

**COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN
(CGEM)**

**INTERNAL RULES
OF THE COMPENSATION AND APPOINTMENTS
COMMITTEE**

(version in force, adopted on December 14, 2020)

Recitals

The compensation and appointment policies for executives and employees are a major component of the Company's management.

The Supervisory Board decided to set up a Compensation and Appointments Committee (the "Committee") to review these issues in detail and prepare the discussions, recommendations and decisions of the Board.

The Committee's composition, roles, responsibilities and practices comply with the recommendations of the Corporate Governance Code for Listed Companies of the AFEP and MEDEF and its accompanying documents (hereinafter the "AFEP/MEDEF Code").

The purpose of these internal rules is to clarify the Committee's roles, responsibilities and practices.

A summary of these rules is published on CGEM's website or in its Universal Registration Document.

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1. Composition of the Committee

As is the case with the Supervisory Board, the Committee cannot comprise any of CGEM's executive officers.

The Committee is composed of at least three members of the Supervisory Board appointed by the latter for their full term as Supervisory Board members. At least half of the members must be independent.

Its Chairman is appointed by the Board from among its independent members.

The Chairman of the Committee is responsible for preparing and leading the Committee's meetings.

The Managing Chairman is involved in the work of the Committee and may participate in its meetings, with the exception of agenda items that directly concern him or her.

2. The Committee's roles and responsibilities

The Committee's roles and responsibilities cover the following areas:

- compensation of the Managers and members of the Supervisory Board,
- compensation of the members of the Group's Executive Committee,
- Group human resources policies, including compensation policy, diversity policy and planning and development policy,
- election of the members of the Supervisory Board and the Managers,
- succession plan of the members of the Group's Executive Committee,
- Supervisory Board members' independence.

2.1. Compensation of the Managers and the members of the Supervisory Board, and the members of the Group's Executive Committee

The executive officers are the Managers and the Chairman of the Supervisory board.

2.1.1. Managers' compensation

➤ Compensation of the Managers in office

The General Partners are entitled to a statutory share of profit which is:

- variable, calculated based on the prior year's profit and approved by the shareholders at the Shareholders Meeting,
 - in consideration of the risk they incur by virtue of their unlimited joint and several personal liability for CGEM's debts.
- a) The Supervisory Board is consulted by the General Partners or the Non-Managing General Partner, as applicable, on the matters listed below and must express an opinion which is read out at the Shareholders Meeting, under the terms and conditions set out in Articles 10, 12, 17 and 30 of CGEM's bylaws:
- the allocation between the General Partners, Managers and the Non-Managing General Partner of the statutory share of profit to which they are entitled, and
 - the determination of the compensation of the General Managers.
- b) In addition, in accordance with the legal provisions and/or recommendations of the AFEP/MEDEF Code, and in view of the presentation to the Shareholders Meeting for approval, the Committee:
- is consulted by (i) the General Partners, in the case of a General Manager, or (ii) the sole Non-Managing General Partner, in the case of a Managing General Partner, to set CGEM's compensation policy for the Managers,
 - determines the criteria and conditions applicable to the compensation, including annual variable compensation and medium/long-term incentives,
 - assesses or subsequently verifies these criteria and conditions, and proposes the corresponding payments deducted from the statutory share of profit to which the General Partners are entitled, if any.

- c) Finally, in accordance with the legal provisions and/or recommendations of the AFEP/MEDEF Code, and in view of the presentation to the Shareholders Meeting for approval, where appropriate, the Committee examines the compensation policy for the Managers of other Group companies and their implementation.

For all these tasks (a), (b) and (c), once the relevant information and, if applicable, the draft resolutions concerned have been sent by the Managing Chairman and/or the Non-Managing General Partner, the Committee shall review the information in order to prepare and present its recommendations to the Board and, where appropriate, to the Shareholders Meeting.

➤ Compensation paid to a Manager at the end of his or her term

The Supervisory Board's approval is required, on the proposal of the Non-Managing General Partner, for the payment of compensation to a Manager in the case of his/her removal from office following a change in strategy or a change in equity control of CGEM, provided such removal was not due to gross misconduct, under the terms and conditions set out in Articles 10, 13 and 17 of CGEM's bylaws.

The compensation corresponds to the following amount:

[Total compensation paid over the two years preceding the loss of office] x [the average (in %) of the "contingent annual variable payment" of the Profit Shares for the three years preceding the loss of office].

The amount of this compensation shall in no case be higher than the aggregate compensation paid for the two years preceding the year of the removal from office.

Once the proposed payment of compensation for loss of office has been provided by (i) the Non-Managing General Partner for a Managing General Partner or for a Managing Chairman who is a General Manager, or (ii) the Managing Chairman for a General Manager, the Committee shall review this proposal in order to prepare and present its recommendations to the Board and, where appropriate, to the Shareholders Meeting, for the purpose of:

- verifying that the proposed compensation complies with the principles and conditions set out in CGEM's bylaws,
- identifying the level of achievement of the performance conditions defined in these internal rules,
- determining the final amount of compensation to be paid, within the limit set out in Article 13-2 of CGEM's bylaws, and, where appropriate, by reducing or canceling this final amount so that all the sums paid in this respect and under a non-competition agreement do not exceed the ceiling set out in Article 13-2 of the bylaws referred to above.

2.1.2. Compensation of the members of the Supervisory Board

In accordance with the applicable law and the Company's bylaws, the Annual Shareholders Meeting:

- determines the total annual compensation payable to members of the Supervisory Board,
- approves the information concerning the compensation of the members of the Supervisory Board with the approval of the General Partners,
- approves the compensation policy of the members of the Supervisory Board, which includes the conditions for the allocation of the compensation, with the approval of the General Partners,
- approves the payment of the compensation of the Chairman of the Supervisory Board, with the approval of the General Partners.

The Committee shall prepare the tasks provided in this paragraph 2.1.2 and present and recommend them to the Supervisory Board and, where appropriate, to the Shareholders Meeting.

2.1.3. Compensation of the members of the Group's Executive Committee

The Board is consulted annually by the Managing Chairman on the individual compensation of the members of the Group Executive Committee determined by the Managing Chairman, in particular changes in the fixed and variable compensation (criteria, targets and conditions of award and/or performance), including the award of shares or financial instruments and fringe benefits.

Once the information and the proposals have been sent by the Managing Chairman, the Committee shall review the information and provide the Board with its recommendations that analyze the nature and importance of the amounts, the shares and/or financial instruments awarded, as well as their criteria, and conditions of the award and/or performance.

2.2. Group human resources policies

The Board is consulted annually by the Managing Chairman on the Group human resources policies, as well as their implementation and results, including:

- the main components of its compensation policy,
- human resources planning and development,
- management succession plans,
- diversity and inclusion policy.

The topics listed above are within the exclusive competence of the Committee; the Audit Committee may, in accordance with its duties, examine the risks corresponding to their implementation.

2.3. Appointment of the members of the Supervisory Board, the Managers and the Chairman of the Supervisory Board

2.3.1. Appointment of the members of the Supervisory Board to be elected by the Annual Shareholders Meeting

Regarding the members of the Board to be elected by the Annual Shareholders Meeting, the Committee:

- determines the selection criteria to be considered for elections and re-elections, including:
 - the search and appraisal of potential candidates, possibly based on analyses conducted by an external advisory firm,
 - independence and any conflicts of interest,
 - a balanced composition, particularly in terms of gender and international representation,
 - diversity of skills and expertise,
 - actual availability,
 - the pros and cons of re-elections,
- determines and oversees the selection process,
- submits its conclusions on the proposed elections and re-elections to the Board.

2.3.2. Election of the Managers and the Chairman of the Supervisory Board

2.3.2.1. Election of the Managers

The Supervisory Board is consulted by the General Partners or the Non-Managing General Partner, as applicable, and shall express its opinion to be addressed to the Shareholders Meeting on (i) any proposed election of new Managers, and (ii) the election of the Managing Chairman, under the terms and conditions set out in Articles 10, 12, 17 and 30 of CGEM's bylaws.

The Supervisory Board's approval is also required, on the proposal of the Non-Managing General Partner, for the re-election and removal of any Manager under the terms and conditions set out in Articles 10, 13 and 17 of CGEM's bylaws.

Once the relevant information and, if applicable, the draft resolutions concerned have been sent by the General Partners or the Non-Managing General Partner, the Committee shall review the proposals and present its recommendations to the Board to enable the latter to make a decision.

2.3.2.2. Election of the Chairman of the Supervisory Board

The Committee shall determine the selection criteria to be taken into account for the election and re-election of the Chairman of the Supervisory Board based on all or part of the criteria set out in paragraph 2.3.1 above.

At the first meeting of the Board after the expiration of the term of office of the previous Chairman in office or in the event of vacancy of the Chairmanship, the members of the Board shall, based on the analysis presented by the Chairman of the Committee, elect the Chairman for the duration of his or her term as a member of the Board.

2.4. Presentation of the succession plan for the members of the Group Executive Committee

The Managing Chairman shall present to the Committee the elections and the succession plan for directors of entities and departments who make up the Group Executive Committee or who are expected to join the Group Executive Committee.

The Chairman of the Committee shall then prepare a report for the Supervisory Board.

2.5. Supervisory Board members' independence

A majority of the members of the Supervisory Board must be independent and without any vested interests (i.e., with no relationship of any kind whatsoever with CGEM or its management or one of its consolidated companies which might risk coloring the member's judgment). The members of the Board representing employees are not taken into account for the calculation of this majority.

Each year, one item on its agenda is devoted to the Committee's review of the independence of the members of the Board, in accordance with the conditions and criteria defined in the AFEP/MEDEF Code.

It must verify that a majority of the members of the Board, excluding members representing employees, are considered to be independent according to the criteria set out in this Code and as specified below:

- are not currently and have not been during the last five years employees or executive officers of CGEM or any of its consolidated companies;
- are not an executive officer of a company in which CGEM holds a corporate office, directly or indirectly, or in which an employee or an executive officer of CGEM (currently in office or for less than five years) holds a corporate office;
- are not a significant customer, supplier or, corporate or investment banker of CGEM or for which CGEM represents a significant portion of the business;
- do not have any close family ties with a Manager or another member of the Supervisory Board;
- have not been a Statutory Auditor of CGEM over the past five years;
- have not been a member of the Supervisory Board of CGEM for more than 12 years;
- are not a shareholder or an executive officer of SAGES, Non-Managing General Partner of CGEM.

The Committee shall submit the results of its review to the Board so that it may annually verify the analysis of the independence of its members.

3. Committee practices

The agenda items are determined by the Chairman of the Committee and the Chairman of the Supervisory Board, after informing the Managing Chairman.

The Managers and/or the Chairman of the Supervisory Board, at the request of the Chairman of the Committee, may attend and participate in the Committee's meetings.

Depending on the items on the agenda, the Chairman of the Committee may invite any director of the Group entities or departments to participate in the meetings of the Committee, after having informed the Managing Chairman.

The Committee may request external technical studies on matters falling within its competence, at the Company's expense, after informing the Managing Chairman and reporting to the Supervisory Board.

If external advisory services are used, the Committee shall ensure that the advice provided is objective.

The Secretary of the Committee is a person appointed by the Chairman of the Supervisory Board.

The Committee meets at least three times a year.

A Committee meeting may be held only if at least half of its members are present. They may not be represented by another member.

All the necessary documents to enable the members of the Committee to consider the items placed on the agenda shall be sent to them by the Chairman of the Supervisory Board, by regular or express mail or made available on a secure digital platform, within a reasonable period prior to the meeting. They may exceptionally be submitted at the meeting.

The Committee's meetings may be organized by secure video conference or other means of telecommunication enabling the identification of the members and ensuring their effective participation. These means transmit at least the voice of the participants and comply with technical specifications enabling the continuous and simultaneous transmission of the deliberations.

The participation of members in Committee meetings by video conference or other means of telecommunication is taken into account in the calculation of the quorum and majority.

The Chairman of the Committee shall report in writing to the Board on the work of each Committee meeting and shall present this report at the next meeting of the Supervisory Board and make any relevant comments.

The process for assessing the Board's practices, whose conditions are set out in the internal rules of the Board, shall be prepared by the Chairman of the Committee together with the Senior Independent Member and the Chairman of the Board, after consulting the Committee.

This assessment is performed:

- annually by the Chairman of the Compensation and Appointments Committee with each member of the Board,
- at least every three years by an external consultant, with its assessment including the assessment of the practices and the individual contribution of each member.

The conclusions of the assessments of each member's individual contribution are provided to them. Once a year, the Supervisory Board shall devote one item on its agenda to a discussion on its practices.

The report of the Supervisory Board on corporate governance sets out the description of the activities of the Committee during the past year in compliance with the French Commercial Code and the AFEP/MEDEF Code.

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