	2023	2022	Change
Net cash from operating activities	**5,287**	**1,931**	**+3,356**
Routine capital expenditure (maintenance, IT, dealerships, etc.)	(933)	(744)	-189
Competitiveness and growth investments	(1,108)	(1,202)	+94
Investments in new ventures	(195)	(194)	-1
Other	(42)	105	-147
FREE CASH FLOW BEFORE ACQUISITIONS	**3,009**	**(104)**	**+3,113**
Acquisitions	(666)	(76)	-590
FREE CASH FLOW AFTER ACQUISITIONS	**2,343**	**(180)**	**+2,523**

Free cash flow before acquisitions ended 2023 at a positive €3,009 million, compared to a negative €104 million a year earlier. This was after €2,236 million in capital expenditure and investments, of which €1,108 million was earmarked for competitiveness and growth projects.

Free cash flow after acquisitions stood at a positive €2,343 million. The net €666 million in net acquisition outlays primarily corresponded to the acquisition of Flex Composite Group in September 2023 and the sale of a partial stake in Symbio in July.

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.

In calculating NOPAT, amortization of acquired intangible assets and the Group's share of profit/(loss) from equity-accounted companies are added to segment operating income.

For 2023, the theoretical tax liability was calculated at the same 25% standard rate as in prior years, 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 the 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.

ROCE rose to 11.4% in 2023, a 0.6-point year-on-year gain led by growth in segment operating income and the share of profit from equity-accounted companies, which was improved in particular by active asset portfolio management during the year.

(in € millions)	2023	2022
Segment operating income restated for ROCE calculation	3,608	3,258
Average standard income tax rate used for ROCE calculation	25%	25%
Segment operating income after tax (NOPAT)	**2,706**	**2,444**
Economic assets at December 31	23,585	24,087
Average economic assets	**23,836**	**22,621**
Consolidated ROCE	**11.4%**	**10.8%**

5.1.7 Trend information

Outlook

In 2024, tire markets are expected to remain stable overall compared with 2023 in each of the three reporting segments (Automotive, Road Transportation and Specialties).

In this market environment, the Group expects volumes sold to end the year between -2% and 0% compared to 2023.

Based on this scenario, Michelin's objectives are to deliver full-year segment operating income in excess of €3.5 billion at constant exchange rates and a reported Free cash flow before acquisitions of more than €1.5 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

Michelin is one of the European tire manufacturers under investigation by the European Commission. The Group reaffirms that it scrupulously complies with antitrust legislation in every host country. As a result, it categorically denies the existence of any anticompetitive practices, as alleged by the European Commission in its January 30, 2024 press release, much less any price coordination.

No impact has been recognized in the 2023 financial statements.

5.1.8 Highlights

January 5-8, 2023 [High-Tech Materials] – Symbio, the Group's hydrogen joint-venture with Faurecia, unveils its next-generation fuel cell technology at the 2023 Las Vegas Consumer Electronics Show. The new cells are designed to meet the needs of a full range of carbon-free mobility applications, thereby providing an effective response to today's most pressing environmental challenges.

January 10, 2023 [Tires] – MICHELIN UPTIS, the prototype airless, 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. This major breakthrough demonstrates Michelin's ability to innovate in support of mobility that is safer and better for the environment.

February 2, 2023 [High-Tech Materials] – 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 assertive deployment of the Group's growth strategy in high-tech materials.

February 15, 2023 [Tires] – Michelin launches MICHELIN EVOBIB, the first tractor tire designed specifically for use with central tire inflation systems (CTIS), whose variable tread pattern delivers excellent performance on the road and in the field. With its promise of longer tread life, better soil protection and greater fuel savings, MICHELIN EVOBIB is a further illustration of the Group's capacity for innovation and its commitment to the environment.

February 22, 2023 [People and Planet] – Michelin formalizes its commitment to small-scale natural rubber estate owners in Sri Lanka as part of the River Project, a three-year public-private project co-funded with the French Ministry of the Economy and Finance. Designed to improve the skills of 6,000 growers with an innovative training model, the project is expected to have a positive impact on approximately 30,000 people.

March 1, 2023 [Tires] – The Group launches its new MICHELIN Power Adventure gravel tire, whose hybrid tread design is engineered for cyclists who spend 80% of their time on roads and 20% on trails. The MICHELIN Power Adventure offers superior durability thanks to an additional protective layer surrounding the entire casing, based on the innovative "BEAD 2 BEAD" technology.

March 6, 2023 [Lifestyle] – MICHELIN Guide 2023 – At an event in Strasbourg, France, Michelin announces the selection of restaurants curated for the MICHELIN Guide France 2023. Awarded for the fourth year in a row, the MICHELIN Green Star promotes the efforts of inspiring, pioneering restaurants that are fully invested in sustainable gastronomy. The award is also fully aligned with the Group's "All Sustainable" vision.

March 13, 2023 [Group] – At the "Michelin in Motion 2030 – Strategy Progress Update" Capital Markets Day, Michelin's top management reaffirmed the validity of the Group's strategic focus on creating more value and strengthening its resilience by driving growth in tires, fleet services and solutions, and high-tech materials. The Managers again noted that the target of a more than 10.5% return on capital employed includes the impact of future acquisitions.

March 14, 2023 [Group] – Michelin announces a C$300 million (around €200 million) investment in its plants in Nova Scotia, Canada, to accelerate sustainable mobility and improve its environmental footprint.

March 15, 2023 [Planet] – For the third year in a row, Michelin has been recognized by international non-profit CDP as a "Supplier Engagement Leader" for the initiatives undertaken with its suppliers and partners to address global warming across its supply chain.

March 22, 2023 [Tires] – Michelin wins two awards at the Tire Technology Expo 2023, confirming the Group's leadership in innovation. They are the prestigious Tire Manufacturer of the Year award, won for the sixth time, and the Environmental Achievement of the Year award, recognizing the Group's first two road-approved tires made from 45% and 58% sustainable materials, respectively, one for cars and the other for buses.

March 28, 2023 [People and Planet] – With a score exceeding 80%, Michelin leads the list of tire companies assessed by ZSL SPOTT, an ESG rating platform focused on soft commodities. The ranking demonstrates the Group's commitment to ESG transparency and its efforts to improve the sustainability of the entire natural rubber value chain.

March 29, 2023 [Planet] – With Michelin's support, Scandinavian Enviro Systems and Antin Infrastructure Partners form a joint venture to create the world's first large-scale tire recycling group. Michelin is planning to partner in the JV as the plants are built in the future. This is a further demonstration of Michelin's ability to reduce the overall environmental impact of its tires through innovative partnerships.

March 31, 2023 [People] – In Canada, Michelin's Pictou County plant is named Excellence Awardee in the Manufacturing category at Canada's Safest Employers Awards 2022. This marks the sixth year that the Pictou County facility has received the award, which honors manufacturers with outstanding health and safety records.

April 7, 2023 [Group] – The Group files its 2022 Universal Registration Document with the AMF, supplementing the publication on April 11 with a web-based Excel file presenting data for all of its ESG indicators.

April 13, 2023 [Group] – At its International Media Day event, held at its plant in Cuneo, Italy, Michelin presents two transformations with strategic implications for the Group: the ongoing changes in tire markets and the transformation of its production facilities. During the event, Michelin reaffirmed its commitment to environmental stewardship, and particularly its target of using 100% sustainable materials in its tires by 2050.

First-quarter 2023 [High-Tech Materials] – Michelin's Wisamo inflatable wing sail system is installed on the Compagnie Maritime Nantaise's MN Pelican ro-ro container ship. The vessel is testing the inflatable system's endurance and use on its weekly rotations between Bilbao, Spain and Poole, UK. Feedback generated by these tests will support the giant wing sail's ongoing development.

First-quarter 2023 [People] – Now being deployed across the organization, the Michelin One Care program incarnates the Group's dedication to supporting all its employees around the world at important moments in their lives with a package of fundamental benefits. In Sri Lanka, where there is no public social safety net, Michelin has been one of the country's first companies to introduce such a system for its employees.

First-quarter 2023 [Tires] – Mercedes-AMG has launched its first fully electric SUV, the Mercedes AMG EQE, fitted with Michelin tires as original equipment. As noted in the Mercedes-AMG press release, "Among other suppliers, the MICHELIN Pilot Sport EV MO1 tire specifically designed for electric-drive performance vehicles is worth mentioning. Available in 21- or 22-inch sizes, it features low rolling resistance and superior grip on wet and dry roads."

First-quarter 2023 [Tires] – Ferrari has introduced the Ferrari Purosangue SUV, its first four-door, four-seater model. Naturally, the prancing horse brand chose Michelin for both the original equipment tires and the model-approved winter tires.

April 27, 2023 [Group] – Michelin launches the Michelin 3xplorer Club, an NFT collection depicting the Michelin Man in 5,000 unique versions. The initiative, which reflects the excellence and innovation associated with the Michelin brand, further illustrates the Group's commitment to offering its customers exclusive new non-tire related experiences.

May 12, 2023 [Group] – Nearly 950 people attend the Annual Meeting of Michelin shareholders, held in Clermont-Ferrand, France under the chairmanship of Florent Menegaux, Managing Chairman.

May 16, 2023 [High-Tech Materials] – Stellantis acquires an equal stake with Faurecia and Michelin in Symbio, a leader in zero-emission hydrogen mobility. The binding agreement will give each partner a 33.3% interest.

May 17, 2023 [Tires] – Michelin announces the acquisition of UK based Canopy Simulation, strengthening its position as a technological leader and data-driven company. Michelin enjoys unique mathematical data processing expertise. By accelerating innovation, simulation optimizes Michelin's work with its partners and vehicle manufacturers, while reducing its Research and Development environmental footprint and providing savings compared with more traditional development cycles.

May 22, 2023 [Group] – Michelin announces plans to invest $100 million in its agricultural rubber track plant in Junction City, Kansas, United States. Designed to increase output to serve the original equipment and aftermarkets, the project will also create around 200 new jobs.

May 23, 2023 [Tires] – TBC Corporation, the North American tire distribution joint venture between Michelin and Sumitomo Corporation, divests its retail portfolio and refocuses on its wholesale, distribution and franchise business operations.

May 24, 2023 [Group] – As part of the United Nations Decade of Action for Road Safety, Michelin works with the International Road Federation (IRF) and the World Bank's Sustainable Mobility for All (SuM4All) initiative to issue the "Enhancing Policy and Action for Safe Mobility" report, which provides thought leadership, policy guidelines and best practices to assist countries in implementing a systemic, integrated approach to road safety.

May 26, 2023 [Group] – After suspending its industrial activities in Russia on March 15, 2022, Michelin sells its Russian assets to Power International Tires LLC, one of the country's leading tire distributors.

June 2023 [Group] – Michelin unveils the first-ever selection of restaurants curated for the cities of Hangzhou, China and of Hanoi and Ho Chi Minh City, Vietnam.

June 1, 2023 [Group] – Michelin announces the launch of the Collaborative Innovation Hub (PIC) in Clermont-Ferrand, France. Designed as an innovation accelerator, the new government-supported facility is part of the Parc Cataroux program, which attests to Michelin's deep attachment to its home region and its commitment to making a positive contribution to the local community and society as a whole.

June 2, 2023 [Tires] – 2023 Le Mans 24 Hours – As it celebrates the centennial of the world's most prestigious endurance race, Michelin reasserts motorsport's key role as an accelerator of sustainable innovation. In response to today's overriding environmental challenges, the nature of auto racing is changing and the Group's involvement is about much more than just collecting trophies. With the unveiling of a tire containing 63% sustainable materials, Michelin has once again demonstrated its ability to deliver disruptive new technologies, in line with its goal of making tires 100% sustainable by 2050.

June 12, 2023 [Group] – Michelin's Troyes plant celebrates 60 years of agricultural tire excellence. The facility, which accounts for 40% of Michelin's worldwide agricultural tire production capacity, has 760 employees and exports most of its output to Europe and North America. Its customers include such leading manufacturers as Case New Holland, AGCO, John Deere and CLAAS.

June 16, 2023 [Group] – The Michelin Group acquires all outstanding shares in Rugby Club ASM Clermont Auvergne, with the aim of strengthening the organization and supporting its transformation.

June 19, 2023 [High-Tech Materials] – Michelin agrees to acquire 100% of Flex Composite Group (FCG) from IDI for an enterprise value of €700 million, thereby creating a leader in high-tech engineered fabrics and films.

June 21, 2023 [Tires] – At the Paris Air Show, the Group launches the MICHELIN Air X Sky Light tire, engineered in response to the airline industry's decarbonization objectives. It offers a further illustration of the Group's ability to develop breakthrough technologies to fulfill its sustainable growth ambitions.

June 21, 2023 [Tires and Connected Mobility Solutions] – At the Paris Air Show, the Group announces that Brazilian airline Azul has chosen the PresSense connected tire and its pressure measurement system to equip its fleet of nearly 110 Airbus and Embraer aircraft. The result of a partnership between Safran Landing Systems, the world leader in landing systems, and Michelin, the world leader in mobility solutions, PresSense is intended to simplify airline maintenance operations.

June 22, 2023 [Group] – As it celebrates its twentieth anniversary, the Global Compact France Network elects Florent Menegaux as President for a three-year term of office. The national branch of the UN Global Compact is dedicated to undertaking actionable initiatives based on ten universal principles related to human rights, international labor standards, the environment and the fight against corruption. It seeks to engage its members in helping to meet the UN's sustainable development goals.

June 27, 2023 [Tires] – The French Post Office chooses the prototype MICHELIN UPTIS puncture-proof airless tire to equip 40 delivery vans by the end of 2024. The MICHELIN UPTIS is the only airless tire in the world currently in use on open roads in real-life conditions. The innovation demonstrates both Michelin's expertise in high-tech materials and its ability to meet the huge self-imposed challenge of making all its tires 100% sustainable by 2050.

June 29, 2023 [Group] – Michelin, Banque des territoires and SEM Oryon have created SAS Atinéa, which will manage the end-to-end redevelopment of the Michelin plant in La Roche-sur-Yon, transforming the site into a center of excellence dedicated to renewable energies and sustainable mobility.

July 26, 2023 [Group] – Michelin delivered sales growth of 5.9% and increased segment operating income by 11.4% in the first half of 2023, in adverse markets. Free cash flow before M&A reached €922 million. Guidance has been revised upwards.

July 28, 2023 [High-Tech Materials] – Michelin confirms the sale to Stellantis of part of its shareholding in Symbio, its hydrogen joint-venture with Forvia. Stellantis now owns an equal 33.33% of the venture, a leading fuel cell mobility enabler, on a par with Michelin and Forvia. The new ownership structure will enable Symbio to step up its expansion in Europe and the United States.

September 13, 2023 [Lifestyle] – Colorado joins the MICHELIN Guides family with 44 restaurants, including five starred establishments. The latest selection illustrates the Group's commitment to expanding the MICHELIN Guide internationally.

September 19, 2023 [Group] – Michelin is partnering with the biggest eSports event ever organized in France, the KCorp Xperience: KCX3–Karmine Corp vs. The World. In this way, the Group is reaffirming its commitment to raising its profile and enhancing its image across a broad audience. Its engagement with the gaming community is consistent with its capabilities in simulation, virtual design and other core competencies.

September 23, 2023 [High-Tech Materials] – Michelin announces a new phase in the development of its innovative WISAMO wind propulsion solution, which will help to decarbonize maritime shipping. The 100 sq.m inflatable wing-sail is being tested in real-world conditions on the ro-ro vessel Pelican, operated by Brittany Ferries (Compagnie Maritime Nantaise) on the Poole, UK – Bilbao, Spain route. Feedback from this latest phase will support the design of an 800 sq.m wing that will be brought to market in 2026.

September 26, 2023 [Group] – For the ninth year in a row (except for second-quarter 2022), Michelin once again retains its first place in the Posternak Ifop Barometer, a survey that tracks the image of leading French corporations.

September 27, 2023 [High-Tech Materials] – Michelin completes the acquisition of Flex Composite Group, creating a leader in high-tech engineered fabrics and films. In line with the Michelin in Motion 2030 strategy, the acquisition marks a significant step forward in the development of the Group's polymer composites activities. It will increase sales of the Group's High-Tech Materials business by around 20%.

September 29, 2023 [People] – The Group has issued its new Health and Safety Declaration, reaffirming that respect for people has always been one of its fundamental values. With the new Declaration, applicable in every host country, the Group is expressing a commitment, defining a framework and deploying resources to enable everyone to safeguard and manage their health and safety over time, both in the workplace and in their personal lives.

September 30, 2023 [Tires] – The Michelin UPTIS wins the Engineering Award at EQUIP AUTO's International Awards for Automotive Innovation. Presented by a panel of international journalists and experts, the Award recognizes Michelin's technological leadership, as the only tiremaker in the world to operate an airless tire in real-life conditions.

October 4, 2023 [High-Tech Materials] – Michelin and its AirCaptif subsidiary launch the MICHELIN Inflatable Lab, an inflatable clean room structure that provides a secure environment where medical or protective operations may be performed while controlling the purity of the air within. Through the MICHELIN Inflatable Lab, Michelin is reaffirming its commitment to expanding its activities in the field of inflatable solutions and demonstrating its expertise in high-tech materials.

October 5, 2023 [Lifestyle] – The MICHELIN Guide has created the MICHELIN Key, a special distinction celebrating the hotels offering the most remarkable guest experiences in the world. The MICHELIN Guide selection teams will unveil the first MICHELIN Key awards in the first half of 2024.

October 5, 2023 [High-Tech Materials] – In a world first in Toulouse, France, Michelin has tested an innovative inflatable shade sail system designed to cool urban heat islands whose configuration hinders the planting of trees and other vegetation. The prototype offers another compelling illustration of Michelin's expertise in high-tech materials.

October 12, 2023 [Group] – Sumitomo Rubber joins the RubberWay initiative alongside Michelin, Continental, Goodyear and Pirelli. Developed in 2017 by Michelin and software company Smag, the app helps to map social and environmental risks across the natural rubber procurement chain to drive faster, wider take-up of sustainable practices.

October 15, 2023 [Tires] – The Indonesian Moto Grand Prix witnessed a historic moment as Michelin celebrated both its 500th victory in the Queen class (500cc/MotoGP™) and its 50 years of innovation since its first win in 1973. Today, Michelin's commitment to motorsports is a powerful accelerator of sustainable innovation. This is particularly the case for MotoE™, a fully electric motorcycle championship held as part of MotoGP™, for which Michelin has developed rear tires containing 52% biosourced, renewable, recycled or otherwise sustainable materials.

October 23, 2023 [Planet] – The Gravanches production facility in Clermont-Ferrand has reduced its water withdrawals by 60%, or 10,000 cu.m of water a year, by installing a process supporting closed-loop water systems. The initiative has made the facility the Group's most water-efficient new tire production plant, while driving progress towards the target of reducing water use across the Group's production base by 33% in 2030 compared with 2019.

October 24, 2023 [Group] – Michelin reports a 2% increase in sales to €21.2 billion in the first nine months of the year, despite soft volumes and a forex headwind, supported by mix enhancement, the non-tire businesses and brand leadership.

October 26, 2023 [Group] – Michelin announces plans to wind down the tire production operations of its Ardmore production facility, in response to the shifting North American market. Around 1,400 people will be impacted by the wind-down, which should be completed by the end of 2025.

October 2023 [Lifestyle] – The MICHELIN Guide extends its international coverage by adding three new destinations, Atlanta in the United States, and Buenos Aires and Mendoza in Argentina. The latter are the first two Hispanic South American destinations to join the world leader in gourmet dining guides.

November 9, 2023 [Planet] – Michelin and Bridgestone have published a white paper to share the results of their joint initiative to increase the reuse in new tires of carbon black recovered from end-of-life tires, as part of their journey to material circularity. The paper follows on from the joint call to action around recovered carbon black at the 2021 Smithers rCB conference.

November 9, 2023 [Tires] – Michelin and Lilium have signed an agreement covering the design and serial production of tires for the Lilium all-electric vertical take-off and landing (eVTOL) jet. The partnership, which leverages Michelin's 100 plus years of experience working with the aerospace industry, is a perfect illustration of the Group's commitment to supporting the transformation of aviation to make it more sustainable.

November 16, 2023 [Connected Mobility Solutions] – At the 2023 Solutrans trade fair, Michelin presents its range of transportation-related mobility solutions, while demonstrating its commitment to enabling carbon-free mobility. The new MICHELIN Connected Mobility solution brings together all of Michelin's unique capabilities to ensure that fleet management operations are safer, more efficient and more sustainable. As well, Watèa by Michelin, a mobility operator specialized in the energy transition of professional fleets, has now integrated hydrogen vehicles into its offering.

November 28, 2023 [Group] – Michelin announces its decision to restructure operations in Germany, with the gradual shutdown of production operations at its Karlsruhe and Trier plants and of new tire and semi-finished product manufacturing in Homburg, and the transfer of the Customer Service Center from Karlsruhe to Poland. A total of 1,532 employees will be impacted by these operations, which are meant to be completed by the end of 2025.

December 5, 2023 [High-Tech Materials] – Symbio, an equally owned joint venture between Michelin, Forvia and Stellantis, inaugurates SymphonHy, comprising both the venture's first gigafactory and its center of technological and industrial excellence. Located in Saint-Fons, in the Auvergne-Rhône-Alpes region in France, SymphonHy will be the largest integrated fuel cell production site in Europe. Symbio has strengthened its technological and industrial leadership, while reaching a new milestone on the road to zero-emission mobility.

December 6, 2023 [Planet] – Michelin, the French national research institute CNRS and the University of Clermont Auvergne have combined their expertise as part of the new BioDLab joint research laboratory, dedicated to studying the degradation and biodegradation of tire wear particles resulting from contact between road and tire.

December 22, 2023 [Group] – Michelin marks its e-commerce presence in Australia and Asia Pacific with the acquisition of Tyroola, Australia's third largest online player for tires and fitting services. The acquisition will enable the Group to offer customers the best possible experience, from online information seeking to tire fitting.

January 16, 2024 [Planet] – The Group announces its intention to apply the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), in alignment with the targets defined at COP15 in Montreal. The announcement expands on Michelin's commitments to biodiversity already expressed in 2018 through the act4nature international initiative.

January 20-25, 2024 [People] – The Michelin Volunteers program encourages employees to get involved in local community engagement initiatives addressing a broad array of issues, including health, education, emergency relief, safe mobility, the environment, diversity and inclusion. In 2023, 15.7% of Group employees, or 19,700 people, took part in a volunteer program, with a target of 20% set for 2030. Their engagement is helping to support the Group's deeply held social responsibility commitment to acting in the common good.

January 19, 2024 [Group] – Michelin, IFPEN and Axens inaugurate the first industrial-scale demonstrator unit capable of producing bio-based butadiene, representing a major milestone in the creation of a new industry. Built on the Michelin site in Bassens, France, the demonstrator is part of the BioButterfly project, which aims to develop and bring to market butadiene using ethanol derived from plant biomass to replace butadiene made from petrochemical feedstocks.

Fourth-quarter 2023 [Planet] – To test the Science-Based Targets for Nature (SBTN) methodology, which enables companies to identify biodiversity issues and prioritize their initiatives, Michelin joined the Natural Capital Lab initiative founded by WWF France and the Environmental Accounting Chair at AgroParisTech in 2020. In 2024, three Group facilities will pilot the methodology in assessing their water use.

Fourth-quarter 2023 [People] – Through the Michelin One Care program being gradually rolled out worldwide through 2025, the Group is committed to offering social protection benefits to every employee at important moments in their lives. In 2023, for example, paternity leave was extended, death coverage was improved and healthcare support was broadened in a number of countries. In all, 92% of Group employees benefit from healthcare insurance in compliance with defined standards.

Fourth-quarter 2023 [People] – In 2023, Michelin stepped up deployment of its Diversity and Inclusion process, significantly improving the percentage of women employees and the recognition of all forms of diversity. Michelin measures the program's progress using a composite indicator tracking five metrics: gender diversity, identity, multi-national management, disability and equal opportunity in promotions. In 2023 the indicator improved by two points from the prior year, and now stands at 72, with a target of 80 in 2030.

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, 2023					
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		2	7		11	20
Total amount of invoices (including tax)		188	-923		11,094	10,360
Percentage of total sales for the period (including tax)		0.01 %	-0.05 %		0.60 %	0.56 %
(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, 2023					
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		29	73	5	36	143
Total amount of invoices (including tax)		-1,681	82	5	-4,453	-6,047
Percentage of total purchases for the period (including tax)		-0.10 %	0.00 %	0.00 %	-0.26 %	-0.35 %
(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 16, 2024 (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 2023 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 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 2023 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)	2023	2022	2021	2020	2019
Sales	28,343	28,590	23,795	20,469	24,135
% change	-0.9%	+20.2%	+16.3%	-15.2%	+9.6%
Total employee benefit costs	7,401	6,950	6,445	5,996	6,365
As a % of sales	26.1%	24.3%	27.1%	29.3%	26.4%
Number of full-time equivalent employees at period-end	125,000	124,900	118,400	117,500	121,300
Research and development expenses	756	698	682	646	687
As a % of sales	2.7%	2.4%	2.9%	3.2%	2.8%
SEGMENT EBITDA[(1)]	**5,489**	**5,262**	**4,700**	**3,631**	**4,763**
Segment operating income	3,572	3,396	2,966	1,878	3,009
Segment operating margin	12.6%	11.9%	12.5%	9.2%	12.5%
Operating income	2,652	3,021	2,777	1,403	2,691
Operating margin	9.4%	10.6%	11.7%	6.9%	11.1%
Cost of net debt	198	239	192	242	330
Other financial income and expenses	2	(22)	(4)	(14)	(5)
Income before taxes	2,490	2,656	2,471	979	2,236
Income tax	507	647	626	354	506
Effective tax rate	20.4%	24.4%	25.3%	36.2%	22.6%
Net income	1,983	2,009	1,845	625	1,730
As a % of sales	7.0%	7.0%	7.8%	3.1%	7.2%
Dividends	893	803	410	357	666
Net cash from operating activities	**5,287**	**1,931**	**2,906**	**3,366**	**3,321**
As a % of sales	18.7%	6.8%	12.2%	16.4%	13.8%
Gross purchases of intangible assets and PP&E	2,236	2,141	1,705	1,221	1,801
As a % of sales	7.9%	7.5%	7.2%	6.0%	7.5%
Net debt[(2)]	3,281	4,320	2,789	3,531	5,184
Total equity	17,958	17,116	14,971	12,631	13,229
Gearing	18.3%	25.2%	18.6%	28.0%	39.2%
Net debt[(2)]/segment EBITDA[(1)]	0.60	0.82	0.59	0.97	1.09
Segment operating income/net interest expense[(3)]	20.8	11.5	13.7	7.9	10.1
Free cash flow[(4)]	2,343	(180)	1,357	2,004	1,142
ROE[(5)]	11.3%	12.5%	13.4%	4.8%	13.6%
Operating ROCE[(6)]	11.4%	10.8%	10.3%	6.0%	10.0%
PER-SHARE DATA* *(in €)*					
Net assets per share[(7)]	25.1	24.0	20.9	17.7	18.5
Basic earnings per share	2.77	2.81	2.58	0.88	2.42
Diluted earnings per share	2.75	2.79	2.56	3.51	9.66
Price-earnings ratio[(8)]	11.7	9.3	14.0	29.8	11.3
Dividend for the year[(9)]	1.35	1.25	1.125	0.575	0.50
Payout ratio[(10)]	49%	44%	44%	65%	21%
Yield[(11)]	4.2%	4.8%	3.1%	2.2%	1.8%

(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 less 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 2019 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 divided by the number of shares outstanding at period-end.
(8) Price-earnings ratio: share price at period-end divided by basic earnings per share.
(9) Subject to approval by the Annual Meeting of May 17, 2024.
(10) Payout ratio: dividend divided by net income.
(11) Yield: dividend per share divided by the share price at December 31.
** The 2019 to 2021 per-share data have been restated to reflect the four-for-one stock split on June 16, 2022.*

5.2 2023 CONSOLIDATED FINANCIAL STATEMENTS

5.2.1 Consolidated statement – year ended December 31, 2023

Consolidated income statement

(in € millions, except per-share data)	Note	2023	2022
Sales	5	28,343	28,590
Cost of sales		(20,395)	(21,052)
Gross income		**7,948**	**7,538**
Sales and marketing expenses		(1,210)	(1,174)
Research and development expenses		(756)	(698)
General and administrative expenses		(2,336)	(2,244)
Segment other income and expenses	8	(74)	(26)
Segment operating income	**5**	**3,572**	**3,396**
Other operating income and expenses	9	(920)	(375)
Operating income		**2,652**	**3,021**
Cost of net debt	10	(198)	(239)
Other financial income and expenses	10	2	(22)
Net interest on employee benefit obligations	27.1	(94)	(45)
Share of profit/(loss) from equity-accounted companies	17	128	(59)
Income before taxes		**2,490**	**2,656**
Income tax	11	(507)	(647)
NET INCOME		**1,983**	**2,009**
Attributable to the shareholders of the Company		1,983	2,001
Attributable to the non-controlling interests		-	8
EARNINGS PER SHARE *(in €)*	**12**		
Basic		2.77	2.81
Diluted		2.75	2.79

Notes 1 to 37 are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

(in € millions)	Note	2023	2022
Net income		**1,983**	**2,009**
Post-employment benefits	27.1	(50)	672
Tax effect – Post-employment benefits	18	18	(132)
Equity instruments at fair value through OCI – changes in fair value	15.1	2	57
Tax effect – equity instruments at fair value through OCI	18	2	(10)
Other		-	4
Other comprehensive income/(loss) that will not be reclassified to the income statement		***(28)***	***591***
Cash flow hedges – changes in fair value		2	(10)
Currency translation differences		(316)	386
Other		67	(1)
Other comprehensive income/(loss) that may be reclassified to the income statement		***(247)***	***375***
Other comprehensive income/(loss)		**(275)**	**966**
TOTAL COMPREHENSIVE INCOME		**1,708**	**2,975**
Attributable to the shareholders of the Company		1,708	2,968
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, 2023	December 31, 2022
Goodwill	13	2,982	2,430
Intangible assets	13	1,794	1,803
Property, plant and equipment (PP&E)	14.1	12,260	12,136
Right-of-use assets	14.2	1,082	1,010
Non-current financial assets and other non-current assets	15	1,605	1,161
Investments in equity-accounted companies	17	871	1,102
Deferred tax assets	18	932	630
Non-current assets		**21,526**	**20,272**
Inventories	19	5,447	6,318
Trade receivables	20	3,850	4,205
Current financial assets	21	512	652
Other current assets	22	1,345	1,315
Cash and cash equivalents	23	2,515	2,584
Current assets		**13,669**	**15,074**
TOTAL ASSETS		**35,195**	**35,346**
Share capital	24	357	357
Share premiums	24	2,702	2,702
Reserves	25	14,896	14,051
Non-controlling interests		3	6
Total equity		**17,958**	**17,116**
Non-current financial liabilities	26	4,672	4,705
Non-current lease liabilities	26	738	690
Provisions for employee benefit obligations	27.1	2,726	2,561
Provisions and other non-current liabilities	29	860	695
Deferred tax liabilities	18	497	541
Non-current liabilities		**9,493**	**9,192**
Current financial liabilities	26	591	1,826
Current lease liabilities	26	241	233
Trade payables		3,075	3,416
Trade payables under reverse factoring agreements	3.26	530	595
Provisions and other current liabilities	30	3,307	2,968
Current liabilities		**7,744**	**9,038**
TOTAL EQUITY AND LIABILITIES		**35,195**	**35,346**

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, 2022	**357**	**2,746**	**11,871**	**(3)**	**14,971**
Net income	-	-	2,001	8	2,009
Other comprehensive income/(loss)	-	-	967	(1)	966
Total comprehensive income	**-**	**-**	**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**
Net income	-	-	1,983	-	1,983
Other comprehensive income/(loss)	-	-	(275)	-	(275)
Total comprehensive income	-	**-**	**1,708**	**-**	**1,708**
Issuance of shares	-	-	-	-	-
Share buybacks	-	-	-	-	-
Cancellation of shares	-	-	-	-	-
Dividends and other appropriations	-	-	(894)	(2)	(896)
Share-based payments – current service cost	-	-	30	-	30
Sales of treasury shares	-	-	-	-	-
Other	-	-	1	(1)	-
AT DECEMBER 31, 2023	**357**	**2,702**	**14,896**	**3**	**17,958**

Notes 1 to 37 are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(in € millions)	Note	2023	2022
Net income		1,983	2,009
Adjustments			
• Cost of net debt	10	198	239
• Other financial income and expenses	10	(2)	22
• Net interest on employee benefit obligations	27.1	94	45
• Income tax	11	507	647
• Amortization and depreciation of intangible assets and PP&E	6	1,917	1,866
• Other operating income and expenses	9	920	375
• Share of loss/(profit) from equity-accounted companies	17	(128)	59
Segment EBITDA	**3.7.2**	**5,489**	**5,262**
Other operating income and expenses (cash) and changes in provisions	31	(218)	(234)
Interest and other financial income and expenses received and paid, net	31	(193)	(323)
Income tax paid	18.2	(776)	(697)
Change in working capital, net of impairment	31	985	(2,077)
Net cash from operating activities		**5,287**	**1,931**
Purchases of intangible assets and PP&E	31	(2,268)	(2,041)
Proceeds from sales of intangible assets and PP&E		47	33
Equity investments in consolidated companies, net of cash acquired		(793)	(124)
Disposals of equity investments in consolidated companies, net of cash sold		142	65
Purchases of equity instruments at fair value		(15)	(18)
Disposals of equity instruments at fair value		-	-
Cash flows relating to other financial assets	31	(43)	140
Net cash from/(used in) investing activities		**(2,930)**	**(1,945)**
Proceeds from issuance of shares	24	-	76
Dividends paid to the shareholders of the Company	24	(893)	(803)
Cash flows relating to financial liabilities	31	(1,455)	(951)
Share buybacks	24	-	(120)
Other		12	(62)
Net cash from/(used in) financing activities		**(2,336)**	**(1,860)**
Effect of changes in exchange rates		**(90)**	**(24)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(69)**	**(1,898)**
Cash and cash equivalents at January 1		2,584	4,482
Cash and cash equivalents at December 31	23	2,515	2,584

Notes 1 to 37 are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

DETAILED SUMMARY OF THE NOTES TO THE 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 12, 2024.

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 applicable 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 section 2.3 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, 2023 in the European Union

The following new standards and amendments to IFRSs are effective from January 1, 2023; they have no material impact for the Group:

IFRS 17 – Insurance Contracts – Recognition, Measurement and Presentation

The new standard, including the amendments published in June 2020 and December 2021, specifies the principles relating to the recognition, measurement, presentation and disclosure of insurance contracts. It replaces IFRS 4 and was adopted by the European Union on November 19, 2021. This standard has no material impact on the Group's consolidated financial statements.

Amendment to IAS 1 – Disclosure of Accounting Policies

This amendment adopted by the European Union on March 2, 2022 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.

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 is effective 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

The amendment limits 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. Companies will now be required to recognize deferred tax on these transactions. The amendment applies to qualifying transactions occurring on or after the opening date of the first comparative period presented (i.e., January 1, 2022 in the case of the Group). It has no material impact on the Group's consolidated financial statements.

Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules

On December 14, 2022, the European Union adopted a directive implementing the OECD's Pillar Two reform. France voted for the transposition of this directive into domestic law as part of the Finance Bill for 2024. The Pillar Two rules therefore apply to all entities effectively controlled by Compagnie Générale des Etablissements Michelin.

In May 2023, the IASB published an amendment to IAS 12 which includes a mandatory temporary exception for 2023 to the application of IAS 12 to Pillar Two calculations. This amendment was formally adopted by the European Union in November 2023 and is therefore fully applicable. The Group has not recorded any deferred taxes arising from the jurisdictional implementation of the Pillar Two model in its financial statements.

At this stage of its work, the Group considers that although it will probably be subject to Pillar Two rules in certain jurisdictions from January 1, 2024, it does not expect this to have any significant tax effect on the financial statements.

2.4 New standards, amendments to existing standards and interpretations that are not yet effective

The following new IFRS standards, amendments and interpretations, which were not applicable at December 31, 2023, are not expected to have a material impact on the consolidated financial statements at their application date:

Amendment to IFRS 16 – lease liability in a sale and leaseback

The amendment, which will be effective for annual periods beginning on or after January 1, 2024, clarifies the subsequent treatment of the right-of-use asset and lease liability arising from a leaseback transaction (notably in the case of a lease with variable payments not based on an index or a rate).

Amendments to IAS 7 and IFRS 7 – Presentation of Financial Statements – Reverse Factoring – Supplier Finance Arrangements

These amendments introduce new disclosure requirements for reverse factoring arrangements, to help assess the effects of these arrangements on the liabilities, cash flows and liquidity risk exposure of the preparer of the financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Non-current Liabilities with Covenants

The first amendment clarifies the principles to be applied to classify liabilities as current or non-current. The second amendment specifies that covenants to be complied with after the reporting date do not affect the classification between current and non-current liabilities at the reporting date. It also aims to improve disclosures on long-term debt with covenants.

Amendment to IAS 21 – Lack of Exchangeability

The amendment specifies how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. It will be applicable for accounting periods beginning on or after January 1, 2025.

There are no other new standards, updates or interpretations published but not yet effective whose impact could be material for the Group.

2.5 Climate risk

Climate risk and the Group's stated ambitions in this area have been taken into account for the preparation of the financial statements.

Concerning the energy transition, the Group will eliminate the use of coal as an energy source by 2030. The number of sites still using coal is limited and the assets concerned are largely depreciated. The investments required over the period covered by the five-year strategic plan are estimated at €60 million (2022: €60 million).

To optimize its energy use, in 2020 the Group launched a program to electrify its tire curing presses. Capital expenditure on the program over the period covered by the Group's five-year strategic plan is estimated at around €120 million. This expenditure has been taken into account in the cash flow forecasts used as a basis for impairment testing (note 13.1 "Goodwill"). Beyond the period covered by the strategic plan, the rate at which the program is implemented will depend on the actual energy performance of the initial investments.

The effects of climate risks on cash flows beyond the period covered by the five-year strategic plan is difficult to predict. They could arise, for example, from business interruption at sites exposed to natural disasters, or from regulatory compliance costs in certain countries (taxes or other) related to initiatives to encourage the energy transition. Given the difficulty of preparing reliable cash flow projections taking these risks into account, a simulated impairment test was carried out, limiting estimates of future cash flows to the next 20 years based on constant cash flows after the fifth year (note 13.1).

Concerning measures to adapt to climate change, in 2023 around 100 manufacturing sites and office facilities were analyzed to assess the medium- and long-term risks of extreme climate phenomena (intense heat, floods, etc.). The analysis will be completed in 2024 by an assessment of the preventive measures to be put in place, so that the cost of these measures can be taken into account in the Group's capital expenditure and operating expense forecasts.

Additional costs of regulatory compliance are taken into account in the future cash flows used as a basis for impairment testing (note 13.1), to the extent that the regulations affecting the cash flows are known. This mainly concerns the CO_2 emission allowances to be acquired by the Group in compliance with European Union regulations (Emissions Trading Scheme – ETS). Emissions from sites subject to these European regulations represent around one-tenth of the Group's Scope 1 and 2 emissions. The accounting policies applied to ETS emission allowances are described in note 3.15.1, and the balance sheet amounts at the reporting date are shown in note 13.2.4.

The interest rate on the Group's €2,500 million syndicated line of credit (€2,500 million in 2022, see note 33.2.1) depends on its performance in relation to its environmental objectives (CO_2 emissions and an industrial environmental performance indicator).

2.6 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.

2.6.1 Impairment of non-financial assets

The cash generating units' (CGU) future cash flows used to calculate value in use (note 3.17) 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 2.5 concerning the recognition of climate risk).

Quantitative information is provided in note 13.1.

2.6.2 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, healthcare 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.

2.6.3 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;
- confirmed reorganization projects that will eliminate sources of losses;
- the time limit for recovering historical tax losses; and
- the maximum utilization rate of tax loss carryforwards in a given year.

Quantitative information is provided in notes 11 and 18.

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.

2.6.4 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.

2.6.5 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).

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 impact of other transactions relating to equity-accounted companies, such as the recognition of a gain or loss resulting from a reduction in the Group’s percentage interest in the investee, or an impairment loss on securities and loans.

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):	**2023**	**2022**	**2023**	**2022**
US dollar (USD)	1.111	1.062	1.082	1.054
Canadian dollar (CAD)	1.466	1.443	1.460	1.370
Mexican peso (MXN)	18.787	20.611	19.177	21.206
Brazilian real (BRL)	5.364	5.592	5.401	5.435
Pound sterling (GBP)	0.868	0.883	0.870	0.852
Chinese yuan (CNY)	7.899	7.393	7.656	7.081
Indian rupee (INR)	92.508	87.902	89.331	82.732
Thai baht (THB)	37.950	36.754	37.617	36.874

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 spot exchange rates at the date of the consolidated statement of financial position, applied to discounted future cash flows (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. The amortization of trademarks and customer relationships recognized as part of a business combination is also included 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. These items are described in more detail in note 9.

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 (EU ETS). 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

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 installations of land and buildings:	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 service conditions and any Group-related performance 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 indicated 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 cash flows from operating or investing activities (note 31).

Note 4. CHANGES IN SCOPE OF CONSOLIDATION

4.1 Transactions in 2023

4.1.1 Flex Composite Group

On September 26, 2023, the Group completed the acquisition of all the outstanding shares of Flex Composite Group, Europe's leading manufacturer of high-tech fabrics and films, for an enterprise value of €700 million. This acquisition marks a significant step forward in developing the Group beyond mobility and positioning it as a player in polymer composite solutions.

The purchase price allocation process was launched during the period and provisional goodwill of €576 million was recognized at December 31, 2023, as shown in the following table:

(in € millions)	At the acquisition date
Fair value of consideration transferred	554
Consolidated net assets	22
PROVISIONAL GOODWILL	**576**

The identification and measurement of the identifiable assets acquired and the liabilities assumed at their fair value at the acquisition date began in the second half of 2023 and will be completed within 12 months of the acquisition date, i.e., no later than September 26, 2024. In the period from its acquisition and full consolidation to the reporting date, Flex Composite Group contributed €46 million to consolidated sales and €9 million to segment operating income.

4.1.2 EGC Entreprises

On January 31, 2023, the Group acquired all outstanding shares in US company EGC Enterprises, Inc., a manufacturer of graphite-based sealing products with locations in Ohio and North Carolina. EGC products are designed for use in high-temperature and high-pressure applications in the fluid sealing, heavy equipment, aerospace and thermal management sectors.

The company was fully consolidated in the first half of the year, and the purchase price allocation was completed in the second half.

Following this allocation, goodwill of €18 million was recognized at December 31, 2023, as shown in the following table:

(in € millions)	At the acquisition date
Fair value of consideration transferred	49
Consolidated net assets	(31)
FINAL GOODWILL	**18**

EGC contributed €14 million to the Group's sales and €3 million to segment operating income for 2023.

4.1.3 Watèa

Watèa offers a purpose-designed electric mobility solution for light truck fleets.

In April 2023, Crédit Agricole Leasing & Factoring acquired a 30% stake in Watèa by underwriting a €31 million share issue.

In light of the resulting change in its governance structure, the Group considered that Watèa had become a joint venture as of the transaction date.

Its share of Watèa's net assets was therefore remeasured at fair value at the transaction date, leading to the recognition of a €68 million positive fair value adjustment under "Other operating income and expenses" in the consolidated income statement.

4.1.4 Blacksmith

The US company Blacksmith OTR LLC manufactures and markets tires for height work platforms, such as aerial work platforms and telescopic forklifts.

In April 2023, the Group increased its interest in the company from 50% to 100%, at a cost of €39 million.

On December 31, 2023 the Group sold all of Blacksmith's outstanding shares for €60 million, incurring a disposal loss of €5 million.

In 2023, Blacksmith was fully consolidated during the period in which it was controlled by the Group. During this period, it contributed €51 million to the Group's sales and €6 million to its segment operating income.

4.1.5 Russia

Following approval from the relevant Russian authorities, the Group sold its two subsidiaries, Michelin Russian Tyre Manufacturing Company LLC (MRTMC) and Camso CIS LLC, on May 26, 2023.

At December 31, 2022, an impairment loss of €139 million, corresponding to the portion of the Russian net assets that the Group believed to be unrecoverable, was recorded in "Other operating income and expenses". At December 31, 2023, a further loss of €54 million was recorded under the same caption (note 9), corresponding for the most part to cumulative translation differences reclassified to profit or loss on disposal of the underlying net assets.

4.1.6 Other

During 2023, the Group completed several other investments and acquisitions that were individually not material, representing a total investment of €39 million. The companies and controlling interests acquired contributed €6 million to consolidated sales and €0.2 million to segment operating income for the period.

4.2 Transactions in 2022

4.2.1 Royal Lestari Utama (RLU)

The July 27, 2022 acquisition of RLU led to the recognition of provisional goodwill of €46 million.

The final purchase price allocation resulted in the recognition of goodwill in the amount of €38 million, as shown in the following table:

(in € millions)	Net assets
Fair value of consideration transferred	79
Fair value of net assets acquired	(41)
of which: value of land recognized in property, plant and equipment as part of the purchase price allocation	*(15)*
FINAL GOODWILL	**38**

4.2.2 Conveyor Products & Solutions

The final purchase price allocation resulted in the recognition of goodwill in the amount of €26 million at December 31, 2023, as shown in the following table:

(in € millions)	Net assets
Fair value of consideration transferred	50
Fair value of net assets acquired	(24)
of which: contractual customer relationships	*(23)*
of which: deferred tax liabilities	*7*
FINAL GOODWILL	**26**

Goodwill has been allocated in full to the Mining group of CGUs. In 2023, Conveyor Products & Solutions contributed €45 million to consolidated sales, €9 million to segment operating income and €4 million to net income.

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 property, plant and equipment, right-of-use assets, goodwill, other intangible assets, finished product inventories and trade receivables. 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:

	2023				2022			
(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	14,339	6,975	7,029	28,343	14,138	7,462	6,990	28,590
Segment operating income	1,959	456	1,157	3,572	1,711	641	1,044	3,396
As a percentage of sales	*13.7%*	*6.5%*	*16.5%*	*12.6%*	*12.1%*	*8.6%*	*14.9%*	*11.9%*
SEGMENT ASSETS								
Goodwill, other intangible assets, PP&E and right-of-use assets	8,125	3,925	6,068	18,118	8,100	3,920	5,359	17,379
Finished product inventories	1,520	814	1,003	3,337	1,708	951	1,129	3,788
Trade receivables	1,867	1,096	887	3,850	1,789	1,328	1,088	4,205
Total segment assets	**11,512**	**5,835**	**7,958**	**25,305**	**11,597**	**6,199**	**7,576**	**25,372**
OTHER INFORMATION								
Capital expenditure	1,234	578	424	2,236	1,150	560	431	2,141

Sales recognized at the time when control of the goods or services is transferred to the customer represented 97.3% of Group sales in 2023 (2022: 97.5%). These sales totaled €27,565 million (2022: €27,873 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 2023, the amount recognized in sales for performance obligations satisfied over time stood at €778 million, representing 2.7% of total sales for the year (2022: €717 million and 2.5%). 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, 2023	December 31, 2022
Total segment assets	**25,305**	25,372
Non-current financial assets and other non-current assets	1,605	1,161
Investments in equity-accounted companies	871	1,102
Deferred tax assets	932	630
Other net inventories (raw materials and supplies, work in progress)	2,110	2,530
Current financial assets	512	652
Other current assets	1,345	1,315
Cash and cash equivalents	2,515	2,584
TOTAL GROUP ASSETS	**35,195**	**35,346**

Information by region breaks down as follows:

	2023				2022			
(in € millions)	Europe	North America	Other	Total	Europe	North America	Other	Total
Sales	9,891	11,098	7,354	**28,343**	10,140	10,920	7,530	**28,590**
Goodwill, other intangible assets, PP&E and right-of-use assets	7,776	5,563	4,779	**18,118**	7,194	5,331	4,854	**17,379**
Capital expenditure	1,118	659	459	**2,236**	1,046	685	410	**2,141**

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 €2,502 million (2022: €2,484 million). The goodwill, intangible assets and PP&E located in France amounted to €3,200 million (2022: €2,564 million).

In 2023 and 2022, approximately 80% of North American sales were generated in the United States.

No single external customer accounted for 10% or more of the Group's sales in 2023 and 2022.

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)	2023	2022
Raw materials and consumables used and changes in finished product inventories	(10,684)	(10,815)
Employee benefit costs	(7,397)	(6,938)
Transportation of goods	(1,485)	(2,056)
Depreciation and amortization[1]	(1,917)	(1,866)
Other expenses	(3,288)	(3,519)
EXPENSES BY NATURE	**(24,771)**	**(25,194)**

(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)	2023	2022
Wages and salaries	(5,939)	(5,545)
Payroll taxes	(1,098)	(1,027)
Defined benefit plan costs (note 27.1)	(78)	(105)
Defined contribution plan costs (note 27.2)	(256)	(253)
Share-based payments – current service cost (note 25)	(30)	(20)
EMPLOYEE BENEFIT COSTS [(1)]	**(7,401)**	**(6,950)**

(1) Of which €7,397 million recognized in "Segment operating income" (note 6) and €4 million in "Other operating income and expenses" (note 9).

The average number of employees on payroll in 2023 was 132,276 (2022: 128,287).

Note 8. SEGMENT OTHER INCOME AND EXPENSES

Segment other income and expenses are recognized in the income statement as follows:

(in € millions)	2023	2022
Share-based payments – current service cost (note 28.1)	(30)	(20)
Employee share ownership plan cost (note 28.2)	-	(21)
Other income/(expenses)	(44)	15
SEGMENT OTHER INCOME AND EXPENSES	**(74)**	**(26)**

Note 9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are detailed in the table below:

(in € millions)	2023	2022
Amortization of acquired trademarks and customer relationships (note 9.1)	(91)	(78)
Reorganization and adaptation of activities (note 9.2)	(522)	(73)
Impairment of non-current assets (note 9.3)	(272)	(36)
Employee benefit obligations (note 9.4)	(4)	(12)
Other (note 9.5)	(31)	(176)
OTHER OPERATING INCOME AND EXPENSES	**(920)**	**(375)**

9.1 Amortization of acquired trademarks and customer relationships

Amortization of intangible assets recognized in the course of a business combination amounted to €91 million in 2023 (2022: €78 million):

- €39 million related to amortization of brands or trademarks (2022: €27 million);
- €52 million related to amortization of customer relationships (2022: €51 million).

9.2 Reorganizations and adaptation of activities

9.2.1 Year ended December 31, 2023

On October 26, the Group announced its intention to wind down passenger car tire production activities at its Ardmore plant in the United States. The wind-down, which impacts approximately 1,400 people, should be completed by the end of 2025.

At December 31, a provision expense of €194 million was recorded, primarily covering closure costs of €122 million and impairment losses of €72 million (Impairment of non-current assets presented in note 9.3).

On November 28, the Group announced its decision to cease production at the Karlsruhe and Trier sites, as well as the manufacture of new tires and semi-finished products at Homburg. The sites concerned mainly produce truck tires. Michelin will also transfer the Customer Contact Center from Karlsruhe to Poland. A total of 1,532 employees will be impacted by these operations, which should be completed by the end of 2025.

At December 31, a provision expense of €412 million was recorded, covering closure costs of €316 million and impairment losses of €96 million (Impairment of non-current assets presented in note 9.3).

9.2.2 Year ended December 31, 2022

The net amount set aside in provisions in 2022 for the competitiveness plan's third Collective Settlement Agreement (*Accord de Rupture Conventionnelle Collective 3*) in France amounted to €24 million. In addition, various provisions totaling €49 million were set aside to further improve the Group's manufacturing and service competitiveness in a number of countries, including the United States, Italy and Germany.

9.3 Impairment of non-current assets

9.3.1 Year ended December 31, 2023

Impairment losses of €168 million were recognized on assets concerned by the restructuring of the Ardmore production plant in the United States and the German plants (note 9.2.1).

In addition, impairment losses were recognized on:

- intangible assets, for €12 million;
- property, plant and equipment, for €92 million, mainly on plantations.

9.3.2 Year ended December 31, 2022

This amount includes impairment losses on intangible assets for €21 million and on property, plant and equipment for €15 million.

9.4 Employee benefit obligations

No material events occurred in 2023 or 2022.

9.5 Other

9.5.1 Year ended December 31, 2023

The amount reported under this caption includes income of €68 million corresponding to the fair value adjustment of Watèa's net assets retained by the Group (note 4.1.3), a loss of €54 million corresponding to the additional loss recognized on disposal of the Group's operations in Russia and consisting for the most part of the translation reserve reclassified to the income statement (note 4.1.5), and a cost of €24 million relating to Group perimeter changes.

9.5.2 Year ended December 31, 2022

The amount of €176 million mainly included impairment losses and provisions related to the Group's operations in Russia, for €139 million (note 4.1.5) 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.

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)	2023	2022
Interest expense	(259)	(276)
Interest expense on lease liabilities	(43)	(31)
Interest income on cash, cash equivalents and cash management financial assets	130	12
Interest rate derivatives	(29)	60
Fees on credit lines	(6)	(8)
Capitalized borrowing costs	9	4
COST OF NET DEBT	**(198)**	**(239)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	52	21
Currency remeasurement (including currency derivatives)	(87)	(59)
Other	37	16
OTHER FINANCIAL INCOME AND EXPENSES	**2**	**(22)**

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) and the interest rate risk is managed through the use of "plain vanilla" derivative instruments (note 33.1.4). As a consequence:

- most borrowings are denominated in euros (note 26);
- 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).

The process is described in the summary table in note 33.2.3.

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. Fluctuations in the derivatives' fair values are therefore accounted for in the income statement. The decrease in fair value during the year due to changes in interest rates amounted to €29 million (2022: increase of €60 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)	2023	2022
Current tax expense (note 18.2)	(849)	(625)
Deferred tax benefit/(expense) (note 18.1)	342	(22)
INCOME TAX	(507)	**(647)**

Current tax includes €33 million of withholding tax on royalties and retained earnings distributed between Group companies (2022: €39 million). Current tax rose by €224 million in 2023.

The Group's tax proof is presented in the table below:

(in € millions)	2023	2022
Income before taxes	**2,490**	2,656
Tax calculated using domestic tax rates applicable to income in the respective countries	(472)	(556)
Tax effect of:		
• untaxed transactions	(13)	(52)
• deferred tax assets not recognized during the year	(41)	(47)
• net change in unrecognized deferred tax assets	11	43
• changes in tax rates	-	(5)
• taxes with no tax base (tax credits, withholding tax, etc.)	(2)	(20)
• other items	10	(10)
INCOME TAX	(507)	**(647)**
Effective tax rate	*20.4%*	*24.4%*

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.

In 2023, the effective tax rate stood at 20.4% (2022: 24.4%). The difference is due to unrecognized deferred tax assets in 2022 (primarily related to Russia) and the increase in profit from equity-accounted companies in 2023.

The difference between effective tax rates and theoretical rates (18.9%) is 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, 2023, the only potentially dilutive financial instruments consisted of performance shares (note 28.1).

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 2023 reporting period.

	2023	2022
Net income *(in € millions),* excluding non-controlling interests	1,983	2,001
• Less, estimated General Partners' profit shares	(3)	(2)
Net income attributable to the shareholders of the Company used to calculate basic earnings per share	**1,980**	**1,999**
Weighted average number of shares outstanding *(thousands of shares)* **used to calculate basic earnings per share**	**714,188**	**712,364**
• Plus, adjustment for performance shares	5,450	4,886
Weighted average number of shares used to calculate diluted earnings per share	**719,638**	**717,250**
EARNINGS PER SHARE ***(in €)***		
• Basic	**2.77**	2.81
• Diluted	**2.75**	2.79

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, 2022	**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**
Translation adjustments	(50)	(17)	(67)
Additions (including new emission allowances: €44 million)	-	276	276
Disposals	-	(122)	(122)
Changes in scope of consolidation	601	47	648
Transfers and other	-	12	12
Gross carrying amounts at December 31, 2023	**3,139**	**4,473**	**7,612**
Amortization and impairment at January 1, 2022	**(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)**
Translation adjustments	3	17	20
Amortization	-	(304)	(304)
Net impairment	(11)	1	(10)
Disposals	-	82	82
Changes in scope of consolidation	9	3	12
Transfers and other	-	(4)	(4)
Amortization and impairment at December 31, 2023	**(157)**	**(2,679)**	**(2,836)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2023	2,982	1,794	4,776
Net carrying amounts at December 31, 2022	**2,430**	**1,803**	**4,233**

13.1 Goodwill

At December 31, 2023, goodwill allocated to the CGUs or groups of CGUs is as follows:

(in € millions)	December 31, 2023	December 31, 2022
Passenger car tires – global brands CGU group	435	429
Passenger car tires – regional brands CGU	165	172
Light truck and Truck tires CGU group	641	644
Mining CGU group	278	289
Two-wheel tires CGU	21	20
Beyond-road tires CGU	707	741
High-Tech Materials CGU group	159	135
Flex Composite Group*	576	-
GOODWILL	**2,982**	**2,430**

* *pending completion of the allocation*

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.

After-tax discount rates and perpetual growth rates used in 2023 for terminal value calculations are presented in the table below:

(%)	WACC	Perpetual growth rate
Passenger car tires – global brands CGU group	8.7	1.5
Passenger car tires – regional brands CGU	8.1	1.2
Light truck and Truck tires CGU group	9.1	1.1
Mining CGU group	10.1	1.5
Two-wheel tires CGU	9.0	1.4
Beyond-road tires CGU	8.5	1.8
High-Tech Materials CGU group	9.1	2.5

A 50-basis point increase in WACC combined with a 100-basis point decrease in the perpetual growth rate applied to the groups of CGUs would not lead the Group to recognize any significant amount of impairment.

Projected future cash flows used for impairment testing of fixed assets include capital expenditure to be made to fulfill the Group's energy transition ambitions (note 2.5).

Internal analyses of the effects of climate change have not led to the identification of any significant risk that could lead to an impairment in value of the Group's assets.

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 €170 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 2023, additions to intangible assets, amounted to €276 million (2022: €278 million), breaking down as follows:

- software: €207 million;
- CO_2 emission allowances: €44 million;
- other: €25 million.

13.2.1 Software

The net carrying amount of software at December 31, 2023 was €704 million (2022: €692 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, 2023 the net carrying amount of trademarks was €294 million (2022: €323 million), of which € 9 million related to 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, 2023, the net carrying amount of customer relationships in the consolidated statement of financial position was €602 million (2022: €612 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_2emission allowances (EU ETS)

At December 31, 2023 the net carrying amount of emission allowances was €105 million (2022: €89 million) for 2.1 million tonnes (2022: 2.2 million tonnes).

13.2.5 Development costs

No tire development costs were capitalized in 2023 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

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, 2022	**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**
Translation adjustments	(107)	(410)	(30)	(547)
Acquisitions	350	1,511	143	2,004
Disposals	(94)	(534)	(49)	(677)
Changes in scope of consolidation	(21)	(27)	5	(43)
Transfers and other	(33)	22	1	(10)
Gross carrying amounts at December 31, 2023	**7,672**	**23,536**	**1,900**	**33,108**
Depreciation and impairment at January 1, 2022	**(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)**
Translation adjustments	67	305	21	393
Depreciation	(205)	(1,160)	(91)	(1,456)
Net impairment	(30)	(150)	(78)	(258)
Disposals	48	521	45	614
Changes in scope of consolidation	40	49	11	100
Transfers and other	(4)	7	1	4
Depreciation and impairment at December 31, 2023	**(3,727)**	**(15,845)**	**(1,276)**	**(20,848)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2023	3,945	7,691	624	**12,260**
Net carrying amounts at December 31, 2022	3,934	7,557	645	12,136

PP&E in progress amounted to €2,589 million (2022: €2,433 million).

Accumulated impairment losses included in total "Depreciation and impairment" at December 31, 2023 amounted to €645 million (2022: €487 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, 2022	**1,286**	**132**	**295**	**1,713**
Translation adjustments	22	5	6	33
New leases	150	9	39	198
Disposals	(58)	(28)	(26)	(112)
Changes 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**
Translation adjustments	(28)	(2)	(6)	(36)
New leases	270	27	66	363
Disposals	(84)	(27)	(24)	(135)
Changes in scope of consolidation	8	1	(11)	(2)
Transfers and other	(17)	(1)	(10)	(28)
Gross carrying amounts at December 31, 2023	**1,552**	**115**	**329**	**1,996**
Depreciation and impairment at January 1, 2022	**(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)**
Translation adjustments	10	1	3	14
Depreciation	(168)	(28)	(52)	(248)
Net impairment	(2)	-	-	(2)
Disposals	84	27	24	135
Changes in scope of consolidation	4	-	1	5
Transfers and other	(2)	-	8	6
Depreciation and impairment at December 31, 2023	**(671)**	**(65)**	**(178)**	**(914)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2023	**881**	**50**	**151**	**1,082**
Net carrying amounts at December 31, 2022	**806**	**52**	**152**	**1,010**

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 2023 (2022: €51 million);
- leases of low-value assets, representing an expense of €49 million in 2023 (2022: €41 million);
- variable lease payments not taken into account to determine the lease liability, representing an expense of €14 million in 2023 (2022: €22 million).

Undiscounted future lease payments are analyzed by maturity in note 33.2.1.

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, 2023	December 31, 2022
Equity investments (note 15.1)	412	387
Loans and deposits (note 15.2)	540	229
Solesis preferred shares	250	249
Derivative instruments (note 16.1)	83	55
Pension plan surpluses (note 27.1)	305	231
Other	15	10
NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS	**1,605**	**1,161**

15.1 Equity investments

Unconsolidated equity investments consist primarily of a portfolio of shares in unlisted companies (note 33.4).

Movements in the portfolio during the year are presented in the table below:

(in € millions)	2023	2022
At January 1	**387**	**279**
Translation adjustments	(5)	5
Acquisitions	28	46
Disposals	-	-
Changes in scope of consolidation	-	-
Fair value changes	2	57
AT DECEMBER 31	**412**	**387**

15.2 Loans and deposits

The carrying amount of loans and deposits is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Gross loans and deposits	618	274
Impairment	(78)	(45)
TOTAL	**540**	**229**

Loans and deposits mainly include loans to companies accounted for by the equity method and various loans to customers, pension funds and employees.

The increase in loans and deposits at December 31, 2023 primarily reflected a €254 million loan to the UK pension fund as part of the asset buyback project under the current plan.

Note 16. DERIVATIVE INSTRUMENTS

As mentioned in note 3.5, 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, 2023	December 31, 2022
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	83	54
• Interest rate derivatives	-	1
• Other derivatives(1)	-	-
Non-current derivative instruments (note 15)	**83**	**55**
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	118
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	34	33
• Interest rate derivatives	1	1
• Other derivatives(1)	-	1
Current derivative instruments (note 21)	**35**	**153**
TOTAL ASSETS	**118**	**208**

(1) The amount at December 31, 2022 corresponded 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 given at December 31, 2023 amounted to €43 million (2022: €57 million).

16.2 Derivatives recognized as liabilities

(in € millions)	December 31, 2023	December 31, 2022
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	4	12
• Interest rate derivatives	-	2
• Other derivatives(1)	-	-
Non-current derivative instruments (note 26)	**4**	**14**
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	16	98
• Interest rate derivatives	-	-
• Other derivatives(1)	-	2
Current derivative instruments (note 26)	**16**	**100**
TOTAL LIABILITIES	**20**	**114**

(1) The amount at December 31, 2022 corresponded 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, 2023 amounted to €51 million (2022: €110 million).

16.3 Contractual amounts of derivatives

The contractual amounts of derivative instruments are presented in the table below:

(in € millions)	December 31, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Currency derivatives	5,084	1,752	**6,836**	4,588	1,754	**6,342**
Interest rate derivatives	76	237	**313**	94	324	**418**
Other	-	-	**-**	1,130	-	**1,130**
Derivatives not qualifying for hedge accounting	**5,160**	**1,989**	**7,149**	**5,812**	**2,078**	**7,890**
Interest rate derivatives	-	-	**-**	-	-	**-**
Derivatives qualifying as fair value hedges	**-**	**-**	**-**	**-**	**-**	**-**
Currency derivatives	7	-	**7**	462	-	**462**
Interest rate derivatives	-	-	**-**	-	-	**-**
Other	3	1	**4**	7	1	**8**
Derivatives qualifying as cash flow hedges	**10**	**1**	**11**	**469**	**1**	**470**
TOTAL	**5,170**	**1,990**	**7,160**	**6,281**	**2,079**	**8,360**

At December 31, 2022, "Other" derivatives not qualifying for hedge accounting included options embedded in 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	-	-	-	(7)	Cost of net debt/Other financial income and expense
Commodity price risk – forward purchase contracts	4	-	-	(1)	Operating income
Interest rate swaps	-	-	(11)	(3)	Cost of net debt
Interest component of cross currency swaps	-	-	-	-	Cost of net debt
Forward foreign exchange contracts on forecast sales	4	-	-	1	Operating income
Hedges of currency risk on raw materials purchases	3	-	-	(1)	Operating income
CURRENT AND NON-CURRENT HEDGING INSTRUMENTS	**11**	**-**	**(11)**	**(11)**	

Gains and losses on cash flow hedges are included in equity, under "Other reserves" (note 25). These reserves are used to recognize the effective portion of derivatives that qualify for hedge accounting (note 3.5.2). 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 €11 million (note 26.1). 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 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, 2022	**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 and changes in percentage interest	(40)	31	(9)
Translation adjustments	(2)	43	41
Other	-	(3)	(3)
At December 31, 2022	**57**	**1,045**	**1,102**
Share of profit from equity-accounted companies	2	58	60
Impairment	-	-	-
Dividends	(1)	(364)	(365)
Changes in scope of consolidation and changes in percentage interest	6	81	87
Translation adjustments	(1)	(28)	(29)
Other	-	16	16
AT DECEMBER 31, 2023	**63**	**808**	**871**

The main equity-accounted companies are TBC (note 17.2) and Solesis (note 17.3). All of the other companies represent less significant investments.

Changes in 2023 mainly concern TBC and are described in note 17.2.

The effect of changes in the scope of consolidation in 2023 corresponds mainly to the €72 million effect of the loss of control over Watèa (note 4.1.3).

The share of profit/(loss) from equity-accounted companies also reflects the following:

- On July 27, 2023, the Group sold a third of its stake in Symbio to Stellantis. The transaction enabled Stellantis to acquire a stake alongside Michelin and Forvia in the leading company for fuel cell mobility, with each shareholder holding 33.33%. The sale of the 33.33% stake generated a gain of €121 million for Michelin. It had no effect on the accounting method used for the joint venture, which continues to be accounted for by the equity method.
- At December 31, 2023, a €51 million impairment loss was recognized on loans to the Addup joint venture.

17.2 TBC Joint Venture

TBC sold its NTB and Tire Kingdom retail outlets to Mavis Tire Express Service Corp. on June 1, 2023, to concentrate on its core wholesale and franchise activities. The transaction led to the recognition in TBC's accounts of a disposal gain, net of tax, of €304 million ($328 million).

TBC also approved the distribution of a $750 million dividend. Of the total, $350 million was paid in the first half. The balance, which is payable no later than March 2025, was recorded under "Financial assets" in the consolidated statement of financial position.

Summarized financial data for the TBC joint venture are set out in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Current assets	2,311	2,145
• *of which cash and cash equivalents*	*14*	*21*
Non-current assets	1,046	1,694
• *of which goodwill*	*135*	*141*
TOTAL ASSETS	**3,357**	**3,839**
Current liabilities	1,994	1,524
• *of which current financial liabilities*	*395*	*223*
Non-current liabilities	645	1,115
• *of which non-current financial liabilities*	*506*	*963*
Equity	718	1200
TOTAL LIABILITIES AND EQUITY	**3,357**	**3,839**

(in € millions)	2023	2022
Sales	4,403	5,291
Segment EBITDA	75	279
Other operating income and expenses	374	-
Interest income	4	4
Interest expense	(64)	(59)
Depreciation, amortization and impairment	(68)	(199)
Income tax	(80)	(2)
NET INCOME	**241**	**23**

(in € millions)	December 31, 2023	December 31, 2022
Net assets (including goodwill)	**718**	**1,200**
Share of net assets (including goodwill)	359	600
Elimination of profit from downstream transactions (net of tax)	(41)	(35)
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**318**	**565**

The equity-accounted share of TBC included in the Group's consolidated income statement (including elimination of downstream transactions, net of taxes, and the above-mentioned €152 million disposal gain) is a profit of €113 million in 2023 (2022: profit of €9 million).

17.3 Solesis joint venture

Summarized financial data in respect of Solesis are set out in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Current assets	51	59
• *of which cash and cash equivalents*	*7*	*8*
Non-current assets	685	702
• *of which goodwill*	*199*	*225*
of which cash allocated to preferred stock	*250*	*251*
TOTAL ASSETS	**736**	**761**
Current liabilities	133	134
• *of which current financial liabilities*	*111*	*110*
Non-current liabilities	253	251
• *of which non-current financial liabilities*	*3*	*-*
• *of which preferred stock*	*250*	*251*
Equity	350	376
TOTAL LIABILITIES AND EQUITY	**736**	**761**

(in € millions)	2023	2022
Sales	105	97
Segment EBITDA	34	32
Other operating income and expenses	(7)	(11)
Interest income	-	-
Interest expense	(10)	(6)
Depreciation, amortization and impairment	(15)	(19)
Income tax	-	(1)
NET INCOME/(LOSS)	**2**	**(5)**

(in € millions)	December 31, 2023	December 31, 2022
Net assets (including goodwill)	**350**	376
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**172**	**184**

The equity-accounted share of Solesis' results included in the Group's 2023 consolidated income statement represented a profit of €1 million (2022: €2 million loss).

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)	2023	2022
Assets	3,103	2,758
Liabilities	2,328	1,881
Sales	2,727	2,953
Net income/(loss)	(104)	(10)

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)	2023	2022
INCOME STATEMENT		
Income for the sale of goods or supply of services	608	556
Expenses for the purchase of products or supply of services	(248)	(299)
STATEMENT OF FINANCIAL POSITION		
Financial liabilities	(22)	(1)
Trade payables	(10)	(5)
Financial assets	479	497
Accounts receivable	242	328

Note 18. TAXES

18.1 Deferred tax

Deferred taxes in the consolidated statement of financial position are as follows:

(in € millions)	December 31, 2023	December 31, 2022
Deferred tax assets	932	630
Deferred tax liabilities	(497)	(541)
NET DEFERRED TAX ASSET	**435**	**89**

Deferred tax assets and liabilities at the end of the period, before netting, are as follows:

(in € millions)	December 31, 2023	December 31, 2022
Employee benefit obligations	438	375
Inventories	146	155
Financial instruments	(37)	(80)
Provisions	45	21
Unused tax losses	258	155
Unused tax credits	-	-
Goodwill and intangible assets	(223)	(229)
Lease liabilities	111	92
Right-of-use assets	(110)	(93)
Property, plant and equipment	(400)	(495)
Other	207	188
NET DEFERRED TAX ASSET	**435**	**89**

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)	2023	2022
At January 1	**89**	**248**
Translation adjustments	(1)	6
Deferred tax benefit/(expense) (note 11)	342	(22)
Tax recognized in other comprehensive income	20	(139)
Changes in scope of consolidation	(15)	(3)
Other	-	(1)
AT DECEMBER 31	**435**	89

In 2023, the increase in the net deferred tax asset was due mainly to the restructuring announced during the year and the increase in employee benefit obligations.

The deferred income tax recognized in other comprehensive income is as follows:

(in € millions)	December 31, 2023	December 31, 2022
Post-employment benefits	113	95
Unconsolidated equity investments and other financial instruments	(37)	(39)
Financial instruments	2	2
TOTAL DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**78**	**58**

In 2023, the change in deferred tax recognized in other comprehensive income primarily reflects increased pension benefit obligations.

Unrecognized deferred tax assets break down as follows:

(in € millions)	December 31, 2023	December 31, 2022
Deductible temporary differences	**111**	**55**
Tax losses:		
• of which expiring in less than one year	3	15
• of which expiring between one to five years	38	20
• of which expiring in more than five years	23	17
• of which evergreen	420	427
Total tax losses	**484**	**479**
Tax credits	**9**	**9**
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	604	**543**

Unrecognized deferred tax assets in the amount of €604 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 utilization of the remaining balance.

18.2 Current taxes

Current taxes in the consolidated statement of financial position are as follows:

(in € millions)	2023	2022
Taxes receivable (note 22)	347	304
Taxes payable (note 30)	(195)	(238)
Net total at January 1	**152**	**66**
Current tax expense (note 11)	(849)	(625)
Income tax paid	776	697
Changes in scope of consolidation	3	1
Translation adjustments and other	20	13
Total changes	**(50)**	**86**
Taxes receivable (note 22)	295	347
Taxes payable (note 30)	(193)	(195)
NET TOTAL AT DECEMBER 31	**102**	**152**

Note 19. INVENTORIES

Inventories include the following:

(in € millions)	December 31, 2023	December 31, 2022
Raw materials and work in progress	1,594	2,026
Supplies	567	553
Finished products	3,434	3,884
Total gross inventory	**5,595**	**6,463**
Impairment of raw materials and work in progress	(22)	(18)
Impairment of supplies	(28)	(31)
Impairment of finished products	(97)	(96)
Impairment	**(148)**	**(145)**
NET INVENTORIES	**5,447**	**6,318**

Changes in impairment losses on inventory are as follows:

(in € millions)	2023	2022
At January 1	**(145)**	**(120)**
Translation adjustments and other	5	(1)
Changes in scope of consolidation	11	-
Impairment of trade receivables recognized as an expense in the period	(69)	(63)
Impairment reversals	50	39
AT DECEMBER 31	**(148)**	**(145)**

Note 20. TRADE RECEIVABLES

The carrying amount of trade receivables is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Gross trade receivables	3,939	4,299
Impairment	(89)	(94)
TRADE RECEIVABLES	**3,850**	**4,205**

All trade receivables are due within 12 months.

The following table presents an aging analysis of trade receivables at December 31, 2023:

(in € millions)	Gross	Impairment	Net
Trade receivables not yet due	**3,571**	**(17)**	**3,554**
Overdue			
• by less than three months	256	(6)	250
• between three and six months	33	(3)	30
• by more than six months	79	(63)	16
Overdue trade receivables	**368**	**(72)**	**296**
TRADE RECEIVABLES	**3,939**	**(89)**	**3,850**

Movements in impairment are analyzed in the table below:

(in € millions)	2023	2022
At January 1	**(94)**	**(102)**
Translation adjustments and other	2	(1)
Changes in scope of consolidation	5	-
Impairment of trade receivables recognized as an expense in the period	(21)	(23)
Impairment reversals	19	32
AT DECEMBER 31	**(89)**	**(94)**

Impairment reversals reflect the write-off of the receivables for €14 million (2022: €29 million).

Note 21. CURRENT FINANCIAL ASSETS

The carrying amount of current financial assets is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Loans and deposits	192	214
Cash management financial assets (note 26)	285	285
Derivative instruments (note 16.1)	35	153
CURRENT FINANCIAL ASSETS	**512**	**652**

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 management financial assets are measured at amortized cost (note 3.18).

Loans and deposits include collateral exchanged with financial institutions of €43 million (2022: €57 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, 2023	December 31, 2022
Prepayments to suppliers	128	161
Income tax payable	295	347
Other taxes receivable	539	494
Other	384	324
Impairment	(1)	(11)
OTHER CURRENT ASSETS	**1,345**	**1,315**

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, 2023	December 31, 2022
Money-market funds	911	1,149
Bank deposits subject to up to a three-month notice period	1,233	991
Cash at bank and in hand	371	444
CASH AND CASH EQUIVALENTS	**2,515**	**2,584**

The average effective interest rate on cash and cash equivalents was 4.01% in 2023 (2022: 0.27%). Cash and cash equivalents are mainly held in euros (2023 and 2022: 82%).

Cash and cash equivalents include restricted cash of €159 million whose use is governed by prudential insurance regulations in Ireland (2022: €152 million).

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, 2022	**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**
Issuance of shares upon exercise of performance share rights	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
AT DECEMBER 31, 2023	**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, 2022(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**
Issuance of shares upon exercise of performance share rights	840,651	-	840,651
Share buybacks	-	34,529	34,529
Sales of treasury shares	-	(34,368)	(34,368)
Cancellation of shares	-	-	-
Other	-	-	-
AT DECEMBER 31, 2023	**714,958,065**	**161**	**714,958,226**

(1) Data for January 1, 2022 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 2022 dividend paid to shareholders in 2023 was €1.25 per share. The dividend was paid in full in cash for a net amount of €893 million (2022: €803 million).

The Managing Chairman will propose that shareholders approve the payment of a 2023 dividend in 2024 of €1.35 per share.

Note 25. RESERVES

(in € millions)	Translation reserve	Treasury shares	Other reserves	Retained earnings	Total
At January 1, 2022	**(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	**393**	**-**	**38**	**2,537**	**2,968**
At December 31, 2022	**(262)**	**-**	**167**	**14,146**	**14,051**
Dividends and other appropriations	-	-	-	(894)	(894)
Share-based payments – current service cost (notes 7 and 8)	-	-	-	30	30
Share buybacks	-	-	-	-	-
Sale/cancellation of shares	-	-	-	-	-
Other	-	-	-	1	1
Transactions with the shareholders of the Company	-	-	-	**(863)**	**(863)**
Net income attributable to the shareholders of the Company	-	-	-	**1,983**	**1,983**
Post-employment benefits	-	-	-	*(50)*	*(50)*
Tax effect – post-employment benefits	-	-	-	*18*	*18*
Equity instruments at fair value through OCI – changes in fair value	-	-	*2*	-	*2*
Tax effect – equity instruments at fair value through OCI	-	-	*2*	-	*2*
Other	-	-	-	-	-
Other comprehensive income/(loss) that will not be reclassified to the income statement	**-**	**-**	**4**	**(32)**	**(28)**
Cash flow hedges – changes in fair value	-	-	*2*	-	*2*
Currency translation differences	*(316)*	-	-	-	*(316)*
Other	*57*	-	-	*10*	*67*
Other comprehensive income/(loss) that may be reclassified to the income statement	(259)	-	2	10	(247)
Total comprehensive income/(loss)	**(259)**	**-**	**6**	**1,961**	**1,708**
AT DECEMBER 31, 2023	**(521)**	**-**	**173**	**15,244**	**14,896**

In 2023, the Group bought back 34,529 shares for €1 million. The shares were immediately sold, with the exception of 161 shares.

Note 26. FINANCIAL LIABILITIES

The carrying amount of financial liabilities is presented in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Bonds	4,591	4,587
Loans from financial institutions and other	77	104
Derivative instruments	4	14
Non-current financial liabilities excluding leases	**4,672**	**4,705**
Non-current lease liabilities	**738**	**690**
Bonds	-	554
Commercial paper	295	649
Loans from financial institutions and other	280	523
Derivative instruments	16	100
Current financial liabilities excluding leases	**591**	**1,826**
Current lease liabilities	**241**	**233**
FINANCIAL LIABILITIES	**6,242**	**7,454**

Group net debt is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Financial liabilities	6,242	7,454
Derivatives recognized as assets (note 16.1)	(118)	(208)
Borrowing collaterals (note 32.3.2)	(43)	(57)
Cash management financial assets (note 21)	(285)	(285)
Cash and cash equivalents (note 23)	(2,515)	(2,584)
NET DEBT	**3,281**	**4,320**

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, 2023	December 31, 2022
Bonds	4,122	3,843
Loans from financial institutions and other	77	104
Lease liabilities	665	610
Derivative instruments	4	14
FAIR VALUE OF NON-CURRENT FINANCIAL LIABILITIES	**4,868**	**4,571**

Changes in financial liabilities and derivatives are detailed by flow in the table below:

(in € millions)	At January 1, 2023	Cash flows from financial liabilities	Non-cash movements: Conversions	Non-cash movements: Other	At December 31, 2023
Bonds, loans from financial institutions and other	4,691	(10)	(16)	3	4,668
Lease liabilities	690	-	(13)	61	738
Derivative instruments	14	(10)	-	-	4
Non-current financial liabilities	**5,395**	**(20)**	**(29)**	**64**	**5,410**
Bonds, loans from financial institutions and other	1,726	(1,134)	(32)	15	575
Lease liabilities	233	(279)	(4)	291	241
Derivative instruments	100	(3)	-	(81)	16
Current financial liabilities	**2,059**	**(1,416)**	**(36)**	**225**	**832**
TOTAL FINANCIAL LIABILITIES	**7,454**	**(1,436)**	**(65)**	**289**	**6,242**
Derivatives recognized as assets	(208)	(19)	-	109	(118)
Net impact in the consolidated statement of cash flows		**(1,455)**			

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, 2023 Current	December 31, 2023 Non-current	December 31, 2022 Current	December 31, 2022 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%	-	313	-	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 Campus SAS • nominal amount of €1.5 million • issued in June 2008 and due in June 2033 • nominal interest rate of 5.50% • effective interest rate of 5.50%	-	2	-	-
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%	-	497	-	496

(in € millions)	December 31, 2023 Current	December 31, 2023 Non-current	December 31, 2022 Current	December 31, 2022 Non-current
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)	-	994	-	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	-	299
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)	-	748	-	747
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	-
Commercial paper repayable by Compagnie Générale des Établissements Michelin				-
• in $, euro-equivalent nominal amount: €45 million (2022: €71 million)				
• effective interest rate of 5.65% at December 31, 2023				
• in €, nominal amount: €250 million (2022: €580 million)				
• effective interest rate of 4.00% at December 31, 2023	295	-	649	-
TOTAL	**295**	**4,591**	**1,203**	**4,587**

At December 31, 2023, the weighted average nominal interest rate for bonds and commercial paper was 1.53% (1.58% after hedging).

The €554 million decrease in the current portion of bond debt was due to the redemption at maturity of the convertible bonds due in November 2023.

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, 2023, loans from financial institutions totaled €357 million (2022: €627 million). Most of the loans were denominated in EUR 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, 2023	December 31, 2022
Present value of fully or partly funded obligations	5,092	27	5,119	5,533
Fair value of plan assets	(5,194)	(18)	(5,212)	(5,394)
Funded status deficit/(surplus)	**(102)**	**9**	**(93)**	**139**
Present value of unfunded obligations	1,039	1,396	2,435	2,107
Unrecognized assets due to the effect of the asset ceiling	76	3	79	84
NET DEFINED BENEFIT OBLIGATION	**1,013**	**1,408**	**2,421**	**2,330**
Amounts recognized in the statement of financial position:				
• As assets under non-current financial assets and other non-current assets (note 15)	(305)	-	(305)	(231)
• Provisions for employee benefit obligations	1318	1408	2,726	2,561
NET LIABILITY	**1,013**	**1,408**	**2,421**	**2,330**

At December 31, 2023, the present value of the defined benefit obligation comprised €2,170 million for active members (current employees), €839 million for members who have deferred their vested benefits and €4,545 million for retired members (2022: respectively €2,233 million, €863 million and €4,544 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, 2023				December 31, 2022			
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	18.5	21.9	20.6	20.2	18.4	21.8	21.1	20.2
Life expectancy for males at 65 (15 years after the end of the reporting period)	19.5	23.0	21.8	22.3	19.4	22.9	21.7	22.3
Life expectancy for females at 65 at the end of the reporting period	20.4	24.4	21.2	23.7	20.4	24.3	23.9	23.7
Life expectancy for females at 65 (15 years after the end of the reporting period)	21.4	25.4	22.5	25.4	21.4	25.3	25.0	25.4

The movements in net defined benefit obligations recognized in the consolidated statement of financial position are shown below:

	2023			2022		
(in € millions)	Pension plans	Other plans	Total, defined benefit plans	Pension plans	Other plans	Total, defined benefit plans
AT JANUARY 1	**1,005**	**1,325**	**2,330**	**1,256**	**1,774**	**3,030**
Contributions paid to the funds	**(11)**	**-**	**(11)**	(13)	(6)	(19)
Benefits paid to the beneficiaries	**(39)**	**(57)**	**(96)**	(38)	(64)	(102)
Other movements	**-**	**3**	**3**	-	2	2
ITEMS RECOGNIZED IN OPERATING INCOME						
Current service cost	*18*	*52*	*70*	*32*	*75*	*107*
Actuarial (gains) or losses	*-*	*1*	*1*	*-*	*(8)*	*(8)*
Plan modifications, curtailments or settlements	*(13)*	*12*	*(1)*	*(61)*	*(55)*	*(116)*
Other items	*18*	*-*	*18*	*9*	*-*	*9*
Total recognized in operating income	**23**	**65**	**88**	(20)	12	(8)
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME						
Net interest on employee benefit obligations	**37**	**58**	**95**	9	30	39
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME						
Translation adjustments	**(15)**	**(23)**	**(38)**	21	39	60
Actuarial (gains) or losses						
• *Due to changes in demographic assumptions:*						
– *Due to changes in assumptions*	(81)	(7)	(88)	*(10)*	*18*	*8*
– *Due to experience adjustments*	(82)	(13)	(95)	*8*	*(19)*	*(11)*
• *Due to changes in financial assumptions:*						
– *Due to changes in assumptions*	165	52	217	*(2,256)*	*(460)*	*(2,716)*
– *Due to experience adjustments*	18	6	24	*2,069*	*(5)*	*2,064*
Total actuarial (gains) or losses	**20**	**38**	**58**	(189)	(466)	(655)
Unrecognized assets due to the effect of the asset ceiling	**(7)**	**(1)**	**(8)**	(21)	4	(17)
AT DECEMBER 31	**1,013**	**1,408**	**2,421**	**1,005**	**1,325**	**2,330**

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:

	2023					2022				
	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	**1,843**	**1,084**	**3,372**	**1,341**	**7,640**	3,044	1,630	4,001	1,774	10,449
Translation adjustments	32	2	(119)	(23)	**(108)**	(109)	3	213	39	**146**
Changes in scope of consolidation	-	-	-	3	**3**	-	-	2	-	**2**
Current service cost	-	16	2	52	**70**	1	28	3	75	**107**
Interest expense	89	38	163	58	**348**	50	13	117	30	**210**
Administrative costs and other	3	-	15	-	**18**	3	-	6	-	**9**
Plan modifications, curtailments or settlements	-	(17)	4	12	**(1)**	-	(61)	-	(55)	**(116)**
Benefits paid during the year	(120)	(37)	(298)	(59)	**(514)**	(135)	(47)	(303)	(70)	**(555)**
Other items	-	3	-	1	**4**	1	(24)	3	24	**4**
Actuarial (gains) or losses	(61)	68	49	38	**94**	(1,012)	(458)	(670)	(476)	**(2,616)**
Obligations at the end of the year (A)	**1,786**	**1,157**	**3,188**	**1,423**	**7,554**	1,843	1,084	3,372	1,341	7,640
Fair value of plan assets at the beginning of the year	**2,074**	**132**	**3,168**	**20**	**5,394**	3,376	183	3,957	-	7,516
Translation adjustments	34	3	(107)	-	**(70)**	(122)	2	207	-	**87**
Changes in scope of consolidation	-	-	-	-	**-**	-	-	-	-	**-**
Interest income	101	4	151	1	**257**	55	1	117	-	**173**
Contributions paid to the funds	3	8	-	-	**11**	6	6	1	6	**19**
Benefits paid by the plans	(120)	(1)	(296)	(1)	**(418)**	(135)	(12)	(300)	(6)	**(453)**
Other items	-	3	1	(1)	**3**	1	(21)	3	22	**5**
Actuarial gains or (losses)	(2)	(6)	44	(1)	**35**	(1,107)	(27)	(817)	(2)	**(1,953)**
Fair value of plan assets at the end of the year (B)	**2,090**	**143**	**2,961**	**18**	**5,212**	2,074	132	3,168	20	5,394
Deficit/(surplus) (A-B)	**(304)**	**1,014**	**227**	**1,405**	**2,342**	(231)	952	204	1,321	2,246
Deferred items at the beginning of the year	-	-	(80)	(4)	**(84)**	-	-	(97)	-	**(97)**
Translation adjustments	-	-	1	-	**1**	-	-	(1)	-	**(1)**
Unrecognized assets	-	-	3	1	**4**	-	-	18	(4)	**14**
Deferred items at the end of the year	**-**	**-**	**(76)**	**(3)**	**(79)**	-	-	(80)	(4)	(84)
NET LIABILITY/(ASSET) AT THE END OF THE YEAR	**(304)**	**1,014**	**303**	**1,408**	**2,421**	**(231)**	**952**	**284**	**1,325**	**2,330**

In France, the pension reform of April 14, 2023 (Act 2023-270) had the effect of reducing the Group's employee benefit obligations by €13 million. This amount is recorded as a deduction from the related provision under "Plan modifications, curtailments or settlements".

In France, the voluntary early retirement and outplacement measures provided for in the third Collective Settlement Agreement (*Accord de Rupture Conventionnelle Collective 3*, see note 9.2.2) had the effect of reducing the Group's pension obligations by €62 million and its other post-employment benefit obligations by €56 million in 2022.

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 2023, an amount of €5 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, 2023			December 31, 2022		
	United Kingdom (UK)	Europe excluding UK	North America	United Kingdom (UK)	Europe excluding UK	North America
Discount rate	4.65%	3.20%	4.76%	4.95%	3.66%	5.01%
Inflation rate	3.15%	2.02%	2.18%	3.35%	2.22%	2.37%
Rate of salary increases*	3.23%	3.12%	3.50%	3.43%	3.10%	3.50%
Weighted average duration of the defined benefit obligation	11.2	13	9.1	12.8	13.5	9.7

* *North America: only the Canadian pension plan is concerned by this assumption, for a non-material group of members.*

Assumptions concerning healthcare cost trends are as follows:

	December 31, 2023		December 31, 2022	
	United States	Canada	United States	Canada
Expected growth in healthcare costs in the first year	7.95%	4.91%	7.85%	4.69%
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	2033	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 2023, all else being equal, would have the following effect:

(in € millions)	0.5-point increase	0.5-point decrease
Change in consolidated statement of financial position		
Discount rate on the defined benefit obligation (DBO)	(380)	404
Inflation rate on the defined benefit obligation (DBO)	241	(230)
Salary increase rate on the defined benefit obligation (DBO)	86	(78)
Healthcare cost trend rate on the healthcare defined benefit obligation (DBO)	5	(5)
Interest rates on the fair market value of plan assets	(241)	258
Impact on consolidated income statement		
Discount rate on the aggregate of current service cost and interest cost on the obligation	13	(16)
Inflation rate on the aggregate of current service cost and interest cost on the obligation	14	(14)
Salary increase rate on the aggregate of current service cost and interest cost on the obligation	8	(7)
Healthcare cost trend rate on the aggregate of the current service cost and interest cost on the healthcare plan obligation	-	-

The asset allocation of fully and partly funded pension plans is as follows:

	December 31, 2023					December 31, 2022				
	Canada	United States	United Kingdom	Other	Total	Canada	United States	United Kingdom	Other	Total
Equities	4%	10%	0%	0%	**4%**	4%	6%	0%	0%	**3%**
Government bonds	66%	29%	34%	19%	**37%**	64%	34%	32%	19%	**38%**
Investment-grade corporate bonds	12%	45%	32%	0%	**32%**	12%	41%	24%	0%	**28%**
Other bonds, credit and cash	10%	4%	13%	3%	**9%**	11%	5%	24%	2%	**13%**
Funds managed by insurance companies	0%	0%	7%	78%	**6%**	0%	0%	0%	79%	**3%**
Real assets	7%	7%	1%	0%	**4%**	7%	8%	5%	0%	**7%**
Alternatives	2%	5%	14%	0%	**8%**	2%	6%	15%	0%	**8%**
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Duration in years of bonds and cash	**11.9**	**12.1**	**14.2**	**11.2**	**12.9**	11.6	11.7	15.9	10.1	13.3

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” include investments in real estate or infrastructure funds as well as direct investments in 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 2022, 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 2022. The actuarial loss recorded in "Other comprehensive income" was limited.

Group contributions to pension plans and benefit payments made by these plans in 2023 and to be made over the following ten years are as follows:

	Pension plans			Other plans			
(in € millions)	United Kingdom (UK)	Europe excluding UK	North America and Other*	United Kingdom (UK)	Europe excluding UK	North America and Other*	Group total
CONTRIBUTIONS PAID AND BENEFITS PAID DIRECTLY BY THE GROUP							
2023	3	44	3	-	9	48	107
ESTIMATES OF CONTRIBUTIONS TO BE PAID AND BENEFITS TO BE PAID DIRECTLY BY THE GROUP							
2024	3	63	3	-	16	51	136
2025	3	61	43	-	14	51	172
2026	3	73	59	-	31	49	215
2027	3	89	59	-	27	48	226
2028	1	67	61	-	38	48	215
2029-2033	3	369	291	1	258	223	1145

* *Payments for "Other" are not material.*

27.2 Defined contribution plans

Some companies support their employees in building up retirement savings through defined contribution plans.

In 2023, the contributions paid to defined contribution plans and expensed amounted to €256 million (2022: €253 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:

	2023	2022
	Number of share grants or performance share rights outstanding	Number of share grants or performance share rights outstanding
At January 1	**5,949,494**	**5,214,472**
Granted	3,257,003	1,899,470
Forfeited	(1,061,855)	(714,388)
Shares delivered	(840,812)	(450,060)
AT DECEMBER 31	**7,303,830**	**5,949,494**

Excellence Plan

In November 2023, 2,679,985 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 2027 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 €20.34. 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 €41 million estimated total cost of the 2023 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		December 31, 2023	December 31, 2022
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
2019	2023	2023	15.50	15.50	-	852,764
2020	2024	2024	18.91	18.91	948,984	1,939,884
2020	2022	N/A	25.39	N/A	-	-
2021	2025	2025	27.40	27.40	1,228,236	1,257,376
2022	2026	2026	16.40	16.40	1,869,607	1,899,470
2023	2027	2027	20.34	20.34	2,679,985	-
2023	2027	2027	24.48	24.48	577,018	-
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARE RIGHTS OUTSTANDING					**7,303,830**	**5,949,494**

The expense recognized in 2023 for performance share plans amounts to €30 million (2022: €20 million). It is included in "Segment other income and expenses".

Recognition Plan

In November 2023, the Group granted 577,018 free share rights to employees, with a four-year vesting period ending in November 2027 and no lock-up period. The shares will vest automatically at the end of the period provided that the employees concerned are still on the Group's payroll at that date. As the allocation per employee does not exceed 250 shares, the Group has not attached performance conditions to rights granted under the plan. The fair value of each free share right is estimated at €24.48. The €13 million estimated total cost of the Recognition plan will be recognized over the vesting period.

Note 29. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and other non-current liabilities amount to €860 million (2022: €695 million) and include provisions for reorganizations and adaptation of activities, provisions for claims and litigation, warranties and other contingencies, and the contract liabilities described in note 3.8.

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, 2023	314	444	**758**
Additional provisions	502	156	658
Provisions utilized during the period	(177)	(120)	(298)
Unused provisions reversed during the period	(1)	(22)	(23)
Translation adjustments	(3)	(11)	(14)
Other effects	(1)	(42)	(43)
AT DECEMBER 31, 2023	**634**	**405**	**1,038**
Of which short-term portion (note 30)	259	106	365

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, 2023	December 31, 2022
France	159 [(1)]	231
Germany	340 [(2)]	27
United States	107 [(3)]	8
Other countries	28	48
TOTAL	**634**	**314**

(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.*
(2) *The total includes the provision set aside in 2023 in connection with the winding down of production at the Karlsruhe and Trier sites, as well as the production of new tires and semi-finished products at Homburg (note 9.2).*
(3) *The total includes the provision set aside in 2023 for the winding down of passenger car tire production at the Ardmore plant (note 9.2)*

29.3 Provisions for claims and litigation, warranties and other provisions

Provisions at December 31 concern the following risks:

(in € millions)	December 31, 2023	December 31, 2022
Provisions for claims and litigation	57	87
Provisions for product warranties (note 3.8)	78	76
Provisions for product liability claims	68	68
Other provisions for contingencies	202	213
TOTAL	**405**	**444**

Provisions for claims and litigation mainly concern litigation with URSSAF dating back several years for €12 million (2022: €27 million).

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Note 30. PROVISIONS AND OTHER CURRENT LIABILITIES

The carrying amount of other current liabilities is presented in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Customers – Deferred rebates and other liabilities	777	763
Employee benefit obligations	976	752
Payroll tax liabilities	381	339
Provisions for reorganizations and adaptation of activities	259	196
Income tax payable	193	195
Other taxes	267	265
Other	454	458
PROVISIONS AND OTHER CURRENT LIABILITIES	**3,307**	**2,968**

Note 31. NOTES TO THE STATEMENT OF CASH FLOWS

Cash flows are presented in detail in the table below:

(in € millions)	2023	2022
Investment grants recognized in profit or loss	(12)	(12)
Change in employee benefit obligations	(35)	(28)
Change in litigation and other provisions	10	(13)
Restructuring costs	(188)	(181)
Other	7	-
Other operating income and expenses (cash) and changes in provisions	**(218)**	**(234)**
Interest and other financial expenses paid	(407)	(378)
Interest and other financial income received	194	37
Dividends received	20	18
Interest and other financial income and expenses received and paid, net	**(193)**	**(323)**
Change in inventories	775	(1,055)
Change in trade receivables and advances	254	(746)
Change in trade payables and advances	(231)	48
Change in trade payables under reverse factoring agreements	(45)	(39)
Change in other receivables and payables	232	(285)
Change in working capital, net of impairment	**985**	**(2,077)**
Purchases of intangible assets (note 13)	(232)	(222)
Purchases of PP&E (note 14)	(2,004)	(1,919)
Government grants received	6	6
Change in capital expenditure payables	(38)	94
Purchases of intangible assets and PP&E	**(2,268)**	**(2,041)**
Increase in other non-current financial assets	(303)	(26)
Decrease in other non-current financial assets	273	14
Net cash flows from cash management financial assets	-	150
Net cash flows from borrowing collaterals	14	17
Net cash flows from other current financial assets	(27)	(15)
Cash flows relating to other financial assets	**(43)**	**140**
Increase in non-current financial liabilities	23	67
Decrease in non-current financial liabilities	(33)	(168)
Repayment of lease liabilities	(279)	(268)
Net cash flows from current financial liabilities	(1,134)	(575)
Derivatives	(32)	(7)
Cash flows relating to financial liabilities	**(1,455)**	**(951)**
Details of non-cash transactions:		
• New leases (note 14)	363	198
• New emission allowances granted	14	13
• Change in payment commitments for non-consolidated equity investments	(2)	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, 2023, amounts to €322 million (of which €262 million is likely to be delivered in 2024).

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 2024. 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 at March 31, 2023 and the next ones will be performed at March 31, 2026. 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, 2023, 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.

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 (2022: €33 million).

32.3.2 Financial assets

The €125 million held in an escrow account linked to the pension plan in the United Kingdom (2022: €116 million) is pledged to the plan and is therefore not freely available (note 15.2).

Loans and deposits amounting to €43 million (2022: €57 million) are pledged as collateral for debt (note 16).

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 €390 million (2022: €488 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, 2023 (2022: €15 million), has been accounted for as secured debt (note 26.2).

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

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.

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 meet short-term debt refinancing needs. 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 forecasting system of 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

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.

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 four 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

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.

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 (mainly interest rate swaps).

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

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.

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

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.

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

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.

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, 2023, the debt repayment schedule (principal and interest) and the maturities of undrawn confirmed credit lines were as follows:

(in € millions)	2024	2025	2026	2027	2028	2029	2030 and beyond
Bonds	68	813	59	355	552	53	3,416
Commercial paper	301	-	-	-	-	-	-
Loans from financial institutions and other	284	40	15	9	4	-	13
Lease liabilities	272	222	172	116	77	49	217
Derivative instruments	(18)	(27)	(30)	(23)	-	-	-
DEBT REPAYMENT SCHEDULE	**907**	**1,048**	**216**	**457**	**633**	**102**	**3,646**
LONG-TERM UNDRAWN CONFIRMED CREDIT LINES	**-**	**-**	**-**	**46**	**2,454**	**-**	**-**

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 new agreement provided for a new five-year maturity (2027) with two one-year extension options at the lenders' discretion. The first extension option was exercised in 2023, extending the maturity of substantially all the lines to 2028 (€2,454 million).

The Group considers that at December 31, 2023 its sources of financing were sufficient to meet the needs of the business, with:

- cash and cash equivalents for €2,515 million;
- cash management financial assets for €285 million;
- a €2,500 million NEU commercial paper program, of which €250 million had been utilized at December 31, 2023;
- a $700 million (€630 million) US commercial paper program, of which $50 million (€45 million) had been utilized at December 31, 2023;
- two €390 million receivables securitization programs that are utilized based on the availability of sufficient receivables of the required quality, with securitization debt at December 31, 2023 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, 2023					December 31, 2022				
(in € millions)	EUR	THB	USD	GBP	Other	EUR	CNY	USD	MXN	Other
Hedges	62	(597)	(3,495)	(491)	(351)	329	(119)	(2,160)	(1,049)	(1,360)

"Other" currencies mainly include currency hedges in AUD and CAD in 2023, and in GBP, THB and AUD in 2022.

A 1% unfavorable change in exchange rates for the above currencies against the euro 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.

Because of the low volume of cash flow hedges (note 16), 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, 2023	December 31, 2022
EUR	8,537	7,754
USD	4,305	4,369
GBP	1,286	1,082
CNY	1,117	1,056
BRL	942	1,011
THB	763	704
CAD	429	484
MXN	(9)	99
Other	588	557
TOTAL	**17,958**	**17,116**

33.2.3 Interest rate risk

Net debt at December 31, 2023 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	311	13	**324**	2,927	311	2,940	**3,251**	828	(828)	1,139	2,112	**3,251**
GBP	41	(6)	**35**	496	41	490	**531**	166	(166)	207	324	**531**
THB	45	23	**68**	422	45	445	**490**	314	(314)	359	131	**490**
AUD	35	(15)	**20**	208	35	193	**228**	124	(124)	159	69	**228**
BRL	14	(63)	**(49)**	205	14	142	**156**	70	(70)	84	72	**156**
EUR	4,961	(1,936)	**3,025**	(4,408)	4,961	(6,344)	**(1,383)**	-	-	4,961	(6,344)	**(1,383)**
Other currencies	106	(150)	**(44)**	149	106	-	**106**	247	(247)	353	(247)	**106**
Total before derivatives	**5,513**	**(2,134)**	**3,379**	**-**	**5,513**	**(2,134)**	**3,379**	**1,749**	**(1,749)**	**7,262**	**(3,883)**	**3,379**
Fair value of derivatives included in net debt			**(98)**				**(98)**					**(98)**
NET DEBT (NOTE 26)			**3,281**				**3,281**					**3,281**

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, 2023:

		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 decrease	**(39)**	(26)	-	(315)	**(341)**
1-point increase	**39**	25	-	315	**340**

(1) *The Group interest rate 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 since the underlying net debt component is not booked 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, 2023	December 31, 2022
Carrying amount (note 15.1)	412	387
IMPACT ON EQUITY OF A 10% UNFAVORABLE CHANGE IN THE PRICE OF EQUITIES HELD BY THE GROUP	**(33)**	**(31)**

33.2.5 Counterparty risk

At December 31, 2023, 32% 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 the 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, 2023, net receivable balances from the ten largest customers amounted to €541 million (2022: €548 million). Out of these, five were located in North America and five in Europe. At the same date, 78 customers (2022: 84) had been granted credit limits in excess of €10 million. Out of these, 29 were located in Europe, 28 in North America, ten in Asia, four in South America, four in the Africa, India, Middle East region and three in Central America. No material collateral has been received to limit the related credit risk. In 2023, credit losses represented 0.05% of sales (2022: 0.10%).

33.2.7 Commodities derivatives

In 2023, the Group did not have any material hedges of commodities purchases (note 16.3).

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, 2023	December 31, 2022
Net debt (note 26)	3,281	4,320
Equity	17,958	17,116
GEARING	**0.18**	**0.25**

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, 2023:

(in € millions)	FVTPL	FVOCI	Amortized cost	Total 2023
Trade receivables	-	-	3,850	3,850
Current financial assets	78	-	434	512
Cash and cash equivalents	1,282	-	1,233	2,515
Non-current financial assets	468	412	725	1,605
TOTAL FINANCIAL ASSETS	**1,828**	**412**	**6,242**	**8,482**

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, 2023 and 2022 by level in the fair value measurement hierarchy:

(in € millions)	Level 1	Level 2	Level 3	Total 2023
Cash and cash equivalents	1,282	-	-	1,282
Current financial assets (including derivatives)	43	35	-	78
Non-current financial assets (including derivatives)	159	334	387	880
TOTAL ASSETS	**1,484**	**369**	**387**	**2,240**
Derivative instruments (note 16.2)	-	20	-	20
TOTAL LIABILITIES	**-**	**20**	**-**	**20**

(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**

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, 2023:

(in € millions)	
At January 1, 2023	**367**
Acquisitions	28
Disposals	-
Gains or losses for the year recognized in other comprehensive income	(4)
Other	(4)
AT DECEMBER 31, 2023	**387**

Note 34. RELATED-PARTY TRANSACTIONS

Management and Supervisory Bodies

In 2023, Florent Menegaux, Managing Chairman and Managing General Partner of Compagnie Générale des Établissements Michelin, received a statutory distribution of €0.9 million in 2023 based on 2022 net income (2022 based on 2021 net income: €2.6 million). He was also awarded compensation of €1.5 million (payroll taxes included) as Chairman of Manufacture Française des Pneumatiques Michelin (2022: €1.4 million). The benefits that vested during the period in respect of a post-employment defined benefit plan amounted to €0.4 million (2022: €0.3 million). In addition, an expense of €0.8 million (2022: €0.5 million) was recognized in the Company's 2023 financial statements, corresponding to performance shares granted to Florent Menegaux in respect of years after 2019.

Yves Chapot received compensation of €1.9 million (payroll taxes included) in 2023 as General Manager of Compagnie Générale des Établissements Michelin (2022: €2.2 million). The benefits that vested during the period in respect of a post-employment defined benefit plan amounted to €0.6 million (2022: €0.4 million). A provision of €1.2 million (including payroll taxes) was recognized at December 31, 2023 based on vested rights under the annual variable compensation plan. In addition, an expense of €0.5 million (2022: €0.3 million) was recognized in the Company's 2023 financial statements, corresponding to performance shares granted to Yves Chapot in respect of years after 2019.

At December 31, 2023, the Group Executive Committee had nine members (2022: nine members). Employee benefits costs for members of the Group Executive Committee break down as follows:

(in € millions)	2023	2022
Short-term and termination benefits	9.2	10.3
Post-employment benefits	1.5	1.2
Other long-term benefits	-	-
Share-based payments	1.5	1.9
COMPENSATION GRANTED TO MEMBERS OF THE GROUP EXECUTIVE COMMITTEE	**12.2**	**13.4**

The compensation paid in 2023 to the Supervisory Board members was:

- €0.4 million for 2023;
- €0.8 million for 2022 (2022 for 2021: €0.7 million).

Note 35. EVENTS AFTER THE REPORTING DATE

Michelin is one of the European tire manufacturers under investigation by the European Commission. The Group reaffirms that it scrupulously complies with antitrust legislation in every host country. As a result, it categorically denies the existence of any anticompetitive practices, as alleged by the European Commission in its January 30, 2024 press release, much less any price coordination.

No impact has been recognized in the 2023 financial statements.

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
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
Michelin R&D Belgium 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
Pennel & Flippo SA	Full consolidation method	Mouscron	Financial	100.00
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
Viborg Direct A/S	Full consolidation method	Skanderborg	Commercial	100.00
SPAIN				
Michelin España Portugal, S.A.	Full consolidation method	Valladolid	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
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

Companies	Consolidation method	Registered office	Type	% interest
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
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
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
AddUp	Equity method	Cébazat	Manufacturing	59.75
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
Watèa SAS	Equity method	Clermont-Ferrand	Commercial	70.00
Société Internationale de Plantations d'Hévéas	Equity method	Courbevoie	Miscellaneous	41.97
Symbio	Equity method	Fontaine	Miscellaneous	33.33
Taquipneu	Equity method	Montauban	Miscellaneous	22.92
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	Boulogne-Billancourt	Commercial	100.00
Michelin Engineered Polymers	Full consolidation method	Clermont-Ferrand	Manufacturing	100.00
Michelin Inflatable Solutions	Full consolidation method	Trappes	Miscellaneous	100.00
Michelin Editions SAS	Equity method	Paris	Miscellaneous	40.00
S.A.S. Foncière LePic	Equity method	Clermont-Ferrand	Miscellaneous	22.00
Flex Composite Group SA	Full consolidation method	Lille	Financial	100.00
Orca Sales	Full consolidation method	Lille	Commercial	100.00
Foncière Centre des Matériaux Durables	Equity method	Clermont-Ferrand	Miscellaneous	22.00
ASM Clermont Auvergne	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
SAS SUPCAM	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
PUSCAM	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
CAMPUS	Full consolidation method	Clermont-Ferrand	Miscellaneous	51.00

Companies	Consolidation method	Registered office	Type	% interest
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
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
TRK S.r.l.	Full consolidation method	Milan	Commercial	100.00
Black Circles Italy	Full consolidation method	Milan	Commercial	100.00
Faitplast Dvpt S.p.A.	Full consolidation method	Cellatica	Financial	100.00
FCG Composite Italy S.p.A.	Full consolidation method	Venice	Financial	100.00
Fait plast S.p.A.	Full consolidation method	Cellatica	Manufacturing & commercial	100.00
Angeloni Group S.r.l.	Full consolidation method	Venice	Manufacturing & commercial	100.00
SELCOM S.r.l.	Full consolidation method	Fregona	Manufacturing & commercial	100.00
LATVIA				
TB Industry SIA	Full consolidation method	Riga	Manufacturing & commercial	100.00
LITHUANIA				
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
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
Dunlop Enerka Netherlands B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Service International 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	Rotterdam	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
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.	Full consolidation method	Prague	Commercial	100.00
Michelin Česká 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
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
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 Pension Scheme Trustee Limited	Full consolidation method	Stoke-on-Trent	Miscellaneous	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
Canopy Technologies Ltd.	Full consolidation method	Southampton	Financial	100.00
Canopy Simulations Ltd.	Full consolidation method	Southampton	Miscellaneous	100.00

Companies	Consolidation method	Registered office	Type	% interest
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	16.28
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
UKRAINE				
Michelin Ukraine LLC	Full consolidation method	Kyiv	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
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 Manufacturings	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
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
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

Companies	Consolidation method	Registered office	Type	% interest
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 Inc.	Full consolidation method	Harrisburg	Manufacturing & commercial	100.00
Fenner America, Inc.	Full consolidation method	Wilmington	Financial	100.00
Fenner Advanced Sealing Technologies, LLC	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
Airflash, Inc.	Full consolidation method	Saratoga	Miscellaneous	100.00
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
Pennel USA, Inc.	Full consolidation method	Wando	Commercial	100.00
EGC Operating Company, LLC	Full consolidation method	Chardon	Manufacturing & commercial	100.00
Slade Operating Company, LLC	Full consolidation method	Chardon	Manufacturing & commercial	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

Companies	Consolidation method	Registered office	Type	% interest
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
CHILE				
Michelin Chile Ltda.	Full consolidation method	Santiago	Commercial	100.00
Conveyor Services S.A.	Full consolidation method	Antofagasta	Manufacturing & commercial	100.00
Michelin Specialty Materials Recovery S.p.A.	Full consolidation method	Santiago	Manufacturing & commercial	100.00
CPS Conveyors S.p.A.	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/CENTRAL ASIA				
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
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
Michelin Connected Fleet Australia PTY Ltd.	Full consolidation method	Melbourne	Commercial	100.00
Tyroola PTY Ltd.	Full consolidation method	Sydney	Commercial	100.00
Tyroola Holding	Full consolidation method	Sydney	Financial	100.00

Companies	Consolidation method	Registered office	Type	% interest
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	Manufacturing	100.00
PT Multi Kusuma Cemerlang	Full consolidation method	Jakarta	Manufacturing	100.00
PT Wanamukti Wisasa	Full consolidation method	Jakarta	Manufacturing	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
KAZAKHSTAN				
Michelin Kazakhstan Limited Liability Partnership	Full consolidation method	Amalty	Commercial	100.00
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
Tyroola 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	Commercial	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 Ltd.	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 Ltd.	Full consolidation method	Ho Chi Minh City	Commercial	100.00
Camso Vietnam Co., Ltd	Full consolidation method	Tan Uyen	Manufacturing	100.00
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) Ltd.	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
Dawson Polymer Products (Shanghai) Company Limited	Full consolidation method	Shanghai	Manufacturing & commercial	100.00
Hallite Shanghai Company Ltd.	Full consolidation method	Shanghai	Manufacturing & commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
Shanghai Fenner Conveyor Belting Company Ltd.	Full consolidation method	Shanghai	Manufacturing & commercial	92.46
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
Fait plast Hong Kong Ltd	Full consolidation method	Hong Kong	Commercial	100.00
TAIWAN				
Michelin Tire Taiwan Co., Ltd.	Full consolidation method	Taipei	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								
• Public interest entity	808	40%	-	-	778	44%	-	-
• Fully consolidated subsidiaries	1,227	60%	4,193	100%	1,007	56%	4,462	100%
Sub-total	**2,035**	**100%**	**4,193**	**100%**	**1,785**	**100%**	**4,462**	**100%**
NON-AUDIT SERVICES								
• Issuer(1)	-	0%	-	-	252	92%		-
• Fully consolidated subsidiaries(2)	89	100%	559	100%	21	8%	1,163	100%
Sub-total	**89**	**100%**	**559**	**100%**	**273**	**100%**	**1,163**	**100%**
TOTAL	**2,124**		**4,752**		**2,058**		**5,625**	

(1) These services consist mainly of an independent third-party body engagement 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.

5.2.2 Statutory Auditors' report on the consolidated financial statements

(For the year ended December 31, 2023)

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,

Compagnie Générale des Établissements Michelin

23 place des Carmes-Déchaux

63000 Clermont Ferrand

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, 2023.

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, 2023 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 those standards are further described in the *"Statutory Auditors' Responsibilities for 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 fom January 1, 2023 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. 821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to 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, 2023, the net value of goodwill totaled €2,982 million for total assets of €35,195 million (i.e. 9%).

For the purpose of impairment testing in accordance with IAS 36, goodwill is allocated to cashgenerating units (CGUs) or to groups of CGUs. Notes- 2.6.1, 3.17 and 13.1 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. The note 2.5 specify the Group's approach for factoring climate risk into its 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;
- 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 €7,554 million at December 31, 2023. 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 €5,212 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, 2023 amounted to €2,421 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 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 as 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.

As at December 31, 2023, PricewaterhouseCoopers Audit and Deloitte & Associés were in the twentieth year and fourteenth 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 risks management systems, as well as, where applicable, any internal audit systems, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by 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.821-55 of the French Commercial Code (code de commerce), 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 exercises professional judgment throughout the audit and furthermore:

- 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 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 and related disclosures made by management in 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 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 16, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit		Deloitte & Associés
Jean-Christophe Georghiou	Itto El Hariri	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.

Further information about the company is available in section 6.1 “Information about the company”.

5.3.1.1 Income statement

CGEM reported net income of €272 million in 2023, versus €545 million in 2022.

5.3.1.1.1. Net operating income

Net operating income amounted to €243 million in 2023, compared with €406 million in 2022. Revenue and operating expenses were affected in 2023 by the update of the transfer pricing policy (see note 2.1 to the financial statements). Revenue increased by €780 million. Operating expenses increased by €1,046 million to €1,729 million, versus €683 million in 2022.

5.3.1.1.2. Net financial income

Net financial income amounted to €33 million in 2023, compared with €90 million in 2022.

5.3.1.2 Balance sheet

Equity amounted to €7,186 million at December 31, 2023, versus €7,808 million a year earlier, a €622 million decrease.

The year-on-year change primarily reflects the recognition of 2023 net income of €272 million and the payment of dividends and the General Partners’ profit share for €894 million.

5.3.2 Financial statements of Compagnie Générale des Établissements Michelin (parent)

ASSETS *(in € thousands)*	Note	December 31, 2023 Cost	December 31, 2023 Depreciation, amortization & provisions	December 31, 2023 Net	December 31, 2022 Net
Intangible assets	5	427,379	(307,863)	119,516	164,362
Investments	6	11,391,719	(109,667)	11,282,052	12,644,258
NON-CURRENT ASSETS		**11,819,098**	**(417,530)**	**11,401,568**	**12,808,620**
Receivables	7	1,349,583	-	1,349,583	941,680
Derivative instruments	8.1	43,156	(42,906)	250	123,293
Cash		1,176,393	-	1,176,393	1,431,773
Prepaid expenses		4,922	-	4,922	7,015
CURRENT ASSETS		**2,574,054**	**(42,906)**	**2,531,148**	**2,503,761**
Deferred charges and bond call premiums		30,546	(5,171)	25,375	29,138
Conversion losses					
TOTAL ASSETS		**14,423,698**	**(465,607)**	**13,958,092**	**15,341,519**

EQUITY AND LIABILITIES *(in € thousands)*	Note	December 31, 2023	December 31, 2022
Share capital	9	357,479	357,059
Paid-in capital in excess of par	9	2,701,774	2,701,903
Revaluation reserve	10	624,772	624,772
Other reserves	10	1,282,573	1,282,993
Retained earnings	10	1,885,645	2,235,529
Net income	10	272,053	544,575
Untaxed reserves	10	61,598	61,598
EQUITY		**7,185,894**	**7,808,429**
Convertible bonds	8.1		565,238
Ordinary bonds and other borrowings	8.2	4,930,951	5,287,294
Other financial liabilities	11	949,606	1,278,405
Accrued taxes and payroll costs	11	3,531	27,995
Other liabilities	11	888,110	370,254
Derivative instruments		-	-
LIABILITIES		**6,772,198**	**7,529,186**
Conversion gains			3,904
TOTAL EQUITY AND LIABILITIES		**13,958,092**	**15,341,519**

Income statement

(in € thousands)	Note	2023	2022
Royalties	13	1,790,853	1,010,962
Other revenue		10,308	3,812
Exchange gains		170,713	73,921
Revenue		**1,971,874**	**1,088,695**
External charges	14	(1,506,991)	(556,109)
Taxes other than on income		(1,272)	(3,578)
Payroll costs		(3,502)	(2,603)
Depreciation and amortization	5	(46,070)	(46,480)
Other expenses		(1,341)	(932)
Exchange losses		(169,828)	(73,077)
Operating expenses		**(1,729,004)**	**(682,779)**
NET OPERATING INCOME		**242,870**	**405,916**
Dividends from subsidiaries and affiliates	20	82,028	342
Interest income		126,223	49,389
Provision reversals	6		161,971
Exchange gains		4,540	1,704
Financial income		**212,791**	**213,406**
Amortization and provision expense	6	(82,547)	(45,207)
Interest expense		(95,682)	(73,202)
Exchange losses		(1,403)	(4,574)
Financial expense		**(179,632)**	**(122,983)**
NET FINANCIAL INCOME		**33,159**	**90,423**
INCOME BEFORE NON-RECURRING ITEMS AND TAX		**276,029**	**496,339**
Non-recurring income	6	**2,475,763**	
Non-recurring expenses	6	**(2,460,627)**	
NET NON-RECURRING INCOME		**15,136**	
Income tax	15	(19,112)	48,236
NET INCOME		**272,053**	**544,575**

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 12, 2024 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 Transfer pricing policy: In 2023, the Group updated its transfer pricing policy to comply with the revised OECD transfer pricing rules. Compared with the previous practice, the new policy means that all Group companies are remunerated on the basis of their businesses' contribution to the Group. Under this new transfer pricing policy, the Company acts as an intermediary in the billing of the costs incurred by the Group for the provision of services to the various subsidiaries. The amount concerned, totaling €915 million in 2023, is reported under "External charges" (costs incurred) and "Revenue" (amounts billed to subsidiaries).

2.2 In March 2023, the Company provided a €47 million capital injection to Camso, Inc.

2.3 In June 2023, Multistrada paid a dividend of €17 million.

2.4 Significant changes in shares in subsidiaries and affiliates: in October 2023, the Company transferred all the shares in Manufacture Française des Pneumatiques Michelin, Spika and Michelin Ventures SAS to Compagnie Financière Michelin at net book value (€2,445 million). The contra entry for the disposal of the shares is reported under "Non-recurring expense" and the sale price to Compagnie Financière Michelin is reported under "Non-recurring income". The purpose of the transfer is for the shares in these operating subsidiaries to be held by an intermediate holding company.

2.5 The 2018-2023 convertible bonds were redeemed in November 2023 for an amount of €565 million.

2.6 In December 2023, Camso International S.à.r.l. repaid €28 million to Compagnie Générale, deducted from paid-in capital in excess of par, and also paid a dividend of €64 million. A provision for impairment in value of Camso International S.à.r.l. shares was recorded at December 31, 2023 in the amount of €80 million.

2.7 The portfolio of marketable securities included in current assets was decreased by €356 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, 2022	Additions/ increases	Disposals/ decreases	December 31, 2023
Brands, patents and other rights	427,758		(379)	427,379
Total cost	**427,758**		**(379)**	**427,379**
Brands, patents and other rights	(263,396)	(44,846)	379	(307,863)
AMORTIZATION	**(263,396)**	**(44,846)**	**379**	**(307,863)**
TOTAL	**164,362**	**(44,846)**	**-**	**119,516**

In the income statement, the total depreciation and amortization expense of €46,070 thousand mainly corresponds to amortization of brands, patents and other rights.

Note 6. INVESTMENTS

(in € thousands)	December 31, 2022	Additions/ increases	Disposals/ decreases	December 31, 2023
Shares in subsidiaries and affiliates (note 20)	9,268,720	2,492,047	(2,473,321)	9,287,446
Loans and advances to subsidiaries and affiliates (note 7)	250,066	12,787	(41,612)	221,241
Other loans (note 7)	3,144,931	4,491	(1,279,808)	1,869,615
Other equity interests	10,107	3,402	(91)	13,417
Total cost	**12,673,824**	**2,512,727**	**(3,794,832)**	**11,391,719**
Shares in subsidiaries and affiliates(1) (note 20)	(29,566)	(80,101)		(109,667)
Other loans (note 7)	-	-		-
Impairment	**(29,566)**	**(80,101)**		**(109,667)**
TOTAL	**12,644,258**	**2,432,626**	**(3,794,832)**	**11,282,052**

(1) Compared to the amount reported in the income statement under "Amortization and provision expense", this line also includes amortization of issue premiums amounting to €2 million.

See notes 2.2, 2.4 and 2.6 – 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 (note 20)	221,241	-	221,241	-	221,241
Other loans	1,254,451	615,164	1,869,615	-	1,869,615
CURRENT ASSETS					
Receivables	1,349,583	-	1,349,583	-	1,349,583
TOTAL AT DECEMBER 31, 2023	**2,825,275**	**615,164**	**3,440,439**	**-**	**3,440,439**

Note 8. BONDS

8.1 Convertible bonds

(in € thousands)	December 31, 2023	December 31, 2022
CONVERTIBLE BONDS (NOTE 11)		
2017-2022 convertible bond issue	-	
2018-2023 convertible bond issue		565,238
TOTAL		**565,238**

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)	-
Currency derivatives	250		250
TOTAL AT DECEMBER 31, 2023	**43,155**	**(42,905)**	**250**

8.2 Ordinary bonds and other borrowings

(in € thousands)	Annual interest	December 31, 2023	December 31, 2022
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
2015-2027 bond issue	1.750%	300,000	300,000
2015/16-2045 bond issue	3.250%	315,578	316,202
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		20,381	20,436
Negotiable European Commercial Paper (NEU CP)		250,000	580,000
US Commercial Paper (US CP)		44,992	70,656
TOTAL		**4,930,951**	**5,287,294**

The Negotiable European Commercial Paper program totals €2.5 billion, and the US Commercial Paper program amounts to USD 700 million.

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, 2023: 714,117,414 shares	**357,059**	**2,701,903**	**3,058,962**
Performance shares: 840,812 shares delivered (note 16)	420		420
Other		(130)	(130)
AT DECEMBER 31, 2023: 714,958,226 SHARES	**357,479**	**2,701,773**	**3,059,253**

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, 2023	**624,772**	**1,282,993**	**2,235,529**	**544,575**	**61,598**	**4,749,467**
Appropriation of 2022 net income	-	-	(349,884)	(544,575)	-	(894,459)
Share issues	-	(420)				(420)
2023 net income	-	-	-	272,053	-	272,053
AT DECEMBER 31, 2023	**624,772**	**1,282,573**	**1,885,645**	**272,053**	**61,598**	**4,126,641**

At the 2023 Annual Shareholders Meeting, shareholders approved the payment of a dividend of €1.25 per share, representing a total payout of €893 million after deducting the €2 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
Ordinary bonds and other borrowings (note 8.2)	4,930,951	315,373	1,550,000	3,065,578
Other financial liabilities	949,606	949,606	-	-
Accrued taxes and payroll costs	3,531	3,531	-	-
Other liabilities	888,110	888,110	-	-
TOTAL AT DECEMBER 31, 2023	**6,772,198**	**2,156,620**	**1,550,000**	**3,065,578**

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	9,177,777	-	9,177,777
Loans and advances to subsidiaries and affiliates	6	221,241	-	221,241
Other loans	6	1,869,614	-	1,869,614
Other equity interests	6		12,807	12,807
Receivables	7	860,865	488,718	1,349,583
Other financial liabilities	11	949,606	-	949,606
Other liabilities	11	885,512	2,598	888,110

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)	2023	2022
Companies in France	52,939	60,835
Companies outside France	1,737,914	950,127
TOTAL	**1,790,853**	**1,010,962**

The increase is due to the application of the new transfer pricing policy (note 2.1).

Note 14. EXTERNAL CHARGES

(in € thousands)	2023	2022
Outsourcing expenses	(1,062,405)	(155,403)
Research and development expenses	(398,887)	(357,991)
Miscellaneous	(45,699)	(42,715)
TOTAL	**(1,506,991)**	**(556,109)**

The increase in outsourcing expenses reflects the application of the new transfer pricing policy (note 2.1).

Note 15. INCOME TAX

Compagnie Générale des Établissements Michelin is the parent company of a tax group that also comprises 17 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)	2023	2022
Current tax due by the Company on a stand-alone basis	(28,690)	(31,777)
Group relief	17,455	74,545
Other	(7,877)	5,468
TOTAL	**(19,112)**	**48,236**

Note 16. SHARE-BASED PAYMENTS

Share grants and performance share plans

Changes in the number of share grants and performance share rights outstanding are as follows:

	2023	2022[1]
At January 1	**5,949,494**	5,214,472
Granted	**3,257,003**	1,899,470
Forfeited	**(1,061,855)**	(714,388)
Exercised	**(840,812)**	(450,060)
AT DECEMBER 31	**7,303,830**	**5,949,494**

(1) Data for 2022 have been restated to reflect the four-for-one stock split on June 16, 2022.

Excellence Plan

In November 2023, 2,679,985 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 2027 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, 2023	Number of share grants or performance share rights outstanding December 31, 2022[(1)]
Grant date	France	Other countries	France	Other countries		
2019	**2023**	**2023**	**None**	**None**	**-**	852,764
2020	2024	2024	None	None	**948,984**	1,939,884
2020	2022		None		**-**	-
2021	2025	2025	None	None	**1,228,236**	1,257,376
2022	2026	2026	None	None	**1,869,607**	1,899,470
2023	2027	2027	None	None	**2,679,985**	-
2023	2027	2027	None	None	**577,018**	-
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARE RIGHTS OUTSTANDING					**7,303,830**	**5,949,494**

(1) Data have been restated to reflect the four-for-one stock split on June 16, 2022.

Recognition Plan

In November 2023, the Group granted 577,018 free share rights to employees, with a four-year vesting period ending in November 2027 and no lock-up period. The shares will vest automatically at the end of the period provided that the employees concerned are still employed by the Group at that date. As the allocation per employee does not exceed 250 shares, they are not subject to any performance conditions.

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, 2023, the Company had receivables corresponding to royalties with a net book value of €163 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.

17.3 Equity risk

The Company holds shares in subsidiaries and affiliates and other equity interests that are measured at value in use.

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. The statutory share of 2022 profit paid in 2023 to Florent Menegaux, Managing General Partner and Managing Chairman, amounted to €906 thousand (2022 for 2021: €2,649 thousand). The total compensation (fixed compensation, variable compensation payable in 2023 for 2022) paid by the Company to Yves Chapot, General Manager, amounted to €1,910 thousand (including payroll taxes) in 2023 (2022: €2,241 thousand). In addition, a €1,233 thousand accrual (including payroll taxes) was recorded at December 31, 2023 to cover his 2023 bonus payable in 2024. Benefits in kind amounted to €8 thousand.

Note 19. FEES PAID TO THE STATUTORY AUDITORS

(in € thousands)	Deloitte & Associés	PricewaterhouseCoopers Audit
Audit services	808	778
Non-audit services(1)		252

(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)*	46,602 (USD)	100.0%	354,316	354,316	-		53,192 *(USD)*	12,451 *(USD)*	-
Camso International S.à r.l. Luxemburg (Luxembourg)	22,500 *(USD)*	39,438 *(USD)*	100.0%	195,547	115,537	-			597 *(USD)*	64,294
Camso Vietnam Co., Ltd Tan Uyen (Vietnam)	32,300 *(USD)*	(2,208) *(USD)*	100.0%	29,840	29,840	-		45,995 *(USD)*	2,136 *(USD)*	-
Compagnie Financière Michelin Clermont-Ferrand (France)	2,298,311	9,793,415	100.0%	6,770,928	6,770,928	-		-	2,766	-
Fenner Group Holdings Limited Stoke-on-Trent (United Kingdom)	48,751*(GBP)*	26,271 *(GBP)*	100.0%	1,365,554	1,365,554	-		-	(9,361)*(GBP)*	
Masternaut Bidco Limited London (United Kingdom)	85,237	26,157	100.0%	85,975	56,409	-		-	16	-
Rodaco Argentina S.A.U. Buenos Aires (Argentina)	170,873 *(USD)*	273,091 *(USD)*	100.0%	4,104	4,104	-		1,659,634 *(USD)*	23,592 *(USD)*	-
PT Multistrada Arah Sarana Tbk Bekasi (Indonesia)	137,343 *(USD)*	134,575 *(USD)*[3]	99.64%	481,051	481,051	-		464,666 *(USD)*[3]	52,702 *(USD)*[3]	17,302
B. OTHER SUBSIDIARIES AND AFFILIATES										
1 – Subsidiaries not listed under A										
• Foreign companies		-	-	128	37	-		-	-	-
2 – Affiliates not listed under A										
• French companies		-	-	12,807	12,807	-		-	-	432
TOTAL SHARES IN SUBSIDIARIES AND AFFILIATES AND OTHER EQUITY INTERESTS				**9,300,250**	**9,190,583**					**82,028**

(1) In thousands of local currency units.
(2) Most recent fiscal year.
(3) Last published consolidated financial statements.

Note 21. FINANCIAL COMMITMENTS

21.1 Forward currency exchange contracts

At December 31, 2023, the value in euros of the forward foreign exchange contracts was as follows:

- currency to be received €672 million;
- currency to be delivered €672 million.

21.2 Commitments given: Guarantees

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 €5.5 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 new agreement provided for a new five-year maturity (2027) with two one-year extension options at the lenders' discretion. The first extension option was exercised in 2023, extending the maturity of substantially all the lines to 2028 (€2,454 million).

Note 22. EVENTS AFTER THE REPORTING DATE

Michelin is one of the European tire manufacturers under investigation by the European Commission. The Group reaffirms that it scrupulously complies with antitrust legislation in every host country. As a result, it categorically denies the existence of any anticompetitive practices, as alleged by the European Commission in its January 30, 2024 press release, much less any price coordination. No impact has been recognized in the 2023 financial statements.

5.3.3 Statutory Auditors' report on the annual financial statements

For the year ended December 31, 2023

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, 2023.

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, 2023 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, 2023 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. 821-53 and R. 821-180 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, 2023, the carrying amount of shares in subsidiaries and affiliates was €9,177 million (gross value of €9,287 million), representing 66% 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 shares, 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 and time frame 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 vérifications

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 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 provided to the shareholders with respect to the Company's 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 the 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 to 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 purchase of investments and controlling interests and 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 presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Managing Chairman's responsibility, complies with this format, as defined by 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 to be included in the annual financial report complies, in all material respects, with the European single electronic reporting 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 held on May 14, 2004 for PricewaterhouseCoopers Audit and on May 7, 2010 for Deloitte & Associés.

At December 31, 2023, PricewaterhouseCoopers Audit and Deloitte & Associés were in the twentieth and fourteenth 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 Chairmen.

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. 821-55 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 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 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 the 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 are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the 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. 821-27 to L. 821-34 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 16, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit		Deloitte & Associés
Jean-Christophe Georghiou	Itto El Hariri	Frédéric Gourd

5.3.4 Statutory Auditors' special report on related-party agreements

Annual Shareholders Meeting for the approval of the financial statements for the year ended December 31, 2023

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie Générale des Etablissements 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 agreement 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. 226-10 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 16, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Jean-Christophe Georghiou Itto El Hariri	Frédéric Gourd

5.3.5 Statement of changes in equity

(in € thousands and € per share)	2023	2022
NET INCOME		
Accounting profit		
Total: Net income/(loss)	272,053	544,575
Per share: Net income/(loss)	0.38	0.76
RECOMMENDED TOTAL DIVIDEND PAYOUT	**965,194[1]**	**892,647**
Recommended dividend per share	1.35[1]	1.25

(1) Subject to approval by shareholders at the Annual Meeting on May 17, 2024.

STATEMENT OF CHANGES IN EQUITY

(in € thousands)	2023	2022
A) 1. Equity at prior year-end before dividends	7,808,429	**8,116,140**
2. Dividend approved by the Annual Shareholders Meeting	(894,459)	(807,879)
B) Equity at January 1, 2023 after dividends	6,913,970	**7,308,261**
C) Movements for the year:		
1. Change in capital	420	(2)
2. Change in paid-in capital in excess of par	(129)	(44,180)
3. Change in reserves and retained earnings[1]	(420)	(225)
4. Net income	272,053	544,575
D) Equity at December 31, 2023 before dividends	**7,185,894**	7,808,429
E) TOTAL CHANGES IN EQUITY DURING THE YEAR	**271,924**	**500,168**
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	**271,924**	**500,168**

(1) Excluding appropriation of net income.

5.3.6 Appropriation of 2023 net income

(in € thousands)		
AMOUNT TO BE APPROPRIATED		
Retained earnings brought forward from prior year		1,885,645
Net income		272,053
RECOMMENDED APPROPRIATIONS		
Dividend	965,194[1]	
Statutory share of income attributed to the General Partners	3,300	
Retained earnings	1,189,204	
AVAILABLE AT DECEMBER 31	**2,157,698**	**2,157,698**

(1) Subject to approval by shareholders at the Annual Meeting on May 17, 2024.

5.3.7 Five-year financial summary

(in € thousands and in € per share, unless otherwise specified)		2019	2020	2021	2022	2023
I.	**CAPITAL AT DECEMBER 31**					
a)	Share capital	357,255	356,680	357,061	357,059	357,479
b)	Number of common shares outstanding	714,510,220	713,360,344	714,121,800	714,117,414	714,958,226
II.	**RESULTS OF OPERATIONS**					
a)	Net revenue	1,034,805	797,951	959,769	1,010,962	1,790,853
b)	Earnings before tax, depreciation, amortization and provisions (EBTDA)	817,567	1,072,009	635,133	426,055	419,782
c)	Income tax	30,603	(9,773)	18,811	(48,236)	19,112
d)	Net income	672,105	1,010,644	584,192	544,575	272,053
III.	**PER-SHARE DATA**					
a)	Earnings per share after tax, before depreciation, amortization and provision expenses (EBDA)	1.10	1.52	0.86	0.66	0.56
b)	Basic earnings per share	0.94	1.42	0.82	0.76	0.38
c)	Dividend per share[1]	0.50	0.58	1.13	1.25	1.35
IV.	**EMPLOYEE DATA**					
a)	Average number of employees	-	1	2	2	2
b)	Total payroll	1,123	2,280	3,190	2,603	3,502
c)	Total benefits	(76)	645	838	765	867

(1) Subject to approval by shareholders at the Annual Meeting on May 17, 2024.

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 2019 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 5, 2024

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 and Itto El Hariri, Partners

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 2023:

	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	808	40%	-	-	778	44%	-	-
• Fully consolidated subsidiaries	1,227	60%	4,193	100%	1,007	56%	4,462	100%
Sub-total	**2,035**	**100%**	**4,193**	**100%**	**1,785**	**100%**	**4,462**	**100%**
NON-AUDIT SERVICES								
• Issuer(1)	-	0%	-	-	252	92%	-	-
• Fully consolidated subsidiaries(2)	89	100%	559	100%	21	8%	1,163	100%
Sub-total	**89**	**100%**	**559**	**100%**	**273**	**100%**	**1,163**	**100%**
TOTAL	**2,124**		**4,752**		**2,058**		**5,625**	

(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, 2022, as well as the relevant Statutory Auditors' reports, presented in the Universal Registration Document filed with the AMF on April 7, 2023 under number D. 23-0253;
- 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 information included in said Universal Registration Documents, other than the items cited above, are superseded or updated by the information included in the 2023 Universal Registration Document. Said Universal Registration Documents are available for consultation at the Company's registered office or on its website www.michelin.com.


MICHELIN
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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

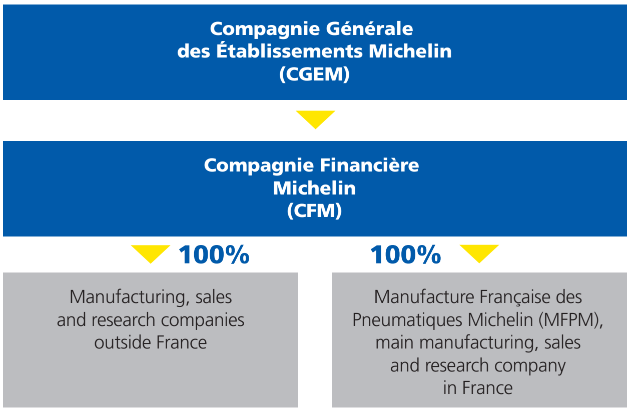
Legal form and governing law

- 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 main subsidiary is Compagnie Financière Michelin (CFM), which has owned the entire share capital of Manufacture Française des Pneumatiques Michelin (MFPM) since October 31, 2023. MFPM coordinates all of the Group's manufacturing, sales and research operations in France.

CGEM is the owner of the Group's main intellectual property assets and, as such, has set up licensing and high value-added service agreements with the operating subsidiaries. Regarding high value-added services (e.g., development and process engineering work, Group head office services, business line services, etc.), CGEM tasks certain Group companies (MFPM in particular) with carrying out the work for subsidiaries. From January 1, 2023, companies providing high value-added services will be paid according to the residual profit split method.

Apart from high value-added services, 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.

(1) *See also Chapter 3 for information on the Company's Bylaws.*

6.2 SHARE INFORMATION

6.2.1 The Michelin share

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.

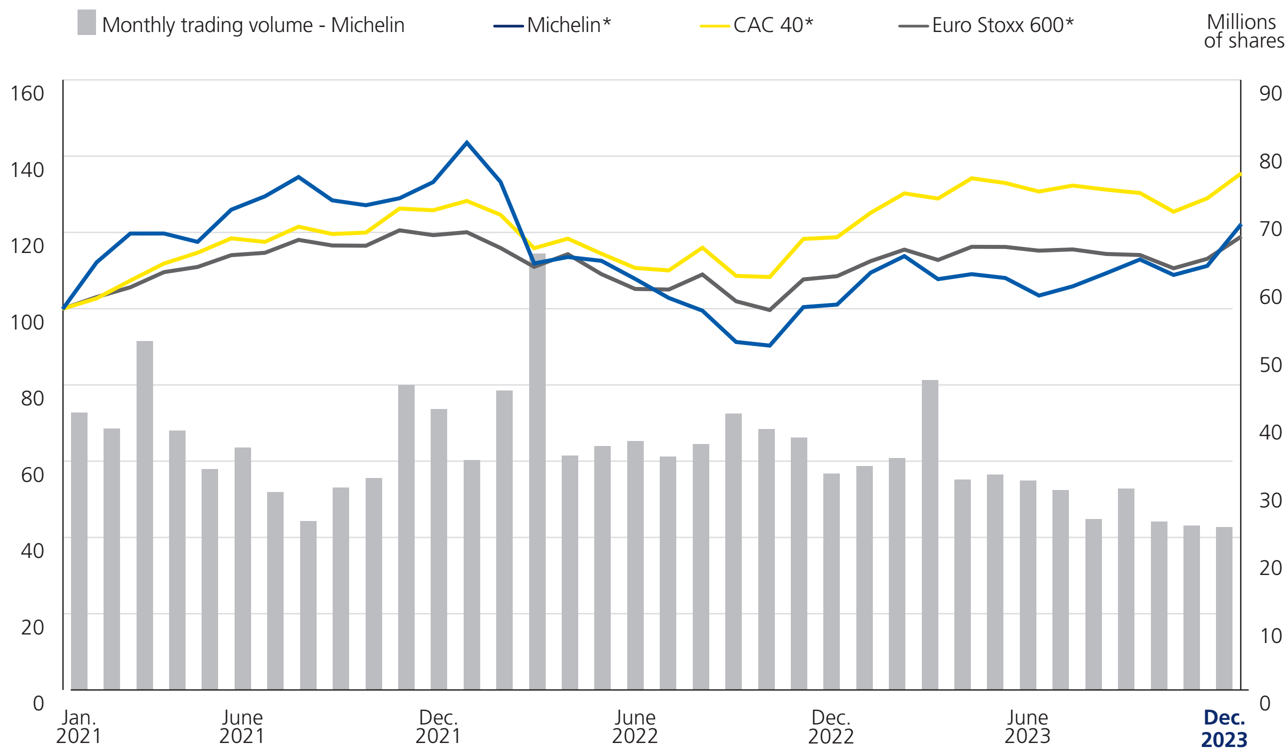
Indices

The Michelin share is included in two leading stock market indices:

- CAC 40: 1.34% of the index at December 31, 2023;
- Stoxx Europe 600

MICHELIN SHARE PERFORMANCE AND TRADING VOLUMES

According to statistical data collected by Euronext Paris.



* *Standardized monthly averages (base 100 = January 1, 2021).*

6.2.2 Detailed share data

According to statistical data collected by Euronext Paris.

Share price (in €)	2023	2022	2021[(1)] (restated)	2021 (reported)	2020	2019
Session high	32.65	38.93	36.50	146.00	112.80	119.50
Session low	25.60	21.99	25.83	103.30	68.00	83.74
High/low ratio	1.28	1.77	1.41	1.41	1.66	1.43
Closing price, end of period	32.46	25.99	36.04	144.15	104.95	109.10
Average closing price over the period	28.87	28.53	32.44	129.75	95.49	104.36
Change in the Michelin share price over the period	24.92%	-27.89%	37.35%	37.35%	-3.80%	25.84%
Change in the CAC 40 index over the period	16.52%	-9.50%	28.85%	28.85%	-7.14%	26.37%
Change in the Stoxx Europe 600 index over the period	12.73%	-12.90%	22.25%	22.25%	-4.04%	-
Average price Stoxx Europe 600 over the period	457.04	434.40	449.58	449.58	369.26	383.21
Market capitalization (at period-end, in € billions)	**23.21**	**18.56**	**25.74**	**25.74**	**18.72**	**19.49**
Average daily trading volume over the period[(2)]	1,419,300	1,844,574	1,743,820	435,955	548,883	577,545
Average number of shares outstanding	714,258,055	713,400,033	713,512,772	178,378,193	178,497,159	179,669,608
Volume of shares traded over the period	366,179,447	475,900,118	449,905,428	112,476,357	141,062,953	147,273,882

(1) Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022.
(2) Volumes traded on the Euronext platform.

6.2.3 Per-share data

(in € per share, except ratios)	2023	2022	2021 (restated)	2021 (reported)	2020	2019
Net asset value per share	25,1	24.0	20.9	83.9	70.8	74.1
Basic earnings per share	2,77	2.81	2.58	10.31	3.52	9.69
Diluted earnings per share[(1)]	2,75	2.79	2.56	10.24	3.51	9.66
PRICE-EARNINGS RATIO	**11,7**	**9.3**	**14.0**	**14.0**	**29.8**	**11.3**
Dividend per share[(2)]	1,35	1.25	1.125	4.50	2.30	2.00
Payout ratio	49 %	44%	44%	44%	65%	21%
Yield[(3)]	4,2 %	4.8%	3.1%	3.1%	2.2%	1.8%

(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 17, 2024. Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022. Prior year figures correspond to the reported dividend.
(3) Dividend divided by the share price at December 31.

6.2.4 Capital and ownership structure

At December 31, 2023, Michelin's share capital amounted to €357,479,113.

<table>
<tr><th></th><th colspan="3">At December 31, 2023</th><th colspan="3">At December 31, 2022</th><th colspan="3">At December 31, 2021</th></tr>
<tr><th></th><th>Number of shareholders</th><th>Shares outstanding</th><th>Voting rights outstanding</th><th>Number of shareholders</th><th>Shares outstanding</th><th>Voting rights outstanding</th><th>Number of shareholders</th><th>Shares outstanding</th><th>Voting rights outstanding</th></tr>
<tr><td>French institutional investors</td><td rowspan="2">4 497</td><td>20.4%</td><td>24.0 %</td><td></td><td>22.8%</td><td>25.7%</td><td></td><td>23.6%</td><td>27.3%</td></tr>
<tr><td>Non-resident institutional investors</td><td>67.0%</td><td>61.8 %</td><td>4,509</td><td>64.7%</td><td>59.7%</td><td>4,123</td><td>65.5%</td><td>59.2%</td></tr>
<tr><td>Individual shareholders</td><td>170,391</td><td>10.5%</td><td>11.9 %</td><td>156,694</td><td>10.3%</td><td>12.1%</td><td>139,099</td><td>9.2%</td><td>11.5%</td></tr>
<tr><td>Employee share ownership plan</td><td>71,621</td><td>2.1%</td><td>2.3%</td><td>77,557</td><td>2.2%</td><td>2.5%</td><td>62,118</td><td>1.7%</td><td>2.0%</td></tr>
<tr><td>TOTAL</td><td>246,509</td><td>714,958,226 SHARES(1)</td><td>990,275,053 VOTING RIGHTS</td><td>238,760</td><td>714,117,414 SHARES(1)</td><td>978,544,459 VOTING RIGHTS</td><td>205,340</td><td>714,121,800 SHARES</td><td>952,588,184 VOTING RIGHTS</td></tr>
</table>

(1) All fully paid up.

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

Due to the 161 Company shares held in treasury, the number of theoretical voting rights outstanding at December 31, 2023 differs from the number of voting rights exercisable at that date. 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, as well as at the Investir Day event in Paris, which on November 28, 2023 brought together stakeholders from across the retail investing industry. Michelin also 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, 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**	
2023	Vesting of performance shares	704	352	
	Vesting of performance shares	1,840	920	
	Vesting of performance shares	838,268	419,134	
	AT DECEMBER 31, 2023	**714,958,226**	**357,479,113**	

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, 2023

	Capital *(in €)*
ISSUED CAPITAL AT DECEMBER 31, 2023	**357,479,113**

Stock options outstanding as of December 31, 2023

The last plan launched in 2012 expired in 2021 and no exercisable stock options remain.

Performance shares outstanding at December 31, 2023

Grant date	Vesting period ends	Performance shares outstanding	Capital
November 13, 2020 *(Excellence, Managers)*	November 13, 2024	948,984*	
November 17, 2021 *(Excellence, Managers)*	November 17, 2025	1,228,236*	
November 17, 2022 *(Excellence, Managers)*	November 17, 2026	1,869,607*	
November 16, 2023 *(Recognition)*	November 16, 2027	577,018*	
November 17, 2023 *(Excellence, Managers)*	November 17, 2027	2,679,985*	
TOTAL PERFORMANCE SHARES OUTSTANDING		**7,303,830**	**3,651,915**

MAXIMUM POTENTIAL SHARES AS OF DECEMBER 31, 2023 (REPRESENTING A 1.02% INCREASE IN ISSUED CAPITAL)	**361,131,028**

* *Before applying the rate of achievement of the performance conditions. Performance share rights have been restated to reflect the four-for-one stock split on June 16, 2022.*

6.5.3 Stock options

6.5.3 a) Stock option plans in effect at December 31, 2023 (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 09, 2024

Florent Menegaux

Managing Chairman

6.5.4 Share grants and performance shares

6.5.4 a) Share grants and performance share plans in effect at December 31, 2023 (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 2023

	Plan 10 (Excellence)	Plan 11 (Excellence)	Plan 12 (Managers)
Date of the shareholder authorization	May 17, 2019	June 23, 2020	June 23, 2020
Date granted by the Managers	November 15, 2019	November 13, 2020	November 13, 2020
Number of rights granted	1,509,168	1,944,864	80,080
O/w to:			
• Florent Menegaux[1] (Managing Chairman)	-	-	48,048
• Yves Chapot[1] (General Manager)	-	-	32,032
Vesting date (in years)	November 15, 2023 (4 years)	November 13, 2024 (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 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	• 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
Number of vested shares at December 31, 2023	840,100	3,648	0
Number of canceled or voided share rights	669,068	1,032,272	40,040
NUMBER OF PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2023	**0**	**908,944**	**40,040**
Performance conditions: achievement rate	59%	50%	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 14 (Excellence)	Plan 15 (Managers)	Plan 16 (Excellence)
	June 23, 2020	June 23, 2020	June 23, 2020
	November 17, 2021	November 17, 2021	November 17, 2022
	1,222,508	55,980	1,791,414
	-	33,588	-
	-	22,392	-
	November 17, 2025 (4 years)	November 17, 2025 (4 years)	November 17, 2026 (4 years)
	N/A	N/A	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	• 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
	0	0	0
	50,252	0	29,863
	1,172,256	**55,980**	**1,761,551**
	62%	62%	

(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 was not 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 17 (Managers)	Plan 18 (Recognition)	Plan 19 (Excellence)	Plan 20 (Managers)
Date of the shareholder authorization	June 23, 2020	May 12, 2023	May 12, 2023	May 12, 2023
Date granted by the Managers	November 17, 2022	November 16, 2023	November 17, 2023	November 17, 2023
Number of rights granted	108,056	577,018	2,575,723	104,262
O/w to:				
• Florent Menegaux[1] (Managing Chairman)	67,983	-	-	65,164
• Yves Chapot[1] (General Manager)	40,073	-	-	39,098
Vesting date (in years)	November 17, 2026 (4 years)	November 16, 2027 (4 years)	November 17, 2027 (4 years)	November 17, 2027 (4 years)
End of lock-up period (in years)	N/A	N/A	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	N/A	• Michelin share price outperforms the Euro Stoxx 600 index by at least 5 points, comparing the average closing price in 2022 and in 2025 • Corporate social responsibility objective: – i-MEP below 80 points in 2025 – employee engagement rate exceeding 84.5% in 2025 • Average annual growth in revenue (excluding tires and distribution) of more than 12% over the 2022-2023, 2023-2024 and 2024-2025 periods • Return on capital employed (ROCE) strictly above 12% in 2025	• Michelin share price outperforms the Euro Stoxx 600 index by at least 5 points, comparing the average closing price in 2022 and in 2025 • Corporate social responsibility objective: – i-MEP below 80 points in 2025 – employee engagement rate exceeding 84.5% in 2025 • Average annual growth in revenue (excluding tires and distribution) of more than 12% over the 2022-2023, 2023-2024 and 2024-2025 periods • Return on capital employed (ROCE) strictly above 12% in 2025
Number of vested shares at December 31, 2022	0	0	0	0
Number of canceled or voided share rights	0	0	0	0
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2023	**108,056**	**577,018**	**2,575,723**	**104,262**
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) Share grants and performance share granted during the year

Rights to 2,679,985 performance shares and rights to 577,018 one new share were granted during the year.2,679,985 rights to performance shares and 577,018 rights to bonus 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	151,090	November 17, 2023

6.5.4 c) Special Report of the Managing Chairman

November 16, 2023 Plan (Recognition)

The Annual Shareholders Meeting of May 12, 2023 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 1.5% of issued capital. The authorization includes the possibility of granting up to 250 shares without performance conditions to more of the Group's production operators, technicians and middle managers, subject only to a service condition, in order to continue increasing their engagement and give them a stake in the Group's results.

This authorization was used in 2023 to grant 577,018 rights to one new share of common stock to 4,644 grantees.

November 17, 2023 Plan (Excellence)

The Annual Shareholders Meeting of May 12, 2023 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 1.5% of issued capital.

This authorization was used in 2023 to grant 2,679,985 rights to one new share of common stock to 2,495 grantees.

The performance condition is based on three objectives that together demonstrate effective deployment of the Group's Michelin in Motion strategy.

All grantees are expected to fulfill three performance criteria, as set out in the report detailing the related resolution of the May 12, 2023[(1)] Shareholders Meeting.

These criteria are as follows:

- **Michelin's share performance compared with the Stoxx Europe 600 index:** the difference between average closing prices of the Michelin share for 2022 and for 2025 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:
  - 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 80 points in 2025. *Result calculated on a straight-line basis between the threshold of 86 and the targeted 80 points.*
  - Since 2013, the annual "Moving Forward Together: Your Voice for Action" survey has measured the employee engagement rate. The employee engagement rate must exceed 84.5% in 2025. *Result calculated on a straight-line basis between the threshold of 83% and the targeted 84.5%.*
- **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 2022 to 2023, from 2023 to 2024 and from 2024 to 2025 must exceed 12%. *Result calculated on a straight-line basis between the threshold of 7% and the targeted 12%.*
  - total consolidated ROCE (including acquisitions, related goodwill and equity-accounted companies) measures the robustness of the Group's performance. It must exceed 12% in 2025. *Result calculated on a straight-line basis between the threshold of 10% and the targeted 12%.*

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 455 to 457 of the 2022 Universal Registration Document.*

Fulfillment of performance conditions under the performance share plan that vested in 2023

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**, comparing the average closing price between the second half of 2018 and the second half of 2021	*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 point	+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 ended in November 2023 (with no lock-up period) for all grantees.

Fulfillment of performance conditions under the performance share plan in effect in 2023

FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 13, 2020 PERFORMANCE SHARE PLAN FOR EMPLOYEES

Criteria		*Weighting*	Results				Achievement rate
			2022 *vs.* 2019				
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 15 points**, comparing the average daily 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				Achievement rate
			2022 *vs.* 2019				
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 15 points**, comparing the average daily 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.

FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2021 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Results				Achievement rate
				2023 *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%*		-4.6 points			0%
			2021	**2022**	**2023**	**Average**	
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	83.9 points		20%
	• 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	+2.8 points	+1.0 point	0.6 point (1)	11.7%
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%	10%	13.2%	15%
	• 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%	11.4%		15%
TOTAL							**62%**

(1) Calculation based on unrounded figures

Given that the performance conditions were partially met, no more than 62% of the performance shares will vest.

Note that the vesting period will end in November 2025 (with no lock-up period) for all grantees.

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2022 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Interim results 2023 *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 Result calculated on a straight-line basis between the threshold of 0 and the targeted 5 points	*30%*	-11.8 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	83.9 points	-
	Change in average **employee engagement rate** must **exceed 1 point** 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%*	+2.8 points (2)	+1.0 point(2)	-
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%	10%	-
	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%	11.4%	-

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

(2) Calculation based on unrounded figures

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2023 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Interim results		
			2023 *vs.* 2022		
Share price performance	Michelin share price must outperform the Stoxx Europe 600 index by at least 5 points, comparing the average closing price in 2022 and in 2025 Result calculated on a straight-line basis between the threshold of 0 and the targeted 5 points	*30%*	-7.8%		
			2023	**2024**	**2025**
Corporate social responsibility performance	Industrial-Michelin Environmental Performance – i-MEP(1) must be below 80 points in 2025 Result calculated on a straight-line basis between the threshold of 86 and the targeted 80 points	*20%*	83.9 points	-	-
	The employee engagement rate must exceed 84.5% in 2025. Result calculated on a pro rata basis between 83% and 84.5%, capped at 16% Result calculated on a pro rata basis between 83% and 84.5%, capped at 20%	*20%*	83.5%	-	-
Operating performance	Average annual growth in revenue, excluding tires and distribution, must exceed 12% over the 2022-2023, 2023-2024 and 2024-2025 periods Result calculated on a straight-line basis between the threshold of 7% and the targeted 12%	*15%*	10%	-	-
	Total consolidated ROCE (including acquisitions, related goodwill and equity-accounted companies) must exceed 12% in 2025 Result calculated on a straight-line basis between the threshold of 10% and the targeted 12%	*15%*	11.4%	-	-

(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 2023:

- the two Managers received 104,262 performance share rights (one received 65,164 and the other received 39,098);
- 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 151,090 performance share rights;
  - received 61,052 fully vested performance shares.

Clermont-Ferrand, February 9, 2024

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.

For the Group, increasing the percentage of capital held by employees is a core process, which helps to strengthen the unique, business-critical role that everyone plays in realizing Michelin's strategic vision.

By becoming shareholders, employees can directly contribute to and share in the value created by their Company, which is committed to ensuring the fair distribution of the value-added generated by its operations.

For more than 20 years, the Group has regularly offered employees the opportunity, during a defined period, to invest in Company stock on preferential terms.

Share ownership is a strong indicator of employee confidence in the Group's future and strategy, as well as a real-world illustration of the "I am Michelin" transformation program.

As of year-end, around 72,000 active employees worldwide were Michelin shareholders, representing an aggregate 2.10% of the Group's issued capital and more than half of the global workforce – a compelling demonstration of employee engagement in the Company.

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 13, 2022, 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 total shares outstanding, at a maximum purchase price of €220 per share (equivalent to €55 after the four-for-one stock split on June 16, 2022), with the requirement that it not hold more than 10% of its own share capital at any time.

The authorization was used in 2022 (please refer to section 6.5.6 b) of the 2022 Universal Registration Document).

At the May 12, 2023 Annual Shareholders Meeting, shareholders granted the Chief Executive Officer 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 €55. From its entry into force this authorization has superseded the previous authorization.

At the Annual Shareholders Meeting on May 17, 2024, 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 17, 2024".

6.5.6 b) Transactions in the Company's shares in 2023

The following transactions were carried out under the share buyback program authorized by shareholders at the May 13, 2022 Annual Meeting (for 34,529 shares).

While the Company held no shares in treasury at January 1, 2023, it held 161 such shares at December 31, 2023.

At December 31, 2023, a total of 34,529 shares had been bought back by the Company during the year, of which 34,368 were attributed to the Bib'Action employee share ownership plan.

The shares were bought back at a unit price of €29.46, compared with an average daily closing price of €28.87 for 2023.

6.5.6 c) Purpose of shares held in treasury at December 31, 2023

The Company held 161 shares in treasury at December 31, 2023.

6.5.6 d) Market value of treasury shares at December 31, 2023

161 shares were held as of December 31, 2023.

	Treasury shares bought back and sold during the year	
	Buybacks	Sales/transfer
Number of shares	34,529	34,368
Average transaction price per share *(in €)*	29.46	0
Average exercise price	N/A	N/A
Total cost of transactions *(in €)*	1,021,643	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, 2023.

6.5.7 Description of the share buyback program submitted for shareholder approval at the Annual Shareholders Meeting of May 17, 2024

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 17, 2024.

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., 71,495,822 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 €3,932,270,210.

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 17, 2024 Annual Shareholders Meeting, i.e., until the close of trading on November 17, 2025.

Effective as from the Annual Shareholders Meeting of May 17, 2024, this authorization would replace the similar authorization granted by shareholders at the Annual Shareholders Meeting of May 12, 2023.


MICHELIN
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7 ANNUAL SHAREHOLDERS MEETING OF MAY 17, 2024

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 16th resolutions)

1st and 2nd resolutions

Approval of the Company's financial statements for the year ended December 31, 2023

Appropriation of net income for the year ended December 31, 2023 and approval of the recommended dividend

The 1st and 2nd resolutions concern the approval of the Company's 2023 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 €272,053,028.25.

After deducting €3,300,000.00 attributable to the General Partners in accordance with the Bylaws, the balance of €268,753,028.25 plus €1,885,644,772.78 in retained earnings brought forward from prior years represents a total of €2,154,397,801.03 available for distribution to shareholders.

We are recommending paying a dividend of €1.35 per share in respect of 2023.

In order to qualify for the dividend payment, beneficiaries must be shareholders of record at midnight (CEST) on May 23, 2024 (the record date).

The ex-dividend date will be May 22, 2024.

The dividend will be paid as from May 24, 2024.

If the ninth resolution *(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2023)* 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 €1,192,504,413.28.

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, 2023)

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, 2023 which show net income for the period of €272,053,028.25.

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, 2023 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: €272,053,028.25;
- share of profits attributed to the General Partners in accordance with the Bylaws: €3,300,000.00;
- balance: €268,753,028.25;
- plus retained earnings brought forward from prior years: €1,885,644,772.78;
- represents a distributable amount of: €2,154,397,801.03.

And resolves:

- to pay an aggregate dividend of: €965,193,387.75
- representing: €1.35 per share
- to appropriate the balance of €1,189,204,413.28

The dividend will be paid as from May 24, 2024.

If the ninth resolution *(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2023)* 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 €1,192,504,413.28.

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 €)*(2)
2020(1)	410,182,197.80	2.30
2021(1)	803,387,025.00	4.50
2022	892,646,767.50	1.25

(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.

7

3rd resolution

Approval of the consolidated financial statements for the year ended December 31, 2023

The purpose of the 3rd resolution is to approve the consolidated financial statements for the year ended December 31, 2023, which show net income for the period of €1,982,603 thousand.

The 2023 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, 2023)

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, 2023, which show net income for the period of €1,982,603 thousand.

4th resolution

Related-party agreements

As no related-party agreements were entered into during 2023, shareholders are invited to place on record that there are no such agreements to approve.

In addition, no related-party agreements approved in previous years remained in force during 2023.

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 2023.

5th 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

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 is in line with the authorizations given for the same purpose by the Annual Shareholders Meetings of May 13, 2022 and May 12, 2023.

During 2023, the Company used the authorization of May 13, 2022[(1)] to buy back 34,629 shares. For details of the buybacks, see section 6.5.6 b of the 2023 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, 2023, the maximum amount invested in the program would not exceed €3,932,270,210 (three billion, nine hundred and thirty-two million, two hundred and seventy thousand, two hundred and ten euros), corresponding to 10% (ten percent) of the Company's share capital, or 71,495,822 (seventy-one million, four hundred and ninety-five thousand, eight hundred and twenty-two) 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;

(1) The authorization given by the Annual Shareholders Meeting of May 12, 2023 has not been used.

- 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 17, 2024 to approve the 2024 Compensation Policy applicable to (i) the Managers and (ii) the Supervisory Board.

The 2024 Compensation Policy is described in the Corporate Governance Report presented in section 3.3 of the 2023 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 2023 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 2023 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 and the Chair of the Supervisory Board in 2023

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 2023 to the Managers and the Supervisory Board.

In 2024, 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 2023 (8th resolution);
- components of the individual compensation paid or awarded to the Managers and the Chair of the Supervisory Board in 2023, 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 were determined in accordance with the principles described in the 2023 Compensation Policy[1] presented and approved at the Annual Shareholders Meeting of May 12, 2023.

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 2023 Universal Registration Document.

Ninth resolution

(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2023)

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, 2023 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 2023 Universal Registration Document.

Tenth resolution

(Approval of the components of the compensation paid or awarded to Yves Chapot for the year ended December 31, 2023)

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, 2023 or awarded in respect of that year to Yves Chapot, General Manager, as set out in section 3.5.3 of the Company's 2023 Universal Registration Document.

Eleventh resolution

(Approval of the components of the compensation paid or awarded to Barbara Dalibard for the year ended December 31, 2023)

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, 2023 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 2023 Universal Registration Document.

(1) *See section 3.3 of the 2022 Universal Registration Document, pages 106 et seq.*

12th to 14th resolutions

Terms of office of Supervisory Board members

The 12th, 13th and 14th resolutions concern the election and 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, Aruna Jayanthi, Anne-Sophie de La Bigne, 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 Company.

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 100% overall attendance rate for meetings held in 2023.

The Supervisory Board members perform their duties with total freedom of judgment.

A summary of the work carried out by the Supervisory Board in 2023 is included in section 3.2 of the Corporate Governance Report presented in the 2023 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 one Supervisory Board member and elect two new members

The Supervisory Board unanimously decided (with the interested party abstaining) to recommend and to ask the Managing Chairman to propose to the Shareholders Meeting the re-election of Patrick de La Chevardière (12th resolution) and, in light of the decision by Jean-Pierre Duprieu and Anne-Sophie de La Bigne to step down from the Board when their terms expire, the election of Catherine Soubie and Pascal Vinet to replace them as members of the Board (13th and 14th 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 for election (see the Notice of Meeting for the May 17, 2024 Annual Shareholders Meeting and section 7.2.1 of the 2023 Universal Registration Document).

Twelfth resolution

(Re-election of Patrick de La Chevardière 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 Patrick de La Chevardière 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, 2027.

Thirteenth resolution

(Election of Catherine Soubie as a member of the Supervisory Board)

Having considered the reports of the Managing Chairman and the Supervisory Board, the Ordinary Shareholders Meeting elects Catherine Soubie 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, 2027.

Fourteenth resolution

(Election of Pascal Vinet as a member of the Supervisory Board)

Having considered the reports of the Managing Chairman and the Supervisory Board, the Ordinary Shareholders Meeting elects Pascal Vinet 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, 2027.

15th and 16th resolutions

Appointment of Statutory Auditors responsible for certifying the Company's sustainability information

The purpose of the 15th and 16th resolutions is to appoint Statutory Auditors with responsibility for certifying the Company's sustainability information.

Government Order 2023-1142 of December 6, 2023, applicable as from the 2024 fiscal year, introduced into French law the new European regulations stemming from Directive 2022/2464[(1)] requiring companies to publish sustainability information (Corporate Sustainability Reporting Directive – CSRD). The Supervisory Board, in consultation with the Group, has therefore addressed the issue of appointing one or more independent third-party organizations or Statutory Auditors to certify this information.

Having considered the Group's needs, the Supervisory Board decided, on the recommendation of its Audit Committee, to propose to the Annual Shareholders Meeting of May 17, 2024, the appointment of PricewaterhouseCoopers Audit and Deloitte & Associés as Statutory Auditors responsible for certifying the Company's sustainability information. They would be appointed for the remainder of their term as Statutory Auditors responsible for certifying the financial statements, which expires at the close of the Annual Shareholders Meeting to be called to approve the 2027 financial statements. This means that their period of responsibility for certifying the sustainability information will coincide with their period of responsibility for certifying the financial statements.

This proposal takes into account:

- the two firms' geographical coverage;
- their understanding of the Group's challenges and processes;
- the quality of their audit work on the financial statements; and
- the benefits of further improving the consistency between financial and sustainability information, as required by the CSRD.

In accordance with Article L.821-26 of the French Commercial Code, the certification engagement will be carried out on behalf of PricewaterhouseCoopers Audit and Deloitte & Associés by one of their partners, shareholders or managers whose name is included on the *Haute autorité de l'audit*'s register of Statutory Auditors authorized to carry out engagements to certify sustainability information.

The General Partners do not take part in the process to appoint or re-appoint the Statutory Auditors.

In arriving at its recommendation, the Audit Committee was not influenced by any third party and no contractual clauses exist that would have restricted its choice.

The process for selecting the Statutory Auditors responsible for certifying the sustainability information and the organization of the process for monitoring this information are presented in the report of the Supervisory Board on the proposed resolutions (see the Notice of Meeting for the May 17, 2024 Annual Shareholders Meeting and section 7.2.2 of the 2023 Universal Registration Document).

Fifteenth resolution

(Appointment of PricewaterhouseCoopers Audit as Statutory Auditor responsible for certifying sustainability information)

Having considered the report of the Supervisory Board, the Ordinary Shareholders Meeting resolves, in accordance with Articles L. 821-40 *et seq*. of the French Commercial Code, to appoint PricewaterhouseCoopers Audit as Statutory Auditor responsible for certifying sustainability information.

As an exception to Article L. 821-44 of the French Commercial Code and in accordance with Article 38 of Government Order 2023-1142 of December 6, 2023 relating to the publication and certification of sustainability information and the environmental, social and governance obligations of commercial companies, said appointment shall be for a period four fiscal years, expiring at the close of the Annual Shareholders Meeting to be called to approve the 2027 financial statements.

(1) *Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU concerning corporate sustainability reporting.*

Sixteenth resolution

(Appointment of Deloitte & Associés as Statutory Auditor responsible for certifying sustainability information)

Having considered the report of the Supervisory Board, the Ordinary Shareholders Meeting resolves, in accordance with Articles L. 821-40 *et seq.* of the French Commercial Code, to appoint Deloitte & Associés as Statutory Auditor responsible for certifying sustainability information.

As an exception to Article L. 821-44 of the French Commercial Code and in accordance with Article 38 of Government Order 2023-1142 of December 6, 2023 relating to the publication and certification of sustainability information and the environmental, social and governance obligations of commercial companies, said appointment shall be for a period four fiscal years, expiring at the close of the Annual Shareholders Meeting to be called to approve the 2027 financial statements.

7.1.2 Extraordinary resolutions (17th to 27th resolutions)

The 17th to 26th resolutions concern authorizations for the Managers to make certain decisions to issue shares and securities carrying rights to shares. The purpose of these financial authorizations is to give the Company the necessary flexibility to choose the type and timing of the issues, based on the Company's needs, the conditions prevailing in the French or international markets and the opportunities arising in those markets.

The resolutions fall into two main categories: issues with pre-emptive subscription rights and issues without pre-emptive subscription rights.

In the case of a share issue, shareholders automatically have a pre-emptive subscription right, exercisable pro rata to their interest in the Company's capital during a period of at least five trading days from the opening of the subscription period. These pre-emptive subscription rights are detachable and negotiable.

For some of the financial resolutions, the Managers are seeking an authorization to cancel these pre-emptive subscription rights to enable them to decide to issue certain types of securities, notably when speed is of the essence to place the securities on the best possible terms.

The authorizations sought by the Managers are in line with standard practice in France.

These authorizations would be given for a fixed period and would be subject to monetary ceilings, beyond which any further share issues would have to be authorized by a new extraordinary shareholder resolution. The main ceilings are as follows:

- a blanket ceiling of €125 million (excluding premiums), i.e., less than 35% of the Company's share capital at December 31, 2023, that is common to all issues of shares and/or securities carrying rights to shares; and
- a sub-ceiling of €35 million (excluding premiums), i.e., less than 10% of the Company's share capital at December 31, 2023, that is common to all issues of shares and/or securities carrying rights to shares without pre-emptive subscription rights.

In addition to these limits, the 19th to 23rd resolutions could not be used in the event of a public offer made by a third party for the Company's shares.

The financial authorizations given in resolutions 19 to 25 and 27 of the Shareholders' Meeting of May 13, 2022 have not been used.

The 27th resolution concerns powers to carry out formalities.

17th resolution

Authorization for the Managers, or either of them, to issue shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders

In the 17th resolution, shareholders are invited to authorize the Managers to increase the Company's capital by issuing ordinary shares and/or other equity securities carrying rights to other equity securities, or other securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders. Note that the authorization could not be used during a public offer period.

The aggregate par value of shares issued under this authorization would not exceed €125,000,000.00 (one hundred twenty-five million euros), representing less than 35% of the Company's current share capital, and the aggregate nominal value of debt securities issued with immediate or deferred rights to shares would be capped at €2,500,000,000.00 (two billion five hundred million euros).

This new resolution renews the authorization given at the Annual Shareholders Meeting of May 13, 2022 (19th resolution), which has not been used.

The blanket ceiling on the issuance of shares, other equity securities or other securities carrying rights to shares, with or without pre-emptive subscription rights, is set in the 25th resolution.

Seventeenth resolution

(Authorization for the Managers, or either of them, to issue shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders)

Having considered the Managing Chairman's report, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves, in accordance with Articles L. 225-129 *et seq*. of the French Commercial Code – notably Article L. 225-129-2 and Articles L. 22-10-49 and L. 228-91 *et seq*.:

- to authorize the Managers, or either of them, to decide, except during a public offer period, to carry out one or several issues of shares of the Company and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares with pre-emptive subscription rights. The issues may be carried out in France or abroad, be denominated in euros or foreign currency, and be paid up in cash or by capitalizing certain liquid and callable debts, or, in whole or in part, by capitalizing reserves, net income or additional paid-in capital;
- that:
  - the aggregate par value of the shares issued under this authorization, either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares, shall not exceed €125,000,000.00 (one hundred twenty-five million euros), representing less than 35% (thirty-five percent) of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations, or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares;
  - the securities carrying rights to shares to be issued under this authorization may notably consist of equity securities and/or debt securities or equity- or debt-linked securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, this authorization may not be used to issue preference shares or securities with immediate or deferred rights to preference shares;
  - the aggregate nominal amount of debt securities carrying rights to shares issued under this authorization shall not exceed €2,500,000,000.00 (two billion five hundred million euros) or the equivalent at the issue date in a foreign currency;
  - shareholders shall have a pre-emptive right to subscribe the securities and/or debt securities issued under this authorization, pro rata to their existing shareholdings. The Managers, or either of them, may also give shareholders a pre-emptive right to subscribe any shares and/or securities not taken up by other shareholders. In this case, if the issue is oversubscribed, this secondary pre-emptive right will also be exercisable pro rata to the existing shareholdings of the shareholders concerned;
  - if the entire issue is not taken up by shareholders exercising their pre-emptive rights, the Managers, or either of them, may take one or more of the following courses of action, in the order of their choice: (i) limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up, (ii) freely allocate all or some of the unsubscribed securities among the investors of its choice, or (iii) offer them for subscription by the public in the French market and/or a foreign market and/or the international market;

- that for any issues of stock warrants, the Managers, or either of them, shall have the authority to determine the number and characteristics of the warrants and to decide, at their discretion and on the terms and conditions that they shall determine, that the warrants may be redeemable or callable, or that they shall be allocated without consideration to shareholders pro rata to their interests in the Company's capital;
- the Managers, or either of them, shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount(s), timing, price(s) and other terms and conditions of the issue(s), which may be carried out on one or more occasions in France and/or abroad and/or in the international market, (ii) suspend any issue(s) where appropriate, (iii) determine the issue date(s), subscription period(s) and cum-rights date(s), as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on the markets of their choice, (v) place on record the amount of the capital increase(s) resulting from the share issues, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, enter into any and all agreements for the purpose of completing the issue(s), and (vii) charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% (ten percent) of the new capital after each issue.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

18th resolution

Authorization for the Managers, or either of them, to issue shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares through a public offer not governed by Article L. 411-2, paragraph 1, of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders

The 18th resolution concerns the issuance of ordinary shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares without pre-emptive subscription rights for existing shareholders. Note that the authorization could not be used during a public offer period.

In all cases, the issue price of the shares would be at least equal to the weighted average price quoted for the Company's shares over the last three trading sessions preceding the opening of the offer period, less a discount of no more than 10% (ten percent).

The aggregate par value of shares issued under this authorization would not exceed €35,000,000.00 (thirty-five million euros), representing less than 10% of the current share capital, and the aggregate nominal value of securities carrying immediate or deferred rights to shares would be capped at €2,500,000,000.00 (two billion five hundred million euros).

This resolution renews the authorization given at the Annual Shareholders Meeting of May 13, 2022 (20th resolution), which has not been used.

The blanket ceiling on issues of shares and equity securities or other securities carrying rights to shares, with or without pre-emptive subscription rights, is set in the 25th resolution.

Eighteenth resolution

(Authorization for the Managers, or either of them, to issue shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares through a public offer not governed by Article L. 411-2, paragraph 1, of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders)

Having considered the Managing Chairman's report, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code – notably Articles L. 225-135, L. 225-136, and Articles L. 22-10-49, L. 22-10-51, L. 22-10-52 and L. 228-91 *et seq.*:

- to authorize the Managers, or either of them, to decide, except during a public offer period, to carry out one or several issues of shares of the Company and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares without pre-emptive subscription rights, through a public offer not governed by Article L. 411-2, paragraph 1, of the French Monetary and Financial Code. The issues may be carried out in France or abroad, be denominated in euros or foreign currency, and be paid up in cash or by capitalizing certain liquid and callable debts, or, in whole or in part, by capitalizing reserves, net income or additional paid-in capital;
- that:
  - the aggregate par value of the shares issued under this authorization either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares shall not exceed €35,000,000.00 (thirty-five million euros), representing less than 10% of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations, or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares;
  - the securities carrying rights to shares to be issued under this authorization may notably consist of equity securities and/or debt securities or equity- or debt-linked securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, this authorization may not be used to issue preference shares or securities with immediate or deferred rights to preference shares;
  - the aggregate nominal amount of debt securities carrying rights to shares issued under this authorization shall not exceed €2,500,000,000.00 (two billion five hundred million euros) or the equivalent in a foreign currency;
  - shareholders shall not have a pre-emptive right to subscribe the securities issued under this authorization;
  - if the issue of shares, other equity securities or other securities is not taken up in full, the Managers, or either of them, may take one or more of the following courses of action, in the order of their choice: (i) limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up, (ii) freely allocate all or some of the unsubscribed securities among the investors of its choice, or (iii) offer all or some of the unsubscribed securities for subscription by the public;
  - (i) the issue price of the shares shall be at least equal to the minimum price specified in Articles L.22-10-52 and R.22-10-32 of the French Commercial Code, as applicable on the issue date (currently, the weighted average of the prices quoted over the three trading days preceding the opening of the offer period, less a discount of no more than 10% (ten percent)), and (ii) the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the issue date plus the amount to be received on conversion, exchange, redemption or exercise of said securities shall be, for each share issued, at least equal to the minimum price defined in point (i) above;
  - the Managers, or either of them, shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount(s), timing, price(s) (within the above limits) and other terms and conditions of the issue(s), which may be carried out on one or more occasions in France and/or abroad and/or in the international market, (ii) suspend any issue(s) where appropriate, (iii) determine the issue date(s), subscription period(s) and cum-rights date(s), as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on the markets of their choice, (v) place on record the amount of the capital increase(s) resulting from the share issues, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, enter into any and all agreements for the purpose of completing the issue(s), and (vii) charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% (ten percent) of the new capital after each issue.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

19th resolution

Authorization for the Managers, or either of them, to issue shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares through an offer governed by Article L. 411-2, paragraph 1, of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders

In addition to the 18th resolution, the purpose of the 19th resolution is to submit to a separate vote by shareholders a proposed authorization for the Managers, or either of them, to issue shares and/or securities carrying rights to shares through offers governed by paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*). This authorization could not be used during a public offer period.

This authorization would give the Company the necessary flexibility to rapidly raise funds from qualified investors.

The securities would be placed exclusively with the categories of investors specified in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code, i.e., qualified investors or restricted groups of investors, provided that they are investing on their own behalf.

This resolution renews the authorization given at the Annual Shareholders Meeting of May 13, 2022 (21st resolution), which has not been used.

Nineteenth resolution

(Authorization for the Managers, or either of them, to issue shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares through an offer governed by Article L. 411-2, paragraph 1, of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders)

Having considered the Managing Chairman's report, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code – notably Articles L. 225-135, L. 225-136 and, L. 22-10-49, L. 22-10-52 and L. 228-91 *et seq.* – and paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code:

- to authorize the Managers, or either of them, to decide, except during a public offer period, to carry out one or several issues of shares of the Company and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares without pre-emptive subscription rights, through an offer governed by Article L. 411-2, paragraph 1, of the French Monetary and Financial Code. The issues may be carried out in France or abroad, be denominated in euros or foreign currency, and be paid up in cash or by capitalizing certain liquid and callable debts, or, in whole or in part, by capitalizing reserves, net income or additional paid-in capital;
- that:
  - the aggregate par value of the shares issued under this authorization either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares shall not exceed €35,000,000.00 (thirty-five million euros), representing less than 10% of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations, or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares;
  - the securities carrying rights to shares to be issued under this authorization may notably consist of equity securities and/or debt securities or equity- or debt-linked securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, this authorization may not be used to issue preference shares or securities with immediate or deferred rights to preference shares;
  - the aggregate nominal amount of debt securities issued under this authorization shall not exceed €2,500,000,000.00 (two billion five hundred million euros) or the equivalent at the issue date in a foreign currency;
  - issues of shares and securities carried out pursuant to this authorization shall be included in the ceilings for such issues set in the eighteenth resolution of this Meeting;
  - shareholders shall not have a pre-emptive right to subscribe the securities issued under this authorization;
  - if the issue of shares, other equity securities or other securities is not taken up in full, the Managers, or either of them, may take one or more of the following courses of action, in the order of their choice: (i) limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up, (ii) freely allocate all or some of the unsubscribed securities among the investors of its choice, or (iii) offer all or some of the unsubscribed securities for subscription by the public;

- (i) the issue price of the shares shall be at least equal to the minimum price specified in Articles L.22-10-52 and R.22-10-32 of the French Commercial Code, as applicable on the issue date (currently, the weighted average of the prices quoted over the three trading days preceding the opening of the offer period, less a discount of no more than 10% (ten percent)), and (ii) the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the issue date plus the amount to be received on conversion, exchange, redemption or exercise of said securities shall be, for each share issued, at least equal to the minimum price defined in point (i) above;
- the Managers, or either of them, shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount(s), timing, price(s) (within the above limits) and other terms and conditions of the issue(s), which may be carried out on one or more occasions in France and/or abroad and/or in the international market, (ii) suspend any issue(s) where appropriate, (iii) determine the issue date(s), subscription period(s) and cum-rights date(s), as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on the markets of their choice, (v) place on record the amount of the capital increase(s) resulting from the share issues, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, enter into any and all agreements for the purpose of completing the issue(s), and (vii) charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% (ten percent) of the new capital after each issue.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

20th resolution

Authorization for the Managers, or either of them, for issues of shares and/or securities carrying rights to shares representing up to 10% of the capital in any 12-month period without pre-emptive subscription rights pursuant to the eighteenth and nineteenth resolutions, to set the issue price by the method decided by the Shareholders Meeting

The purpose of the 20th resolution is to authorize the Managers not to apply the minimum pricing rules specified in the applicable regulations, for issues of shares or securities carrying rights to ordinary shares, representing up to 10% of the Company's capital in any 12-month period, without pre-emptive subscriptions rights carried out pursuant to the 18th and 19th resolutions.

The purpose of this authorization is to enable the Company to raise funds under the best possible conditions in a context of highly volatile financial markets.

Under this authorization, the issue price of the shares would be at least equal to either of the following two amounts, at the option of the Managers: (i) the volume-weighted average share price for the last trading session preceding the pricing date; or (ii) the volume-weighted average share price for the trading session when the issue price is set; in both cases less a discount of no more than 10%.

The aggregate amount by which the capital could be increased (excluding premiums) under this authorization would be capped at the equivalent of 10% of the capital and the securities issued pursuant to this resolution would be included in the ceilings provided for in the two proposed resolutions referred to above, and also in the blanket ceiling set in the 25th resolution. This resolution could not be used during a public offer period.

Twentieth resolution

(Authorization for the Managers, or either of them, for issues of shares and/or securities carrying rights to shares representing up to 10% of the capital in any 12-month period without pre-emptive subscription rights pursuant to the eighteenth and nineteenth resolutions, to set the issue price by the method decided by the Shareholders Meeting)

Having considered the Managing Chairman's report, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves, in accordance with Articles L. 225-136, paragraph 1-2 and L. 22-10-52 of the French Commercial Code:

- to authorize the Managers, or either of them, except during a public offer period, for share issues without pre-emptive subscription rights carried out pursuant to the eighteenth and nineteenth resolutions of this Shareholders Meeting, to set the issue price according to the following conditions:
  - that the amount is at least equal to (i) the volume-weighted average share price on the Euronext Paris regulated market for the last trading session preceding the pricing date; or (ii) the volume-weighted average share price on the Euronext Paris regulated market for the trading session when the issue price is set; in both cases less a discount of no more than 10%;
  - that the issue price of securities carrying rights to shares and the number of shares to be issued on conversion, exchange, redemption or exercise of each security carrying rights to shares shall be set in such a way that the amount received by the Company at the issue date of the securities plus the amount to be received for each share issued on conversion, exchange, redemption or exercise of said securities shall be at least equal to the minimum price defined above;
  - that, in accordance with the law, the aggregate amount of share issues (excluding premiums) that may be carried out immediately or in the future pursuant to this authorization shall not exceed 10% (ten percent) of the share capital per 12-month period (with aggregate issuance in relation to this limit determined as of the date on which the issue price of the shares and/or securities carrying rights to shares is set), and said aggregate amount shall be included in the ceilings set in the eighteenth and nineteenth resolutions of this Meeting. These ceilings shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations and contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares;
  - that the securities with rights to shares issued under this authorization may consist of debt securities or debt-linked securities, or securities allowing the issue of intermediate debt securities. The aggregate nominal amount of debt securities issued immediately or in the future under this authorization shall not exceed €2,500,000,000.00 (two billion five hundred million euros) or the equivalent in any other currency and shall be included in the ceilings on debt issues set in the eighteenth and nineteenth resolutions of this Meeting;
  - that, if this authorization is used by the Managers, or either of them, they shall issue an additional report, certified by the Statutory Auditors, describing the final terms of the transaction and providing information to assess the actual impact on the shareholder's situation;
  - that this authorization is given for a period of 26 months, as from the date of this Meeting.

21st resolution

Authorization for the Managers, or either of them, to increase the number of securities to be issued in the event that an issue, with or without pre-emptive subscription rights, is oversubscribed

The purpose of the 21st resolution is to authorize the Managers, or either of them, to increase the number of securities to be issued in the event that an issue carried out under the 17th, 18th, 19th or 20th resolutions is oversubscribed. It could not be used during a public offer period.

The additional securities would not exceed 15% of the original issue and would be offered at the same price as for the original issue. They would be included in the ceilings set in the resolution concerned.

This resolution renews the authorization given at the Annual Shareholders Meeting of May 13, 2022 (23rd resolution), which has not been used.

Twenty-first resolution

(Authorization for the Managers, or either of them, to increase the number of securities to be issued in the event that an issue, with or without pre-emptive subscription rights, is oversubscribed)

Having considered the Managing Chairman's report, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves, in accordance with Article L. 225-135-1 of the French Commercial Code:

- to authorize the Managers, or either of them, to increase the number of shares and/or securities carrying rights to shares issued with or without pre-emptive subscription rights under the seventeenth, eighteenth, nineteenth and twentieth resolutions of this Shareholders Meeting. Any such additional shares and/or other securities (i) shall be issued within 30 (thirty) days of the end of the subscription period for the original issue, (ii) shall not represent more than 15% (fifteen percent) of the original issue, (iii) shall be offered at the same price as for the original issue, and (iv) shall be included in the respective ceilings set in the seventeenth, eighteenth, nineteenth and twentieth resolutions.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

22nd resolution

Authorization for the Managers, or either of them, to increase the Company's capital by capitalizing reserves, income or additional paid-in capital

The purpose of the 22nd resolution is to authorize the Managers, or either of them, to increase the Company's capital by up to €80,000,000.00 (eighty million euros) by capitalizing reserves or additional paid-in capital. Note that the authorization could not be used during a public offer period.

This authorization renews the authorization given at the Annual Shareholders Meeting of May 13, 2022 (24th resolution), which has not been used.

Twenty-second resolution

(Authorization for the Managers, or either of them, to increase the Company's capital by capitalizing reserves, income or additional paid-in capital)

Having considered the reports of the Managing Chairman and the Supervisory Board, and having noted the approval of both of the General Partners, the Ordinary Shareholders Meeting resolves, in accordance with Articles L. 225-129, L. 225-130 and L. 22-10-50 of the French Commercial Code:

- to authorize the Managers, or either of them, to increase the Company's capital, on one or more occasions except during a public offer period, by a maximum of €80,000,000.00 (eighty million euros) by issuing bonus shares and/or raising the par value of existing shares, to be paid up by capitalizing reserves, income or additional paid-in capital. This amount shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations and contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares;
- that if new shares are issued, the Managers, or either of them, shall be authorized to decide that rights to fractions of shares shall be non-transferable and non-tradable and that the corresponding shares shall be sold in accordance with Articles L. 225-130 and L.22-10-50 of the French Commercial Code. In such a case, the sale proceeds shall be allocated among the rights holders within 30 days of the date when the whole number of shares allotted to them is recorded in their securities account;
- that the Managers, or either of them,, shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) determine the timing and terms and conditions of the capital increase(s), (ii) determine the subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up shares, (iii) apply for the listing of the new shares on any market chosen by them, (iv) place on record the amount of the capital increase(s) resulting from the issue of shares, (v) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% (ten percent) of the new capital after each capital increase.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

23rd resolution

Authorization for the Managers, or either of them, to increase the Company's capital by issuing ordinary shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets

The 23rd resolution concerns issues of shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets in connection with an external growth transaction.

Shares issued in payment of contributed assets would be limited to the equivalent of 10% of the Company's capital and would be included in the ceiling specified in the 18th resolution.

This authorization, which could not be used during a public offer period, renews the authorization given at the Annual Shareholders Meeting of May 13, 2022 (25th resolution), which has not been used.

Twenty-third resolution

(Authorization for the Managers, or either of them, to increase the Company's capital by issuing ordinary shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets)

Having considered the reports of the Managing Chairman and the Supervisory Board and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

- to authorize the Managers, or either of them, to issue ordinary shares, except during a public offer period:
  - in connection with a stock-for-stock offer carried out in accordance with Article L. 22-10-54 of the French Commercial Code; or
  - as payment for shares or securities carrying rights to shares of another company contributed to the Company in transactions not governed by Article L. 22-10-54 of the French Commercial Code, in which case the number of shares issued shall be based on the report of the Expert Appraiser of Capital Contributions *(Commissaire aux apports)* and shall not exceed 10% (ten percent) of the Company's capital.

  The aggregate par value of shares issued under this authorization shall be included in the ceiling specified in the eighteenth resolution of this Meeting;
- that the Managers, or either of them, shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) determine the timing and terms and conditions of the capital increase(s), (ii) determine the subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up shares, (iii) approve the value attributed to the acquired stock, (iv) apply for the listing of the new shares on any market chosen by them, (v) place on record the amount of the capital increase(s) resulting from the issue of shares, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each capital increase.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

24th resolution

Authorization for the Managers, or either of them, to carry out a rights issue for members of a Group employee shareholder plan and/or restricted share issues, without pre-emptive subscription rights for existing shareholders

The 24th resolution concerns rights issues for employees who are members of a Group employee shareholder plan. The issues would be limited to an aggregate par value of €7,100,000.00 (seven million one hundred thousand euros), representing less than 2% of the Company's current share capital.

This authorization would replace, with the same ceiling, the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2022 (26th resolution), which was used to launch an employee shareholder plan in 2022[1].

(1) See information on the results of the 2022 plan, presented on page 446 of the 2022 Universal Registration Document.

Twenty-fourth resolution

(Authorization for the Managers, or either of them, to carry out a rights issue for members of a Group employee shareholder plan and/or restricted share issues, 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 both of the General Partners, the Extraordinary Shareholders Meeting resolves:

- to authorize the Managers, or either of them, pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code *(Code du travail)* and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code, to carry out one or more rights issues for members of an employee shareholder plan of the Company or of French or foreign related companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- that:
  - existing shareholders shall waive their pre-emptive right to subscribe any shares to be issued under this authorization,
  - the aggregate par value of shares issued under this authorization shall not exceed €7,100,000.00 (seven million one hundred thousand euros), representing less than 2% (two percent) of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares,
  - the issue price of the shares offered under this authorization shall be set by the Managers, or either of them, in accordance with Article L. 3332-19 of the French Labor Code and shall not reflect a discount of more than 30% (thirty percent) on the average of the opening prices quoted for the Company's shares on Euronext Paris over the 20 trading days preceding the date on which the opening date of the subscription period is decided. The Managers,, or either of them may reduce or cancel this discount if appropriate, in order to take into account, inter alia, locally applicable tax, labor law or accounting restrictions,
  - employees may be given free shares in place of the discount, in accordance with Article L. 3332-21 of the French Labor Code,
  - the Managers, or either of them, may also decide that employer matching payments will be made in the form of free shares or securities with rights to shares instead of cash, subject to the limits set out in Article L. 3332-21 of the French Labor Code,
  - the Managers, or either of them, shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount, and terms and conditions of the issue(s), (ii) determine whether the shares will be purchased directly by employees or through a corporate mutual fund, (iii) set the issue date(s), subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on any markets chosen by them, (v) set any length-of-service conditions to be met by beneficiaries, (vi) place on record the amount of the capital increase(s) resulting from the rights issues, (vii) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% (ten percent) of the new capital after each issue.

In accordance with the applicable legal and regulatory provisions, the authorization provided for in this resolution shall also cover sales of shares to members of a Group employee shareholder plan.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

25th resolution

Blanket ceilings on issues of shares, securities carrying rights to shares or debt securities

The purpose of the 25th resolution is to set a blanket ceiling (excluding premiums) of €125,000,000.00 (one hundred twenty five million euros) – or the equivalent of less than 35% of the Company's current capital – on share issues carried out pursuant to the 17th, 18th, 19th, 20th, 21st and 23rd resolutions.

It also sets at €2,500,000,000.00 (two billion five hundred million euros) the blanket ceiling on issues of debt securities carrying immediate or deferred rights to shares carried out pursuant to the 17th, 18th, 19th, 20th and 21st resolutions.

This resolution renews the ceilings set by the Annual Shareholders Meeting of May 13, 2022 (27th resolution), which has not been used.

Twenty-fifth resolution

(Blanket ceilings on issues of shares, securities carrying rights to shares and debt securities)

Having considered the reports of the Managing Chairman and the Supervisory Board and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves that:

- the aggregate par value of shares issued under the seventeenth, eighteenth, nineteenth, twentieth, twenty-first and twenty-third resolutions, either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares, shall not exceed €125,000,000.00 (one hundred twenty-five million euros), representing less than 35% of the Company's capital as of the date of this Meeting. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares,
- the aggregate nominal amount of debt securities carrying immediate or deferred rights to shares, issued under the seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions of this Shareholders Meeting shall not exceed €2,500,000,000.00 (two billion five hundred million euros) or the equivalent in foreign currency.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

26th resolution

Authorization for the Managers to reduce the Company's capital by canceling shares

In the 26th 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 12, 2023 (15th resolution), which has not been used.

Twenty-sixth 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 either 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 either 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.

27th resolution

Powers

The purpose of the 27th resolution is to give powers to carry out the formalities related to the Annual Shareholders Meeting.

Twenty-seventh 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)*
Issuance of shares and/or securities carrying rights to shares, with pre-emptive subscription rights (17th resolution)	shares: €125 million (less than 35% of issued capital) debt securities: €2.5 billion	26 months *(July 2026)*
Issuance of shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights (18th resolution)	shares: €35 million (less than 10% of issued capital) debt securities: €2.5 billion	26 months *(July 2026)*
Issuance of shares and/or securities carrying rights to shares through an offer governed by paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*), without pre-emptive subscription rights (19th resolution)	shares: €35 million (less than 10% of issued capital)[1] debt securities: €2.5 billion[1]	26 months *(July 2026)*
Determination of the issue price of shares to be issued without pre-emptive subscription rights under the 18th and 19th resolutions (20th resolution)	shares: €35 million (less than 10% of issued capital)[1] debt securities: €2.5 billion[1]	26 months *(July 2026)*
Authorization to increase the number of shares issued in the event that an issue (with or without pre-emptive subscription rights) is oversubscribed (21st resolution)	15% of the original issue[2]	26 months *(July 2026)*
Issuance of new shares paid up by capitalizing reserves, income or additional paid-in capital (22nd resolution)	€80 million	26 months *(July 2026)*
Issuance of shares for a stock-for-stock offer or in payment for contributed assets (23rd resolution)	€35 million (less than 10% of issued capital)[1]	26 months *(July 2026)*
Employee rights issue (24th resolution)	€7.1 million (less than 2% of issued capital)	26 months *(July 2026)*
Blanket ceilings on all the authorizations to issue shares and debt securities carrying rights to shares (except for share issues carried out under the 22nd and 24th resolutions) (25th resolution)	shares: €125 million (less than 35% of issued capital) debt securities: €2.5 billion	26 months *(July 2026)*
Capital reduction by canceling shares (26th resolution)	10% of the issued capital	24 months *(May 2026)*
Share buyback program (5th resolution)	17.9 million shares at a maximum price of €55 per share	18 months *(November 2025)*

(1) Included in the ceiling set in the 18th resolution (issuance through a public offer without pre-emptive subscription rights).
(2) 17th to 20th resolutions.

7.2 REPORT OF THE SUPERVISORY BOARD: RECOMMENDATIONS CONCERNING THE VOTES ON THE PROPOSED RESOLUTIONS

7.2.1 Election and re-election of Supervisory Board members (12th to 14th 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 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 are not 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.

The terms of Anne-Sophie de La Bigne, Jean-Pierre Duprieu and Patrick de La Chevardière as Supervisory Board members are due to expire at the close of the Annual Shareholders Meeting on May 17, 2024.

Patrick de La Chevardière has informed the Supervisory Board that he wishes to stand for re-election, for the first time.

Anne-Sophie de La Bigne and Jean-Pierre Duprieu have informed the Supervisory Board that they intend to step down from the Board when their term expires.

Their fellow Supervisory Board members have thanked Anne-Sophie de La Bigne and Jean-Pierre Duprieu for their major contribution to the work of the Board since 2013, and to the work of the Committees of which they have been members or Chairs (Audit Committee, Compensation and Appointments Committee).

When Jean-Pierre Duprieu steps down from the Board, the position of Chair of the Compensation and Appointments Committee will be vacant. The Supervisory Board is considering appointing to this position Thierry Le Hénaff, currently Senior Independent Member of the Board.

The Compensation and Appointments Committee proposes that Patrick de La Chevardière should be re-elected to the Supervisory Board (12th resolution) and that Catherine Soubie and Pascal Vinet should be elected as new members of the Supervisory Board (13th and 14th resolutions respectively).

Re-election of a Supervisory Board member

Patrick de La Chevardière

Michelin

112, avenue Kléber, 75016 Paris

Patrick de La Chevardière was born in 1957 and is a French national. He is currently a director of SLB (formerly Schlumberger)[1] and was previously 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 (2008-2019).

He owned 1,600 Michelin shares at December 31, 2023.

Patrick de La Chevardière was elected to Michelin's Supervisory Board at the Annual Shareholders Meeting of June 23, 2020, by a 99.88% majority of the votes cast, and has been Chair of the Audit Committee since that date.

Patrick de La Chevardière:

- 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;

(1) *Listed company.*

- 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.

The Board examined Patrick de la Chevardière's candidature for re-election (for the first time) for a four-year term, taking into account:

- the appropriateness of his re-election;
- his managerial experience within a major international group;
- his knowledge of the manufacturing sector and understanding of the challenges facing the Group;
- an absence of conflicts of interest with the Company;
- the skills and experience he brings to the Board and the Audit Committee; in particular, the Committee considers that Patrick de La Chevardière will continue to provide the Board and its Audit Committee with the following expertise, presented according to the classification established by the Supervisory Board in its detailed expertise matrix[1]:
  - International Management: former Asia Director in Total's refining and distribution division;
  - Finance: specific expertise in finance and accounting, acquired as a finance professional during 10 years as Chief Financial Officer of Total and in a variety of financial management positions;
  - Manufacturing: varied experience in Exploration, Production and Refining at Total, member of the Board of Directors of SLB;
- his attendance, availability and involvement in Board meetings and as Chair of the Audit Committee. Patrick de La Chevardière's attendance rate at meetings of the Supervisory Board and the Audit Committee during the last three years (the period used by the Board to assess the attendance rate of incumbent Board members) was 100%;
- the fact that he 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 Patrick de La Chevardière be re-elected for a further four-year term. Patrick de La Chevardière did not take part in the Board's discussion or vote.

If shareholders re-elect Patrick de La Chevardière to the Supervisory Board, its members will consider reappointing him as Chair of the Audit Committee.

Election of two new Supervisory Board members

Catherine Soubie

Michelin

112, avenue Kléber, 75016 Paris

Catherine Soubie was born in 1965 and is a French national. She is CEO of the Arfilia group of companies specializing in information, consulting and business services.

She is a graduate of École Supérieure de Commerce de Paris.

Catherine Soubie began her career in 1989 at Lazard, first in London and then in Paris, where she was appointed Financial Affairs Manager. She then held various positions at Morgan Stanley in Paris, including Managing Director. From 2005 to 2010, she was Deputy CEO of Rallye (retail). In 2010, she joined Barclays as Managing Director, Head of Investment Banking for France, Belgium and Luxembourg.

Since 2016, she has been an independent director of Clariane[2], Covivio[3] and Sofina[4].

Catherine Soubie's term as a director of Clariane[2] expires at the Annual Shareholders Meeting to be held to approve the 2023 financial statements, and she has decided not to stand for re-election. She will therefore be stepping down from her positions in Clariane at the close of its Annual Shareholders Meeting, and will hold only two directorships in other listed companies.

The Compensation and Appointments Committee considered her profile to be an excellent fit with the skills and expertise of the Board members (as identified in the Board's expertise matrix[1]) and that the main strengths she would bring to the Supervisory Board include:

- her diversified, multidisciplinary background, especially her experience as a consultant providing business advisory services;
- her knowledge of the finance sector;
- her experience as a CEO and as a member of the boards of directors of international groups;
- the skills and experience she would bring to the Board; in particular, the Committee considered that Catherine Soubie would provide the Supervisory Board with the following expertise, presented according to the classification established by the Supervisory Board in its detailed expertise matrix:
  - International Management: former Deputy CEO of Rallye and former Managing Director and Head of Investment Banking at Barclays France & Benelux;
  - Finance: 22 years' experience in the finance sector, including Financial Affairs Manager at Lazard, Managing Director at Morgan Stanley and Managing Director, Head of Investment Banking at Barclays France & Benelux;

(1) See section 3.1.3.3 of the Supervisory Board's Corporate Governance Report, presented in Chapter 3 of the 2023 Universal Registration Document.
(2) A listed company, of which she is Chair of the Audit Committee and a member of the Compensation and Appointments Committee.
(3) A listed company (real estate), of which she is Chair of the Compensation and Appointments Committee and member of the Audit Committee.
(4) A listed company (fund management), of which she is Chair of the Compensation and Appointments Committee.

- Social Environment, Human Resources and Governance: CEO of Arfilia (information, consulting and business services) for the past eight years, member of Clariane's Compensation and Appointments Committee;
- her availability and commitment to participate actively in the work of the Board and its Committees;
- an absence of conflicts of interest with the Company.

The Supervisory Board considers that Catherine Soubie qualifies as an independent member because:

- she does not have any close family ties with either the Managers or any member of the Supervisory Board;
- she is not currently and never has been an employee of Michelin or any of its subsidiaries;
- she has not been a member of the Supervisory Board for more than 12 years;
- she 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;
- she has not been an auditor of Michelin in any of the past five years;
- she is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners;
- she is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided to recommend that Catherine Soubie be elected for a four-year term.

If shareholders elect Catherine Soubie to the Supervisory Board, its members plan to appoint her as a member of the Audit Committee.

Catherine Soubie has agreed to stand for election and join the Board's team.

As of the date of publication of this report, she held 1,600 Michelin shares, the minimum number of shares required of each member by the Supervisory Board's internal rules.

Pascal Vinet

Michelin

112, avenue Kléber, 75016 Paris

Pascal Vinet was born in 1962 and is a French national. He has been Executive Vice-President of the Air Liquide Group[(1)] since 2023, overseeing the Europe Industries Hub, the Africa/Middle East/India Hub, the Industrial Merchant World Business Line and Group Safety & Industrial Systems.

His educational background is in engineering and he holds a PhD in physics from École Centrale de Lyon. Pascal Vinet joined Air Liquide in 1986 after having worked for NASA in the United States. In 1995, he was appointed CEO of Air Liquide Australia, before becoming Chief Operating Officer of the Group's Industrial Merchant Business Line in France in 1998. In 1999, he became Vice President for Research & Development, before being appointed President of the Group's Industrial Merchant Business Line in the United States in 2002.

In 2005, he was appointed Vice President in charge of Group corporate operations (Operations Control, Strategic Planning, Procurement, IT). He became Vice President overseeing global operations for Air Liquide Healthcare in 2010 and joined the Executive Committee in this capacity in 2011. In 2016, he became CEO of Airgas, the subsidiary operating Air Liquide's Industrial Merchant and Healthcare Business Lines in the United States, just after its acquisition by the Group. In 2021, he was appointed Senior Vice President overseeing the Europe Industries Hub, the Africa/Middle East/India Hub and Group Safety & Industrial Systems. In 2023, he became Executive Vice President overseeing the Europe Industries Hub, the Africa/Middle East/India Hub, the Industrial Merchant World Business Line and Group Safety & Industrial Systems.

The Compensation and Appointments Committee considered that his profile was an excellent fit with the skills and expertise of the Board members (as identified in the Board skills matrix[(2)]) and that the main strengths he would bring to the Supervisory Board would be:

- his senior management experience in an international group, and in particular his knowledge of the American and Asian markets;
- his knowledge of the manufacturing and research sectors;
- the skills and experience he would bring to the Board; in particular, the Committee considered that Pascal Vinet would provide the Supervisory Board with the following expertise, presented according to the classification established by the Supervisory Board in its detailed expertise matrix[(2)]:
  - International Management: Executive Vice-President of the Air Liquide Group, overseeing Group Safety & Industrial Systems;
  - Manufacturing: former CEO of Airgas (Air Liquide's Industrial Merchant and Healthcare Business Lines in the United States) and responsibility for overseeing the Europe Industries Hub, the Africa/Middle East/ India Hub and Air Liquide Group's Industrial Merchant World Business Line;
  - Materials: former Vice-President, Research & Development at Air Liquide.
- his availability and commitment to participate actively in the work of the Board and its Committees;
- an absence of conflicts of interest with the Company.

(1) Listed company.

(2) See section 3.1.3.3 of the Supervisory Board's Corporate Governance Report, presented in Chapter 3 of the 2023 Universal Registration Document.

The Supervisory Board considers that Pascal Vinet qualifies as an independent member because:

- he does not have any close family ties with either the Managers or any member of the Supervisory Board;
- he is not currently and never has been an employee of Michelin or any of its subsidiaries;
- he has not been a member of the Supervisory Board for more than 12 years;
- he 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;
- he has not been an auditor of Michelin in any of the past five years;
- he is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners;
- he is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided to recommend that Pascal Vinet be elected for a four-year term.

If shareholders elect Pascal Vinet to the Supervisory Board, its members plan to appoint him as a member of the Compensation and Appointments Committee.

Pascal Vinet has agreed to stand for election and join the Board's team.

As of the date of publication of this report, he held 1,600 Michelin shares, the minimum number of shares required of each member by the Supervisory Board's internal rules.

Summary of the Supervisory Board's Report to the Annual Shareholders' Meeting

Including the members proposed for election at the Annual Shareholders Meeting and the Board's planned changes to the membership of its Committees, the Board and its Committees would be constituted as follows:

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	2027	15	2,740	French	65	F
Aruna Jayanthi	✓	Audit	2015	2019 2023	2027	8	1,600	Indian	61	F
Patrick de La Chevardière	✓	Audit (P)	2020	2024	2028	4	1,600	French	66	M
Jean-Christophe Laourde (RS)	⊖	Corporate Social Responsibility	2020	-	2028[4]	3	400	French	48	M
Thierry Le Hénaff (MR)	✓	Compensation and Appointments (P)	2018	2022	2026	5	1,600	French	60	M
Monique Leroux	✓	Audit Corporate Social Responsibility (P)	2015[5]	2018 2022	2026	8	4,000	Canadian	69	F
Delphine Roussy (RS)	⊖	Compensation and Appointments	2020	-	2028[4]	3	586	French	41	F
Jean-Michel Severino	✓	Compensation and Appointments Corporate Social Responsibility	2020[6]	2022	2026	3	1,600	French	66	M
Catherine Soubie	✓	Audit	2024	-	2028	0	1,600	French	58	F
Wolf-Henning Scheider	✓	Audit Corporate Social Responsibility	2021	-	2025	2	1,600	German	61	M
Pascal Vinet	✓	Compensation and Appointments	2024	-	2028	0	1,600	French	61	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) *Appointed pursuant to the Bylaws and not elected by the shareholders.*
(5) *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.*
(6) *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.*

7.2.2 Appointment of Statutory Auditors responsible for certifying the Company's sustainability information (15th and 16th resolutions)

The Supervisory Board and the Group's Finance Department have examined the issues relating to the application, as from the 2024 fiscal year, of Government Order 2023-1142 of December 6, 2023 introducing into French law the new European regulations stemming from Directive 2022/2464[1] requiring companies to publish sustainability information (Corporate Sustainability Reporting Directive – CSRD).

To apply the new regulations, the Supervisory Board needs to:

- identify the Board committee that will be responsible for the tasks referred to in Article L. 821-67 of the French Commercial Code relating to sustainability information; and
- propose the appointment of one or more independent third-party organizations or Statutory Auditors responsible for certifying this information.

These issues have been examined by the Supervisory Board and the Audit Committee, and the Chair and members of the CSR Committee have been informed.

Following this examination, the Supervisory Board has decided that:

- the Audit Committee will have special responsibility for the tasks set out in Article L. 821-67 of the French Commercial Code, relating to sustainability information;
- the CSR Committee will issue opinions on the development of the Group's overall CSR strategy and program, including initiatives, ambitions and objectives, and reviewing action plans. It will also continue to monitor regulatory developments, particularly outside the European Union.

The two Committees will continue to perform their joint tasks, on the basis of their respective complementary missions referred to above, through the participation of certain Board members in the work of both Committees and the organization of joint meetings.

The Audit Committee has concluded that it would be appropriate to appoint the Statutory Auditors currently responsible for verifying the financial statements of the Company as Statutory Auditors responsible for certifying sustainability information. This conclusion is based on the following main considerations:

- the results of an analysis of the various possible options, taking into account the new regulatory framework;
- the arguments in favor of appointing the Statutory Auditors responsible for verifying the Company's financial statements to certify the sustainability information, including:
  - their good understanding of the Group's organization and challenges,
  - their networks' geographic coverage, which is aligned with the Group's geographic presence,
  - the quality of their statutory audit work,
  - their ability to help improve consistency between financial and sustainability information, as required by the CSRD,
  - the benefits of appointing them as Statutory Auditors responsible for certifying the sustainability information for an initial period corresponding to their remaining term as Statutory Auditors responsible for verifying the financial statements, as permitted by regulations for the initial appointment of an independent third-party body or Statutory Auditor, i.e., until the close of the Annual Shareholders Meeting to be called to approve the 2027 financial statements, thus enabling the terms of the two mandates (to verify the financial statements and certify the sustainability information) to coincide.

Note that:

- the Audit Committee will monitor the Statutory Auditors' audit of the sustainability information, and will ensure that the required conditions of independence are met;
- the sustainability information will be certified on behalf of each of the appointed firms by one of their partners, shareholders or managers whose name is included on the *Haute autorité de l'audit*'s register of Statutory Auditors authorized to carry out engagements to certify sustainability information;
- the Statutory Auditors will perform their engagement in accordance with the assurance standards adopted by the European Commission, or, in the absence of standards adopted by the Commission, with the standards adopted by the *Haute autorité de l'audit* as formally approved by the Minister of Justice.

PricewaterhouseCoopers Audit and Deloitte & Associés have informed the Supervisory Board that they agree to act as Statutory Auditors responsible for certifying sustainability information in accordance with the aforementioned characteristics, if they are so appointed by the Annual Shareholders Meeting.

Based on these considerations, and on the recommendation of its Audit Committee, the Supervisory Board proposes that the Annual Shareholders Meeting should appoint PricewaterhouseCoopers Audit and Deloitte & Associés as Statutory Auditors responsible for certifying sustainability information. They would be appointed for the remainder of their term as Statutory Auditors, i.e., until the close of the Annual Shareholders Meeting to be called to approve the 2027 financial statements.

(1) *Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU concerning corporate sustainability reporting.*

7.2.3 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 2024, the General Partners and the Supervisory Board are submitting to the Annual Shareholders Meeting for approval:

- the 2024 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 of the Supervisory Board (8th resolution) and the individual compensation paid or awarded to them (9th to 11th resolutions) for 2023[2].

7.2.4 Approval of the financial statements, related-party agreements and financial authorizations (1st to 5th and 17th to 27th 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 2023 (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 2023, 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 excellence of the Group's management in an enduring and extremely turbulent environment.

These strong 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 €1.35 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 2023 Meeting (26th extraordinary resolution).

Other extraordinary resolutions (17th to 23rd and 25th resolutions) are also proposed to renew – on the same or very similar terms – the financial authorizations granted at the May 13, 2022 Annual Shareholders Meeting, which are needed by the Group to support implementation of its strategy.

In addition, shareholders will be asked to renew the previous authorization to carry out rights issues for members of a Group employee shareholder plan (24th resolution).

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 9, 2024

The Supervisory Board

(1) Detailed policy described in the Supervisory Board's Corporate Governance Report; see section 3.3 of the 2023 Universal Registration Document.
(2) Detailed disclosures in the Supervisory Board's Corporate Governance Report; see sections 3.4 and 3.5 of the 2023 Universal Registration Document.

7.3 STATUTORY AUDITORS' REPORTS

7.3.1 Statutory Auditors' report on the issue of shares and/or various securities, with or without pre-emptive subscription rights

(Combined Shareholders Meeting of May 17, 2024 - 17th, 18th, 19th, 20, and 21st resolutions)

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 Établissements Michelin
23 place des Carmes-Déchaux
63000 Clermont-Ferrand

To the Shareholders' meeting ' Meeting of Compagnie Générale des Etablissements Michelin,

In our capacity as Statutory Auditors of Compagnie Générale des Etablissements Michelin, and pursuant to Articles L. 228-92 and L. 225-135 *et seq.* and Article L. 22-10-52 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegations of authority to the Managers, or either of them, to carry out various issues of shares and/or securities, which are submitted to you for approval.

On the basis of his report, the Managing Chairman invites the shareholders:

- to delegate to the Managers, or either of them, for a period of 26 months, from the date of this Annual Shareholders Meeting, the authority to carry out, except during a public offer period, the following transactions and to set the final terms and conditions thereof, and, where appropriate, to cancel shareholders' preemptive subscription rights:
  - the issue, with pre-emptive subscription rights (17th resolution), of shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares,
  - the issue, without pre-emptive subscription rights (18th resolution), of shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares through a public offer not governed by Article L.411-2, paragraph 1, of the French Monetary and Financial Code,
  - the issue, without pre-emptive subscription rights (19th resolution), of shares and/or equity securities carrying rights to other equity securities and/or other securities carrying rights to shares through an offer governed by Article L.411-2, paragraph 1, of the French Monetary and Financial Code,
- to authorize the Managers, under the 20th resolution, and as part of the implementation of the delegations referred to in the 18th and 19th resolutions, to set the issue price within the annual legal limit of 10% of the capital.

The aggregate nominal amount of the shares that may be issued under the 17th, 18th, 19th, 20th, 21st and 23rd resolutions, immediately or in the future may not, under the 25th resolution, exceed €125,000,000, it being specified that the nominal amount of the shares that may be issued, either immediately or in the future, may not exceed:

- €125,000,000 under the 17th resolution,
- €35,000,000 under either the 18th or 19th resolution.

Under the 25th resolution, the aggregate nominal amount of debt securities that may be issued under the 17th, 18th, 19th,20th and 21st resolutions may not exceed €2,500,000,000, this amount also constituting the individual ceiling for each of the 17th, 18th, 19thand 20th resolutions.

These ceilings take into account the additional securities to be issued under the delegations of authority sought in the 17th, 18th, 19th and 20th resolutions, in accordance with Article L. 225-135-1 of the French Commercial Code, in the event that the shareholders adopt the 21st resolution.

It is the responsibility of the Managing Chairman to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our responsibility is to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of the shareholders' pre-emptive subscription rights, and on certain other information relating to these transactions, which is presented in this report.

We performed the procedures that we considered necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Managing Chairman's report relating to these transactions and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the issues, we have no matters to report as regards the information provided in the Managing Chairman's report on the methods used to set the issue price of the equity securities to be issued under the 18th, 19th and 20th resolutions.

In addition, as this report does not stipulate the methods used to set the issue price of the shares to be issued under the 17th resolution, we do not express an opinion on the basis used to calculate the issue price.

Since the final terms and conditions of the issues have not been set, we do not express an opinion in this respect, or, consequently, on the proposed cancellation of the shareholders' preemptive subscription rights under the 18th and 19th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Managers, or either of them, use the delegations of authority to issue equity securities carrying rights to other equity securities, securities carrying rights to equity securities to be issued or shares without preemptive subscription rights.

Neuilly-sur-Seine and Paris La Défense, March 19, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés
Jean-Christophe Georghiou	Itto El Hariri	Frédéric Gourd

7.3.2 Statutory Auditors' report on the rights issue reserved for members of a Group employee shareholder plan

(Combined Shareholders' Meeting held on May 17, 2024 - 24th resolution)

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 Établissements Michelin
23 place des Carmes-Déchaux
63000 Clermont-Ferrand

To the Shareholders' meeting' Meeting of Compagnie Générale des Etablissements Michelin,

In our capacity as Statutory Auditors of your compagny, and pursuant to Articles L. 225-135 *et seq*. of the French Commercial Code *(Code de commerce)*, we hereby report to you on the proposed delegation of authority to the Managers, or anyone of them, to increase the capital by issuing, without pre-emptive subscription rights, ordinary shares reserved for members of an employee shareholder plan of the Company or of French and foreign companies related to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code *(Code du travail)*, for a maximum amount of €7,100,000, which is submitted to you for approval.

This rights issue is submitted to the shareholders for approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code.

On the basis of his report, the Managing Chairman invites the shareholders to delegate to the Managers, or anyone of them, for a period of 26 months from the date of this meeting, the authority to increase the capital and cancel shareholders' pre-emptive subscription rights to the shares to be issued. Where applicable, the Managing Chairman will be responsible for setting the final terms and conditions of this transaction.

It is the responsibility of the Managing Chairman to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, on the proposed cancellation of the shareholders' pre-emptive subscription rights, and on certain other information relating to the issue, which is presented in this report.

We performed the procedures that we considered necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Managing Chairman's report relating to this transaction and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed rights issue, we have no matters to report as regards the information provided in the Managing Chairman's report on the methods used to set the issue price of the ordinary shares to be issued.

Since the final terms and conditions of the rights issue have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancellation of shareholders' pre-emptive subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Managers or either of them use this delegation of authority.

Neuilly-sur-Seine and Paris La Défense, March 19, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés
Jean-Christophe Georghiou	Itto El Hariri	Frédéric Gourd

7.3.3 Statutory Auditors' report on the share capital decrease

(Combined Shareholders’ Meeting held on May 17, 2024 - 26th resolution)

This is a free translation into English of the Statutory Auditors’ report issued in French and it is provided solely for the convenience of English speaking users. 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 Établissements Michelin

23 place des Carmes-Déchaux

63000 Clermont-Ferrand

To the Shareholders’ Meeting,

In our capacity as Statutory Auditors of your Company and pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code (*Code de commerce*) concerning share capital reductions carried out by cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Your Managing Chairman proposes that you delegate to the Managers, or anyone of them, for a period of 24 months from this Shareholders’ Meeting, the authority to cancel, up to a maximum of 10% of the share capital in any 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article of the French Commercial Code.

We performed the procedures that we considered necessary to comply with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does not interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease..

Neuilly-sur-Seine and Paris La Défense, March 19, 2024

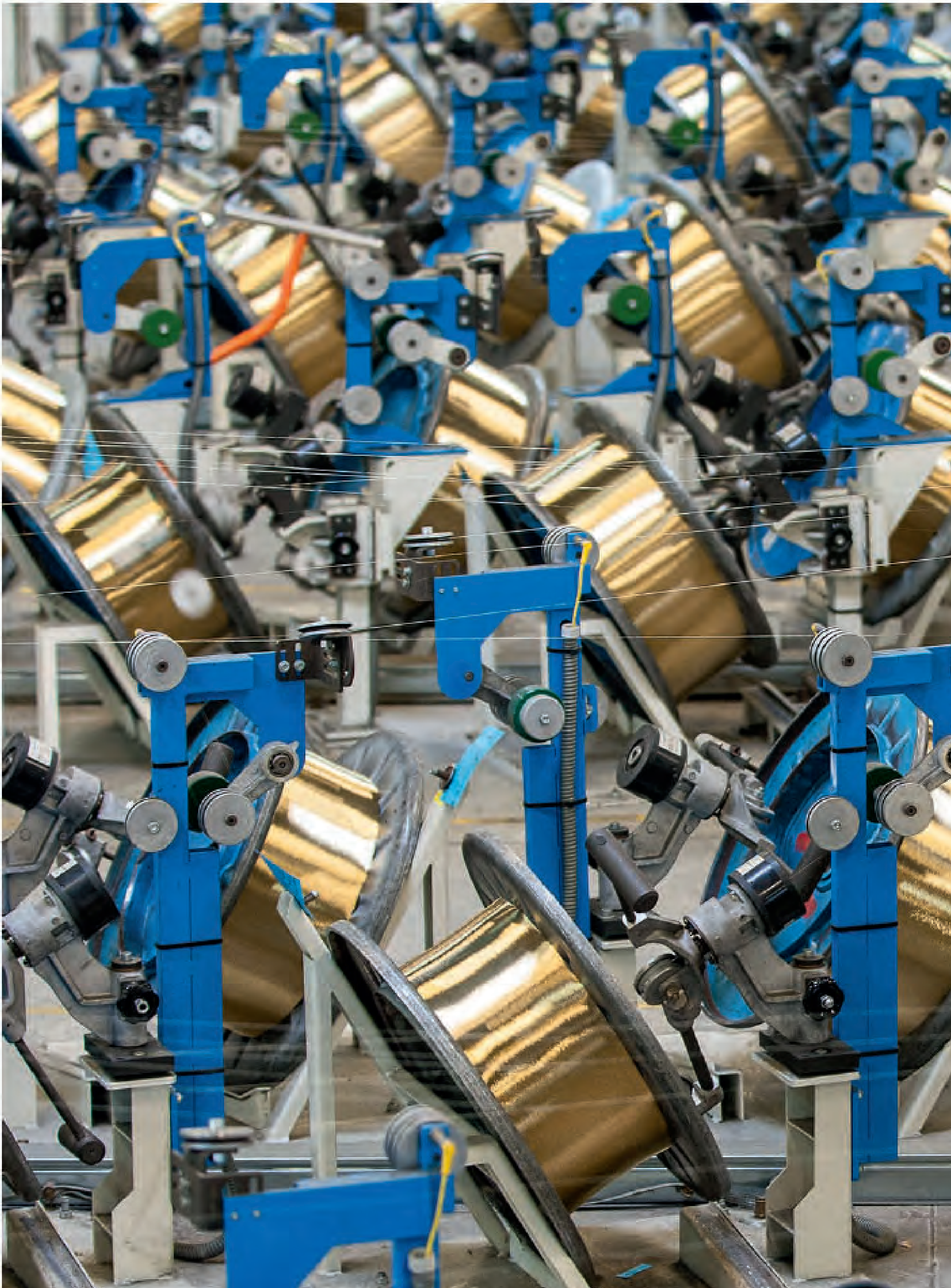
The Statutory Auditors

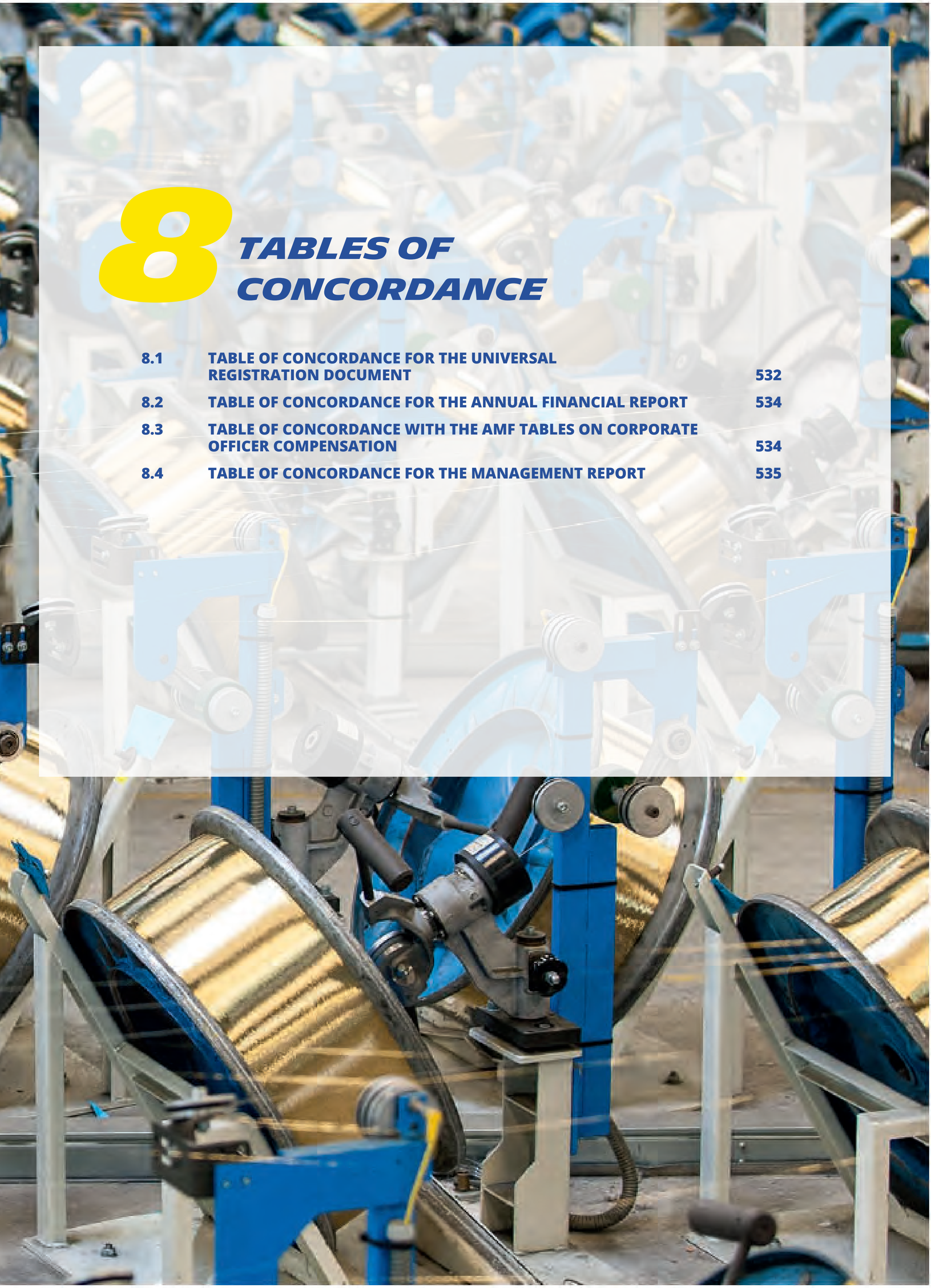
PricewaterhouseCoopers Audit		Deloitte & Associés
Jean-Christophe Georghiou	Itto El Hariri	Frédéric Gourd

7.3.4 Other Statutory Auditors’ reports

The Statutory Auditors’ reports to the Annual Shareholders Meeting of May 17, 2024 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 5.2.2;
- 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.





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
15.1. Number of employees	4.1.2.4; 5.1.3 c)
15.2. Corporate officer shareholdings and stock options	4.1.2.3 h); 6.5.3
15.3. Arrangements for involving the employees in the capital	4.1.2.3 h); 6.5.5
16.1. Shareholders holding more than 5% of the share capital or voting rights	3.11
16.2. Statement as to whether shareholders have different voting rights	3.10.6; 3.11; 6.2.4; 6.3
16.3. Control over the issuer	3.11
16.4. Arrangement, known to the issuer, the implementation of which may at a subsequent date result in a change in control	3.13
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); 5.4.2.2

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; 3.6.1.3
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 2023 Management Report	Reference text	Section/Page(s)
Position and activity of the Group in 2023		
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 2.5)
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

Section headings of the 2023 Management Report	Reference text	Section/Page(s)
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
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

Section headings of the 2023 Management Report	Reference text	Section/Page(s)
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
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

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**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
FLAVIEN HUET
BENJAMIN MARCUS
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
ELISABETE ANTUNES
MURIEL FLOC'HLAY
+ 33 (0) 4 73 32 23 05
23, Place des Carmes-Déchaux – 63000 Clermont-Ferrand – France
Appel gratuit pour la France : 0 800 716 161
actionnaires-individuels@michelin.com

SUSTAINABLE DEVELOPMENT AND MOBILITY

PIERRE-MARTIN HUET
+ 33 (0)4 73 32 20 00
23, Place des Carmes-Déchaux – 63000 Clermont-Ferrand – France

COMMUNICATION AND BRANDS DEPARTMENT

PAUL-ALEXIS BOUQUET
+ 33 (0) 1 45 66 22 22
Business Center Paris Trocadero – 112, avenue Kléber – 75116 Paris – France