



Pirelli & C. S.p.A.

**Reports to the Shareholders' Meeting of 18
June 2020**

**The “Directors and Officers Liability Insurance” policy. Related
and consequent resolutions.**

(item 5 on the agenda)

Illustrative report drawn up by the Directors pursuant to Article 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented, approved by the Board of Directors on 2 March 2020.

Dear Shareholders,

The use of insurance cover for the civil liability of members of the corporate bodies and managers is common international practice on the most developed financial markets, and provides a safeguard for members of management and control bodies, allowing them to perform the tasks allocated to them with peace of mind and in the interests of the Company, containing the risks linked to the performance of their functions.

In fact, said policies – commonly referred to as “Directors’ and Officers’ Liability Insurance” or more simply “D&O” – allow members of the corporate bodies (and managers of the group, as well as the Statutory Auditors) to be released from liability in terms of compensation for financial losses deriving from civil liability, as well as the legal expenses linked to any actions for liability brought by third parties harmed by the actions of members of the aforementioned corporate bodies in the performance of their duties (without prejudice – obviously – to cases of intentional violations by said members of the obligations inherent to the performance of their duties), and therefore protect members of corporate bodies and the companies operating in the interests of the Pirelli Group and its shareholders.

The Company, which has been using this practice for years, deems it appropriate, on the appointment of the new Board of Directors, to propose to its Shareholders the renewal of the D&O insurance cover .

The existing D&O policy, renewed in October 2019, has the following main features:

- Life: 12 months;
- Cover limit: 250 million euros.

with a limited number of exclusions.

In order to assess Pirelli’s positioning compared to other major companies that are already using similar cover, a benchmarking project was undertaken in relation to companies with characteristics comparable to those of Pirelli.

Upon the next renewal, it will not only be taken account of the best market practices and Pirelli's positioning compared with other major companies that use similar cover, but will also be considered the characteristics and international vocation of the Group.

In summary:

- ❖ life: 12 months;
- ❖ annual premium: 750 thousand euros;
- ❖ cover limit: 250 million euros.

The applicable excess will be determined according to the various associated risks and automatic cover mechanisms will be provided for new individuals taking on roles within the group or newly acquired companies.

There will be no cover in the event that the insured party's conduct is based, originates from or is the result of a) the obtaining of undue profit or benefit and b) any criminal, dishonest or fraudulent act.

With regard to everything considered hitherto, 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 acknowledged the proposal from the Directors;

RESOLVED

- a) to authorise the Board of Directors to proceed with the renewal of the Directors & Officers Liability insurance policy, in accordance with the terms and conditions illustrated above;
- b) to grant to the Board of Directors and, acting on its behalf, the Vice Chairman and Chief Executive Officer, the fullest powers necessary to renew the D&O policy and, in any case, to implement the above resolution, including through the use of representatives;

- c) to assign to the Board of Directors – until the expiry of the relative mandate, that is, on the approval of the financial statements at 31 December 2022 – the task of proceeding with further renewals of the Directors & Officers Liability insurance policy, in accordance with the terms and conditions prevailing on the insurance market during the course of the mandate and always in line with the remuneration policy adopted by the Company.”