



Pirelli & C. S.p.A.

Reports to the Meeting of 15 May 2018

“Directors and Officers liability insurance” policy. Related and Consequent resolutions.

Prospectus prepared by the Directors pursuant to art. 125-*ter* of Legislative Decree 24 February 1998, no. 58 and subsequent amendments and additions, approved by the Board of Directors on 26 February 2018.

Dear Shareholders,

The use of insurance coverage to cover the civil liability of members of corporate bodies and executives, is a widespread international practice nowadays in the most advanced financial markets, so as to provide protection for members of management and control bodies, enabling them to carry out their assigned tasks calmly and in the interests of the Company, limiting risks associated with exercising their duties.

Such policies - commonly defined as “*Directors’ and Officers’ Liability Insurance*” or more simply “*D&O*” - actually allow members of corporate bodies (and Group executives as well as Statutory Auditors) to be indemnified from the cost of compensating for financial damages deriving from civil liability, as well as for legal expenses related to any liability actions brought by third parties damaged by acts carried out by members of the above-mentioned corporate bodies in exercising their duties [obviously with the exception of cases of intentional breach by the aforementioned subjects of the obligations inherent to exercising their duties], and therefore to protect the assets of the members of corporate bodies and companies that make up the Pirelli Group.

The Company, which has adopted these practices for years, considers it appropriate to propose to its Shareholders, at the first Shareholders' Meeting after the new listing of the Company, to renew the D&O type of insurance so as to cover the civil liability of members of corporate bodies and *management* against the risk that they, when exercising their duties, may unintentionally cause financial damage to third parties or anyone who has an interest in the Company.

Following renewal in October 2017, the D&O policy provides for the following main features:

- Term: 12 months;
- Upper limit: EUR 250 million

There are a limited number of exclusions in the policy.

In order to assess Pirelli's position with respect to major companies that have already adopted similar cover, benchmarking activities were *carried out* with companies with comparable characteristics to Pirelli.

Set out below are the main terms and conditions of the new D&O policy, which in addition to taking into account best market practices and Pirelli's positioning in relation to major companies that have adopted similar cover, also takes into account the characteristics and international vocation of the Group.

- ❖ Term : 12 months
- ❖ Annual award : EUR 2-2.5 million
- ❖ Upper limit : EUR 250 million

Deductibles related to associated risks and automatic coverage mechanisms are foreseen for new subjects taking on positions within the group or for newly acquired entities. No coverage is

provided for if the insured party's conduct is based, originates or results from a) the acquisition of profit or advantage to which the Insured was not entitled b) any criminal, dishonest or fraudulent act

For all of the above, we invite you to authorise the Board of Directors to renew the D&O insurance policy , in accordance with the terms and conditions illustrated above, and therefore, to approve the following

RESOLUTION

“The Ordinary Shareholders' Meeting, having noted the proposal of the Directors;

RESOLVES

- a) to authorise the Board of Directors to renew the *Directors & Officers Liability insurance policy*, according to the terms and conditions illustrated above;
- b) to confer on the Board of Directors, and for their part, on the Deputy Chairman and Chief Executive Officer, all the necessary powers to renew the D&O policy, and in any case, to also implement the aforesaid resolution by means of proxies
- c) to entrust the Board of Directors – up to the expiry of their relative mandate - with the task of renewing the Directors & Officers Liability insurance policy in accordance with the standard terms and conditions of the insurance market ”.