



**Pirelli & C. S.p.A.**

**Report on the Corporate Governance and Share  
Ownership of Pirelli & C. S.p.A.**

Pursuant to art. 123-*bis* of TUF  
(traditional model of administration and control)

Report approved by the Board of Directors of Pirelli & C. S.p.A. on 31 March 2021 in relation to the year ended on 31 December 2020.

## GLOSSARY

**Annual General Meeting:** the meeting called to approve the financial statements as at 31 December 2020.

**Camfin:** Camfin S.p.A., a company established under Italian law controlled by Marco Tronchetti Provera through MTP&C, with registered office at Via Larga n. 2, Milan, VAT number, Tax Code and registration number with the Milan-Monza Brianza-Lodi Register of Companies 00795290154.

**ChemChina:** China National Chemical Corporation Limited, a company established under Chinese law (state owned enterprise or SOE) with registered offices at 62 West Beisihuan Road, Haidian district, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 100000000038808. ChemChina, also through CNRC, SPV HK1, SPV HK2, SPV Lux and MPI Italy indirectly controls the Company pursuant to art. 93 of the TUF.

**CNRC:** China National Tire & Rubber Corporation Ltd., a company established under Chinese law with registered offices at 62 West Beisihuan Road, Haidian district, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 100000000008065.

**Corporate Governance Code:** the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

**Civil Code:** The Italian Civil Code.

**Board of Directors:** the Board of Directors of Pirelli & C. S.p.A.

**Consob:** the National Commission for Companies and the Stock Exchange.

**Report date:** indicates 31 March 2021, the date on which the Board of Directors approved this Report.

**First Trading Day:** 4 October 2017, being the date on which the shares of the Company were admitted to trading on the MTA market organised and managed by Borsa Italiana S.p.A.

**Year:** the financial year to which this Report relates.

**Group:** collectively Pirelli and its subsidiaries, as defined in art. 2359 of the Civil Code and art. 93 of the TUF.

**IPO:** the procedure for the listing of Pirelli shares completed in October 2017 with the start of trading on the MTA.

**Longmarch:** Longmarch Holding S.à.r.l., a limited liability company established under Luxembourg law, with registered office at 14 Rue Edward Steichen, 2540, Luxembourg (Grand Duchy of Luxembourg).

**LTI:** Tacticum Investments S.A., a company established under Luxembourg law with its registered office at 51, Boulevard Grand Duchesse Charlotte, L-2330, Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg Trade and Companies Register under No. B-187332.

**MTA:** Electronic share market organised and managed by Borsa Italiana S.p.A.

**Marco Polo:** Marco Polo International Italy S.p.A., a company established under Italian law with registered offices at via San Primo 4, Milan, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 09052130961; the company was terminated when the Marco Polo demerger took place.

**MPI Italy:** Marco Polo International Italy S.r.l., a company established under Italian law indirectly controlled by ChemChina with registered offices at via San Primo 4, Milan, Tax Code, VAT and Milan Companies Register number 10449990968.

**MTP&C:** Marco Tronchetti Provera & C. S.p.A., a company established under Italian law with registered offices at via Bicocca degli Arcimboldi 3, Milan, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 11963760159.

**New Corporate Governance Code:** the new edition of the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee and to be applied from 1 January 2021 with information to be reported in the Corporate Governance Reports to be published during 2022.

**Renewal of the Shareholders' Agreement:** the agreement entered into force on 1 August 2019 between ChemChina, CNRC, SRF, SPV HK 1, SPV HK 2, SPV Lux, MPI Italy, MTP&C. with effect from 28 April 2020. The essential content of the Renewal of the Shareholders' Agreement, to which reference is made for further information, is available on the Website ([www.pirelli.com](http://www.pirelli.com)).

**PFQY:** PFQY S.r.l., a company established under Italian law, with registered office at via San Primo 4, Milan, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 11324920963.

**Pirelli:** Pirelli & C. S.p.A., a company established under Italian law with registered offices at viale Piero e Alberto Pirelli 25, Milan, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 00860340157.

**Pirelli International:** Pirelli International plc, a company established under UK law with registered offices in Derby Road, Burton on Trent (United Kingdom), registered with the Companies House of England and Wales, number 04108548.

**Pirelli Tyre:** Pirelli Tyre S.p.A., a company established under Italian law with registered offices at viale Piero e Alberto Pirelli 25, Milan, Milan-Monza Brianza-Lodi Companies Register number 07211330159.

**Board Regulation:** the Regulation, adopted by the Board of Directors of Pirelli & C. S.p.A. on 22 June 2020, which governs the methods of organisation and internal functioning of the Board itself, in line with the recommendations of the New Corporate Governance Code.

**Issuers' Regulation:** the Regulation approved by Consob resolution 11971/1999 (as amended) on the subject of issuers.

**Related-Parties Regulation:** the Regulation approved by Consob with resolution 17221 dated 12 March 2010 on Related-parties transactions, as last amended by resolution 21624 dated 10 December 2020.

**Report:** this report on corporate governance and the ownership structure prepared pursuant to art. 123-*bis* TUF.

**NFD Report:** the Report on Responsible Management of the Value Chain (which constitutes the consolidated Non-Financial disclosure pursuant to legislative decree No. 254, of 30 December 2016) drawn up by the Company in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) - Comprehensive option - and the principles of inclusiveness, materiality and compliance with the AA1000 APS.

**Remuneration Report:** the report prepared pursuant to art. 123-*ter* TUF.

**Website:** Pirelli's institutional website containing, among other things, information about the Company and can be reached at the domain [www.pirelli.com](http://www.pirelli.com).

**Company:** Pirelli & C.

**SPV HK1:** CNRC International Limited, limited company formed under the laws of Hong Kong (People's Republic of China), with registered offices at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton Rd TST KLN, Hong Kong (People's Republic of China), Hong Kong Companies Register number 2222516.

**SPV HK2:** CNRC International Holding (HK) Limited, limited company formed under the laws of Hong Kong (People's Republic of China), with registered offices at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China), Hong Kong Companies Register number 2228664.

**SPV Lux:** Fourteen Sundew S.à.r.l., Luxembourg limited company (*société à responsabilité limitée*) with registered offices at rue Robert Stümper 7A, L-2557, Luxembourg (Grand Duchy of Luxembourg), Luxembourg Companies and Commerce Register number B-195473.

**SRF:** Silk Road Fund Co., Ltd., a company established under Chinese law with registered offices at F210-F211, Winland International Finance Center Tower B, 7 Financial Street, Xicheng, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 100000000045300(4-1).

**Bylaws:** the Bylaws of Pirelli & C., available on the Website.

**TUF:** Legislative decree 58 of 24 February 1998, as subsequently amended (the Consolidated Law on Finance).

## INTRODUCTION

The Report presents the corporate governance system adopted by the Company. This system is consistent with the principles contained in the Corporate Governance Code as well as the New Corporate Governance Code, to which the Company has adhered<sup>1</sup>.

Pirelli is aware that an efficient corporate governance system is one of the essential elements for achieving the objective of sustainable value creation.<sup>2</sup>

### 1. COMPANY PROFILE

Pirelli, with about 30,500 employees and annual sales of over €4.3 billion in 2020, is one of the world's leading tyre manufacturers and accessory service providers, the only operator in the sector exclusively specialised in the consumer segment (car, motorbike and bicycle tyres), with a globally recognised brand. The Company has a distinctive positioning with regard to High Value tyres, which are manufactured to achieve the highest levels of performance, safety, quietness and road grip and are characterised by a high technological component and/or customisation (*i.e.* the so called  $\geq 18''$ , *Specialties*, *Super Specialties* and *Moto Premium* tyres). In addition, the Company currently occupies a leadership position in the *Car Prestige* tyres segment, with more than one-third of the global market in volume terms, and in the radial segment of the replacement market for motorcycle tyres. Pirelli is also the leader in Europe, China and Brazil, in the tyres market for Car  $\geq 18''$  and replacement market.

For a profile of the issuer see also the Company's website.

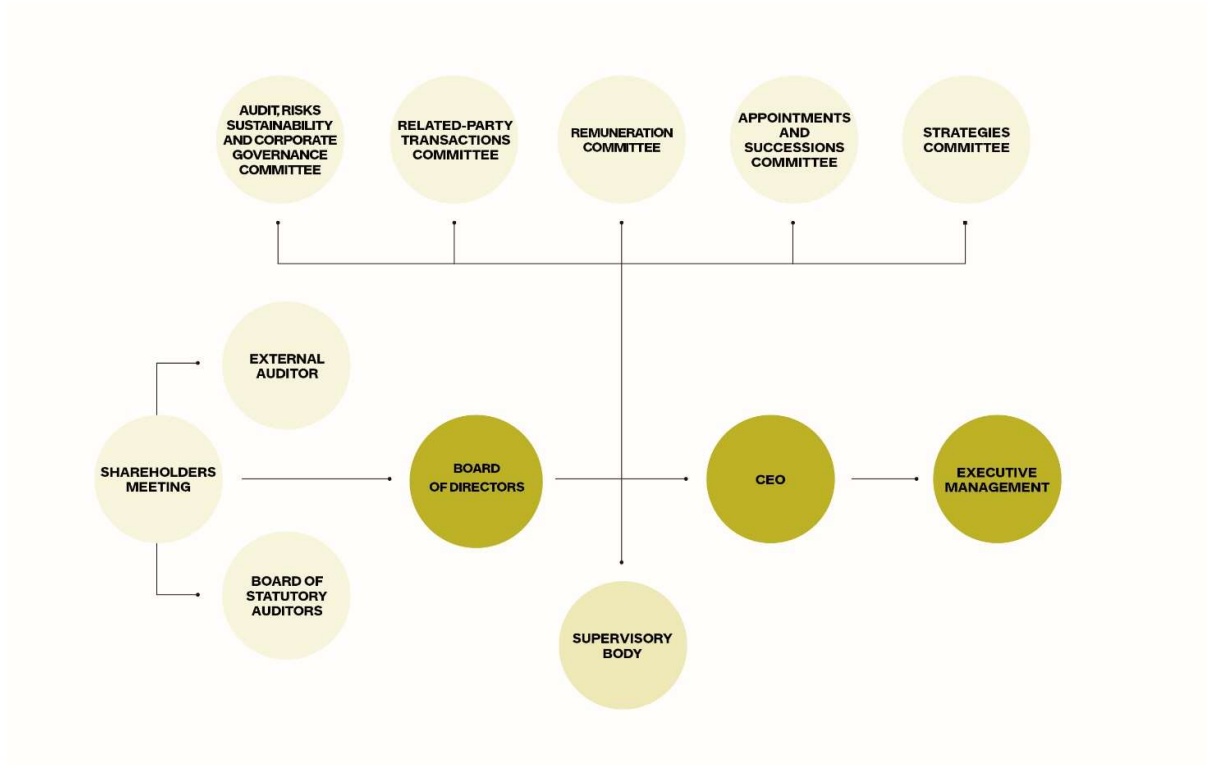
#### 1.1 MODEL OF CORPORATE GOVERNANCE

Pirelli adopts the traditional governance and control system. The following diagram summarises the Company's current governance structure.

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<sup>1</sup> Resolution of adhesion adopted by the Board of Directors with effect from 31 August 2017 with reference to the Corporate Governance Code; resolution of adhesion also to the New Corporate Governance Code adopted by the Board of Directors on 2 March 2020.

<sup>2</sup> To that end, the Bylaws state (Art. 3.3): "*Pirelli's corporate governance will be guided by international best practices.*"



The legal audit of the accounts is entrusted to PricewaterhouseCoopers S.p.A., an external auditing firm included in the register of accounting auditors.

## 1.2 DIVERSITY POLICIES

Pirelli is characterised by a multinational context in which people express a huge heritage of diversity. Conscious management of this diversity generates competitive advantages, opportunities for the development and enrichment of the business, and shared corporate values.

The respect of these values has always been guaranteed by the shareholders during the renewal of the Board of Directors - including the last renewal - in terms of age, gender, nationality, education and professional background and experience. This enables the Board to perform its duties in the most effective way, making use of the contributions made from different points of view, and to analyse individual situations from multiple perspectives.

On 14 February 2019, following the approval from the Audit, Risk, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee, the Board of Directors, adopted a statement on diversity and independence (the so-called Diversity and Independence Statement) in relation to the composition of the Board of Directors and the Board of Statutory Auditors. The Company recommends to respect these values when its own corporate bodies are being renewed or integrated, in line with the stated diversity and independence criteria. On 22 June 2020, on the occasion of the renewal of the Board of Directors, the newly elected Board of Directors

adopted the “Diversity and Independence Statement”, updated to take into account the recent regulatory changes on gender balance<sup>3</sup>.

The Board of Directors - which avails itself of the opinions expressed by the Audit, Risks, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee - is responsible for the quali-quantitative assessment of the composition of the Board itself and the possible updating and amendment of the Diversity and Independence Statement.

In addition to the administration, management and controlling bodies, the value of diversity characterises the entire business organisation, in accordance to the procedures and terms outlined in the NFD Report included in the Company’s annual financial statements, which should be referred to for further information.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE**

### **2.1 STRUCTURE OF SHARE CAPITAL**

On the Report Date, the issued share capital of Pirelli amounts to Euro 1,904,374,935.66 fully paid, and is represented by 1,000,000,000 ordinary shares without nominal value. Each share grants the right to one vote. There are no other categories of share.

On 14 December 2020, the Board of Directors resolved to place the bond Equity linked, named “EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025”, maturing on 22 December 2025 and reserved to institutional investors. The placement was made on 14 December 2020 and closed the following day, with pricing finalised on 15 December 2020. Subsequently, on 24 March 2021, the Company’s Shareholders’ Meeting resolved on:

- the convertibility of the aforementioned bond;
- the proposal to increase the share capital in cash, paid and in one or more tranches with the exclusion of pre-emptive rights for a maximum nominal amount, including any share premium, of €500,000,000 to be paid in one or more tranches through the issue of up to 80,192,461 ordinary shares (it being understood that the maximum number of Pirelli & C. ordinary shares may increase on the basis of the effective conversion ratio applicable from time to time) of the

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<sup>3</sup> Law No. 160 of 27 December 2019, effective as of 1 January 2020, amended art. 147-ter, paragraph 1-ter and Art. 148, paragraph 1-bis of the Consolidated Law on Financial Intermediation, introducing new rules on gender quotas for the composition of the corporate bodies of listed companies, establishing that such companies must ensure in their Bylaws that, for at least six consecutive terms, two-fifths of the elected Directors and Statutory Auditors are the expression of the least represented gender, without prejudice to the criterion of allocation of at least one-fifth provided for in Art. 2 of Law 120/2011 for the first renewal following the date of commencement of trading.



Company, having the same characteristics as the outstanding ordinary shares and reserved exclusively and irrevocably to the conversion of the bond.

The conversion price of the bonds is EUR 6.235<sup>4</sup>

On 18 December 2020, the bond in question was admitted to trading on the 'Third Market' (MTF) of the Vienna Stock Exchange.

Additionally, the Bylaws do not provide for the possibility of increased voting rights or the issue of shares with multiple voting rights.

## **2.2 SIGNIFICANT SHAREHOLDINGS OF CAPITAL**

The Company is indirectly controlled, pursuant to art. 93 of the TUF, by ChemChina through CNRC and other subsidiaries of the latter, including MPI Italy, which directly holds the shareholding in Pirelli.

Based on the communications received by the Company as at the Report Date pursuant to art. 120 TUF, or from other information available to the Company, the major direct and indirect shareholdings of Pirelli capital are indicated in Table 1, attached to this Report.

## **2.3 MANAGEMENT AND COORDINATION ACTIVITIES**

At the meeting of 31 August 2017, the Board of Directors acknowledged the termination of direction and coordination activities under art. 2497 et seq. of the Civil Code by Marco Polo, effective as of the First Trading Day, without prejudice to CNRC's right to include Pirelli within its own consolidation perimeter for accounting purposes. In particular the Board of Directors of Pirelli noted that, from the First Trading Day, Pirelli was no longer subject to any of the activities that typically constitute direction and coordination activities and, therefore, by way of example:

- Pirelli conducts relations with customers and suppliers in full autonomy without any external interference;
- Pirelli independently prepares the strategic, industrial, financial and/or budget plans of the Company or the Group;
- Pirelli is not subject to any group regulations;
- no organisational-functional link exists between Pirelli on the one hand and Marco Polo and the companies that control it on the other;

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<sup>4</sup> The conversion price is fixed subject to adjustment, and without prejudice to cases where the relevant conversion price will be calculated in the different manner indicated in the Bond Rules.

- Marco Polo, CNRC and/or ChemChina have not carried out any deeds, adopted any resolutions or made any communications that might cause reasonable belief that the decisions of Pirelli are in some way imposed or required by Marco Polo, CNRC and/or ChemChina;
- Marco Polo, CNRC and/or ChemChina do not centralise treasury management activities or other financial support or coordination functions;
- Marco Polo, CNRC and/or ChemChina do not issue directives or instructions – and in any case do not coordinate initiatives – concerning the financial and borrowing decisions of Pirelli;
- Marco Polo, CNRC and/or ChemChina do not issue directives regarding any special transactions carried out by Pirelli including, for example, the listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers, spin-offs etc.;
- Marco Polo, CNRC and/or ChemChina do not make any crucial decisions regarding the operating strategies of Pirelli or formulate group strategic guidelines.

The Board of Directors periodically retained the aforementioned assessments (also in relation to MPI Italy) and, most recently, in the meeting of 31 March 2021.

Conversely, Pirelli exercises direction and coordination activities on numerous subsidiaries, having made the communications required by art. 2497-*bis* of the Civil Code.

#### **2.4 RESTRICTIONS ON THE TRANSFER OF SECURITIES: SECURITIES THAT CARRY SPECIAL RIGHTS; EMPLOYEE SHARE OWNERSHIP: THE MECHANISM FOR EXERCISING VOTING RIGHTS; RESTRICTIONS ON VOTING RIGHTS**

The Bylaws do not impose any restrictions on the transferability of the shares issued by the Company.

No securities have been issued that carry special rights of control.

With regard to the shares owned by employees, there are no specific procedures or restrictions governing the exercise of their voting rights.

There are no mechanisms that restrict shareholders' voting rights, except for the terms and conditions governing the exercise of the right to attend and vote at the Shareholders' Meeting, as discussed in the following section 19 of the Report.

## 2.5 SHAREHOLDERS' AGREEMENTS

For more information on the provisions contained in the shareholders' agreements referred to herein, please refer to the relevant extracts available on the Website, published pursuant to art. 130 of the Issuers' Regulation.

The following is a brief summary of these agreements.

### 2.5.1. RENEWAL OF THE SHAREHOLDERS' AGREEMENT

On 28 April 2020, entered into force the agreement, expiring on 28 April 2023, signed on 1 August 2019 between ChemChina, CNRC, SPV HK1, SPV HK2, SPV LUX, MPI Italy, SRF, MTP&C and Camfin (the **"Shareholders' Agreement Renewal"**) to renew the shareholders' agreement concluded by ChemChina, CNRC, SRF, SPV HK1, SPV HK2, SPV Lux, Camfin, LTI and MTP&C on 28 July 2017 and intended to regulate the governance of Pirelli from the First Trading Date (the **"Shareholders' Agreement"**).

By signing the Shareholders' Agreement Renewal, the parties (i) reaffirmed the stability of the partnership between ChemChina/CNRC, SRF and Camfin/ MTP&C, in continuity and coherence with the governance principles already expressed in the Shareholders' Agreement aimed at preserving Pirelli's entrepreneurial culture by leveraging the long-term retention of management and inspired by the best international practice of listed companies (ii) confirmed the role of ChemChina and Camfin/ MTP&C as stable shareholders of Pirelli, with the latter retaining its current shareholding in Pirelli of more than 10% of the share capital for the entire duration of the Shareholders' Agreement Renewal; (iii) confirmed the central role played by Marco Tronchetti Provera, as Company's Executive Vice Chairman and Chief Executive Officer, (a) in guiding Pirelli's top management, ensuring the continuity of Pirelli's managerial culture, and (b) in appointing his successor, with the implementation of the succession procedure to be completed by October 2022 and, therefore, a few months before the renewal of the Board of Directors of Pirelli, scheduled for spring of 2023.

The Renewal of the Shareholders' Agreement contains some provisions regarding the composition of the Board of Directors and the Committees, which are described in the following section 4.2.

At the Report Date, MPI Italy, Camfin and PFQY (the latter as a result of the SPV Lux assignment that will be described in the following section) conferred to the agreement more than 56% of Pirelli's shares.

### 2.5.2. ACTING IN CONCERT

On 29 September 2020, as part of a broader reorganisation of the chain of control of MPI Italy, provided for by the previous shareholders' agreements signed by the parties<sup>5</sup> - which entailed, *inter alia*, the exclusion of SPV HK2 from the aforesaid chain of control (the "**Reorganisation**") – was finalised the partial non-proportional and asymmetrical demerger of MPI Italy in favour of PFQY. As a result, PFQY was assigned, *inter alia*, with no. 90,212,508 Pirelli shares, representing 9.02% of the share capital (the "**SPV Lux Assignment**"). Following the aforementioned demerger:

- the Equity Investment Agreement for Co-Involvement and Investment in Acquisition of Pirelli (the "**Investment Agreement**"), the Supplemental Agreement of the Investment Agreement, as subsequently amended on 28 April 2020, and the Second Supplemental Agreement of the Investment Agreement stipulated, respectively, on 5 June 2015, 28 July 2017 and 7 August 2018 between CNRC, CC and SRF have ceased all their effects ceasing the co-participation of CC and CNRC, on the one hand, and SRF, on the other hand, in Marco Polo and, consequently, having become SRF direct shareholder of Pirelli & C. S.p.A. through PFQY;

- the essential information pursuant to art. 130 of the Issuers' Regulation relating to the "Revised Acting-in-Concert Agreement", signed on 28 April 2020 between CNRC and SRF, which superseded and replaced the "Acting-in-Concert Agreement" signed on 28 July 2017 between the same parties, containing shareholders' agreements relating to Pirelli & C. S.p.A. pursuant to which SRF has assumed a lock-up commitment and a commitment to vote in Pirelli's shareholders' meetings according to the voting instructions of CNRC, in relation to a number of Pirelli shares deriving from the Assignment of SPV Lux, equal to 5% of Pirelli's share capital.

On 29 March 2021, Silk Road Fund Co., Ltd. and China National Tire & Rubber Corporation, Ltd signed the "Amended and Restated Acting-in-concert agreement", which supersedes and replaces the previous "Revised Acting-in-concert agreement" signed between the parties on 28 April 2020, in order to take into account in the shareholders' agreements the resolutions adopted by the Shareholders' Meeting of Pirelli & C. S.p.A on 24 March 2021 on the convertibility of the bond denominated "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025".

### 2.5.3. THE LONGMARCH AGREEMENT

On 13 May 2020, Camfin and Longmarch entered into an agreement (the "**Longmarch Agreement**") containing, *inter alia*, certain shareholders' agreement provisions with regard to a potential participation, pursuant to art. 119 of the Issuers' Regulation, consisting of a repurchase agreement concluded between Longmarch and ICBC Standard Bank Plc (the "**Repurchase Agreement**") and concerning Longmarch's right to repurchase a total number of 76,788,672 shares of Pirelli, equal to

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<sup>5</sup> See the previous Report on Corporate Governance and Share ownership Report 2019

approximately 7.68% of Pirelli's share capital (the "**Pirelli Shares Subject to the Repurchase Right**").

The Longmarch Agreement contains provisions concerning (i) the prior consultation and exercise of voting rights in the shareholders' meeting of Pirelli and, in particular, Longmarch assumed the following commitments: (a) to provide, as long as the Repurchase Agreement is in force (pursuant to which ICBC Standard Bank Plc ("**ICBC**"), during the term of the Agreement itself, is entrusted to exercise its voting rights in relation to the Pirelli Shares Subject to the Repurchase Right), ICBC with voting opinions and recommendations in accordance with the outcome of the discussions concluded between the Parties and, in case of disagreement, in accordance with the voting recommendations provided by Camfin and (b), following the purchase of the Pirelli Shares subject to the Repurchase Right by Longmarch, if occurred before 9 March 2023, to exercise the voting rights relating to such Pirelli Shares subject to the Repurchase Right in accordance with the outcome of the discussions concluded between the Parties and, in case of disagreement, in accordance with the voting recommendations provided by Camfin and (ii) the transfer of the Repurchase Agreement and the Pirelli Shares subject to the Repurchase Right.

Furthermore, except with Camfin's prior written consent, Longmarch agreed not to transfer or assign the Repurchase Agreement (including the related rights) or any of the Pirelli Shares subject to the Repurchase Right for a period of three years from the date of signing of the Longmarch Agreement.

As expressly provided for in the Longmarch Agreement, the provisions included therein (i) do not regulate, nor influence, nor have any impact whatsoever on the governance of Pirelli, and (ii) cannot in any way be considered connected or related to, nor have any effect and/or influence whatsoever on the shareholders' agreement on the Renewal of the Shareholders Agreement provided for in the prior section 2.5.1.

## **2.6 CHANGE OF CONTROL CLAUSES**

The most significant contracts containing clauses of this type are summarised below.

### **2.6.1 SYNDICATED LONG TERM LOAN**

On 13 June 2017, Pirelli, on the one hand, and Banca IMI S.p.A., J.P. Morgan Limited and The Bank of Tokyo-Mitsubishi UFJ, Ltd., on the other hand, in their role as mandated lead arrangers, bookrunners, underwriters and global coordinators, signed a mandate letter regarding the grant of an unsecured loan to Pirelli and Pirelli International (the "**Beneficiaries**") for a maximum total amount of EUR 4,200,000,000 (the "**New Loan**").

The loan agreement, entered into force on 27 June 2017 and concerning the New Loan (as subsequently amended), provides, *inter alia*, that the Beneficiaries shall repay early that part of the

New Loan made available by each lender upon the occurrence of certain events, including a changes in Pirelli's control structure.

In particular, this change of control clause may be invoked solely in one of the following circumstances: (i) ChemChina ceases to hold, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, more than 25% of Pirelli post IPO; or (ii) ChemChina ceases to be, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, the relative majority holder of the voting rights in Pirelli (i.e. ceases to hold more voting rights than other parties that act individually or together); or (iii) any other party (or parties acting together) appoints or removes the majority of the Board of Directors.

Any takeover by Camfin (or another company directly or indirectly controlled by Marco Tronchetti Provera or his close family members) as the parent company of Pirelli would not represent a change of control on condition that certain requirements are met, including the requirement for Marco Tronchetti Provera or a person designated by him to be the Chairman and the CEO of that company and CEO of Pirelli.

#### 2.6.2 PT EVOLUZIONE TYRES JOINT VENTURE

On 24 April 2012, Pirelli Tyre and PT Astra Otoparts tbk, an Indonesian company, signed a Joint Venture Agreement in relation to PT Evoluzione Tyres, an Indonesian company incorporated on 6 June 2012 and operating in the production of motorcycle tyres in the plant of Subang, West Java.

Pursuant to this contract, in the event of a change in the ownership structure of one of the shareholders that is deemed to be a change of control event, a put&call procedure could be activated that in the extreme case, might lead to the acquisition by Pirelli Tyre of the entire equity investment held by PT Astra Otoparts tbk in PT Evoluzione Tyres, with the consequent termination of the joint venture agreement.

#### 2.6.3 SUPPLY CONTRACT WITH BEKAERT

The Company has a contract for the supply of steelcord with Bekaert, to which the Company sold the steelcord business unit in 2014, also in consideration of the contractual peculiarities connected with the sale transaction.

The contract with Bekaert includes a change of control clause whereby Bekaert has the right, *inter alia*, to withdraw within 90 days after becoming aware of a situation in which a third party acquires control of Pirelli.

#### 2.6.4 EMTN PROGRAMME AND NOTES ISSUED IN 2018

On 21 December 2017, in order to ensure the constant optimisation of the financial structure of the Company, the Board of Directors (i) approved an EMTN programme (Euro Medium Term Note Programme) for the issue of non-convertible, senior unsecured bonds for a maximum amount of Euro 2 billion and (ii) in the context of that programme, authorised the issue by 31 January 2019 of one or more bonds to be placed with institutional investors for a maximum total amount of Euro 1 billion. This resolution was subsequently supplemented on 22 June 2018, increasing the existing authorisation by a further Euro 800 million - bringing the total amount to a maximum of Euro 1.8 billion - and extending its time horizon to 31 December 2019 (included).

It should be noted that pursuant to EMTN Programme, bondholders subscribing to bonds issued under this programme will be entitled to request early reimbursement of their securities (so-called "Put option") in case of a change of control event.

In particular, this change of control clause may be invoked solely in case of the following circumstances and unless there are specific cases permitted under the EMTN Programme: (i) ChemChina ceases to hold, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, more than 25% of Pirelli; or (ii) ChemChina ceases to be, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, the relative majority holder of the voting rights in Pirelli (i.e. ceases to hold more voting rights than other parties that act individually or together); or (iii) any other party (or parties acting together) appoints or removes the majority of the Board of Directors.

Any takeover by Camfin (or another company directly or indirectly controlled by Marco Tronchetti Provera or his close family members) as the parent company of Pirelli, in place of ChemChina, would not give rise to a change of control on condition that certain requirements are met, including the requirement for Marco Tronchetti Provera or a person designated by him to be the CEO of both that company and Pirelli.

Under the EMTN Programme, on 25 January 2018, Pirelli issued a new and unrated fixed-rate, bond for an original total nominal amount of €600 million (amount now reduced to €553 million following repurchases made by the Company on the market), with a 5-year maturity and named "*Pirelli & C. S.p.A. €600,000,000 1.375% Guaranteed Notes due 2023*". This bond is listed on the Luxembourg Stock Exchange.

The above-mentioned Change of Control clause is applicable to this new bond.

For the sake of completeness, please note that, on 26 March 2018, Pirelli issued a floating-rate, unrated, bond for a total nominal amount of €200 million maturing in September 2020 and named "*Pirelli & C. S.p.A. €200,000,000 Floating Rate Notes due 2020*". This loan has been fully repaid at maturity.

#### 2.6.5 SCHULDSCHEIN: MULTITRANCHE LOAN FOR A TOTAL OF EURO 525,000,000

On 26 July 2018, Pirelli concluded a “*schuldschein*” loan - guaranteed by Pirelli Tyre – for a total of €525 million (as subsequently amended, the “**Schuldschein**”), divided as follows: (i) Euro 82 million due in 2021 (fully repaid in advance in January 2021); (ii) Euro 423 million due in 2023; and (iii) Euro 20 million due in 2025.

The Schuldschein prescribes, *inter alia*, that Pirelli must repay the loan in advance, if certain events occur, including the case of a change in the control structures of Pirelli, according to terms and conditions that are the same as those of the EMTN Programme.

#### 2.6.6 BILATERAL LOAN WITH INTESA SANPAOLO

On 22 January 2019, the Board of Directors approved the stipulation by Pirelli of a medium-long term, variable rate loan of €600 million with Intesa Sanpaolo S.p.A., as lending bank, and Banca IMI S.p.A., as agent bank and organising bank (the “**Transaction**”).

The loan agreement, signed on 24 January 2019 in relation to the Transaction (as subsequently amended), provides, *inter alia*, that Pirelli is required to repay the Transaction early should certain events occur, including a change in Pirelli’s control structure.

In particular, the change of control clause may only be activated (and unless specific cases are allowed under the terms of the loan agreement) if any subject or subjects acting in concert, other than ChemChina, Camfin, MTP&C. (or any other company controlled by Marco Tronchetti Provera or by his close family members) and/or their subsidiaries and/or any person or persons acting/acting in concert with one of them should (a) hold the relative majority of votes in Pirelli; and (b) appoint or removes the majority of the members of the Board of Directors of Pirelli.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or one or more of his close family members) participates, directly or indirectly, in the control of Pirelli entitled, by virtue of contractual agreement, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.7 LICENCE AGREEMENT WITH AEOLUS

On 28 June 2016, Pirelli Tyre concluded an agreement (subsequently amended on 31 January 2019) with Aeolus Tyre Co. Ltd, to licence patents and know-how for the production and sale of industrial tyres that expires on 31 December 2030, with automatic renewal unless terminated by the parties. Pursuant to the agreement, either party has the right to terminate the agreement in advance, by



notice to the other party, if CNRC should cease to be, directly or indirectly, the single largest shareholder of Pirelli.

#### 2.6.8 BILATERAL LOAN WITH MEDIOBANCA

On 1 August 2019, the Board of Directors approved the stipulation by Pirelli of a two-year, variable rate loan of €125 million with Mediobanca - Banca di Credito Finanziario S.p.A. (the “**Loan**”).

The loan agreement, signed on 2 August 2019, provides, *inter alia*, that Pirelli must repay the Loan early should certain events occur, including a change in Pirelli’s control structure.

In particular, the change of control may only be activated (and unless specific cases are allowed under the terms of the loan agreement) in case that any subject or subjects acting in concert, other than ChemChina, Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or his close family members) and/or their subsidiaries and/or any person or persons acting/acting in concert with one of them should (a) hold a relative majority of the votes in the share capital of the Company; and (b) appoint or remove the majority of the members of the Board of Directors of Pirelli.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his close family members) participates, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.9 EUR 800 MILLION ‘SUSTAINABLE’ CREDIT LINE

On 31 March 2020, Pirelli signed with a pool of leading Italian and international banks a new Euro 800 million credit line, guaranteed by Pirelli Tyre due in five years. The new credit line is entirely ‘sustainable’, and it is geared towards economic and environmental sustainability objectives.

The loan agreement relating to this new loan provides, *inter alia*, that Pirelli must repay early the part made available by each lender should certain events occur, including a change in Pirelli’s control structure.

In particular, the change of control may only be activated (and unless specific cases are allowed under the terms of the loan agreement) in case that any subject or subjects acting in concert, other than ChemChina, Camfin, MTP&C. (or any other company controlled by Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting/acting in concert with any of them, should (a) hold the relative majority of votes in Pirelli; and (b) appoint or remove the majority of the members of the Board of Directors of Pirelli.

For the sake of clarity, the loan agreement provides that there will be no change of control if Camfin, Marco Tronchetti Provera & C. (or any other company controlled by Marco Tronchetti Provera or one

or more of his family members) participates, directly or indirectly, in the control of Pirelli or has the right, directly or indirectly, individually or in concert with one or more persons, to designate the CEO of Pirelli.

#### 2.6.10 "EUR 500 MILLION SENIOR UNSECURED GUARANTEED EQUITY-LINKED BONDS DUE 2025" EQUITY-LINKED BOND LOAN

On 22 December 2020, Pirelli & C. S.p.A. completed the placement of an equity-linked bond, reserved to institutional investors, with a nominal amount of Euro 500,000,000, maturing on 22 December 2025, called "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025" and guaranteed by Pirelli Tyre S.p.A.. The bonds were admitted to trading on the Vienna MTF, a multilateral trading system operated by the Vienna Stock Exchange.

The bonds, interest-free, as resolved by the shareholders' meeting of 24 March 2021, will be convertible into ordinary shares of Pirelli & C. S.p.A., subject to the approval by the latter's extraordinary shareholders' meeting of a capital increase, with the exclusion of pre-emptive rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, to be reserved exclusively to the conversion of the aforementioned bonds.

The rules governing the loan, contained in the Trust Deed, that includes the Terms & Conditions (the "**Regulation**"), provide, *inter alia*, that, during the period of time set out in the Regulation, each bondholder will be granted, at his discretion, in case of a change of control of the Company (so-called "*change of control*") or if the free-float of the Company's ordinary shares (calculated in accordance with the Regulation) drops below a certain threshold and remains at that level for a certain number of trading days from the first day on which it fell below that threshold (so-called "*free float event*"), either (i) the right to request early redemption at par value of the bonds, by exercising a put option or (ii) the recognition of a new conversion price (if necessary also in the form of settlement according to the mechanism of the so-called *cash settlement amount*), lower than the original and based on the time elapsing between the event and the maturity of the bonds; all according to the terms and procedures identified in the Regulation.

In particular, the change of control may only be activated (and unless specific cases are allowed under the terms of the loan agreement) in case that any subject, other than ChemChina, Sinochem Group, Silk Road Fund, Camfin, MTP&C. (or any other company controlled by Marco Tronchetti Provera or any of his family members) and/or their subsidiaries and/or any person or persons acting in concert with any of them, acquires the absolute majority of the voting shares following a public offering to the shareholders and, as a result, has or controls the absolute majority of the voting rights in Pirelli, or if any person or persons acting in concert, other than ChemChina, Sinochem Group, Silk Road Fund or Camfin, MTP&C., or any other company controlled by Marco Tronchetti Provera or his family members, and/or by their subsidiaries and/or by any subject or subjects acting/acting in concert with the latter, holds/hold or controls/control the absolute majority of the voting rights in Pirelli.

For the sake of clarity, the loan agreement provides that there will be no change of control if that Camfin, MTP&C. (or any other company controlled by Marco Tronchetti Provera or one or more of his family members) participates, directly or indirectly, in the control of Pirelli or has the right, directly or indirectly, individually or in concert with one or more persons, to designate the CEO of Pirelli.

\* \* \*

For the sake of completeness, please note that, in addition to the foregoing, as is customary in the commercial sector, certain companies belonging to the Pirelli Group have entered into contracts containing a change of control clause concerning only the participation held, directly or indirectly, by Pirelli in them. In particular, it should be noted that, under the terms of certain local loans, any change of control of Pirelli could potentially trigger, in the absence of appropriate liability management initiatives, the early repayment of the related amount disbursed locally and - in certain remote circumstances - have a “cascading” effect on the central loan agreements, thus entailing the early repayment of the related amounts disbursed at Group level due to the usual cross default/acceleration clauses provided therein.

## **2.7 CLAUSES IN THE BYLAWS ABOUT PUBLIC OFFERS**

The Bylaws do not provide for exceptions to the provisions regarding the passivity rule, or application of the neutralisation rule set out in art. 104-*bis* TUF.

## **2.8 MANDATE TO INCREASE SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE OWN SHARES**

With regard to the financial year ended on 31 December 2020, the Directors were not granted to increase share capital for payment in one or more tranches, or to issue bonds convertible into ordinary or savings shares, or with warrants carrying the right to subscribe shares.

For completeness, please refer to section 2.1 for details on the capital increase approved by the Shareholders’ Meeting on 24 March 2021; in this context, the shareholders’ meeting gave a mandate to the Board of Directors - and, on its behalf, to the *pro tempore* legal representatives, also disjointly - to implement the resolved capital increase by determining, *inter alia*, from time to time, in compliance with the provisions of the Regulation (i) the exact issue price of the shares, as well as, as a result of the determination of the issue price, (ii) the exact number of shares to be issued, and thus the exact exchange ratio, as necessary for the purpose of the exact application of the provisions and criteria set forth in the Regulation; all of the above on the understanding that, if by the deadline of 31 December 2025 this capital increase is not fully subscribed, the share capital shall be deemed to be increased by an amount equal to the subscriptions received.

The Shareholders' Meeting of the Company did not authorise any purchase of own shares.

### **3. COMPLIANCE**

During the meeting held on 22 June 2020, the Board of Directors of Pirelli resolved to adhere to the Corporate Governance Code, as well as to the new edition of the New Corporate Governance Code, published on 31 January 2020 and effective from 1 January 2021, with information to be reported in the Corporate Governance Reports to be published during 2022, both of which are available to the public on the Corporate Governance Committee's website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

During the year and on the occasion of the entry into force of the New Corporate Governance Code, the Company examined, with the support of the Audit, Risk, Sustainability and Corporate Governance Committee, the contents of the new edition, assessing the potential impact on Pirelli's corporate governance system and identifying the areas of specific interest and possible interventions to adapt its corporate practices. The outcome of this analysis showed that the Company is already substantially in line with the principles and recommendations of the New Corporate Governance Code. The Board of Directors, during its meeting of 31 March 2021, took note of the changes introduced and reserved the right to evaluate, if necessary, adjustments to certain corporate practices of Pirelli. The Report has essentially been prepared using the Borsa Italiana format.

On the Report Date, Pirelli is not subject to any non-Italian laws that might influence the corporate governance structure of the Company.

## 4. BOARD OF DIRECTORS

### 4.1 APPOINTMENT AND REPLACEMENT OF DIRECTORS

<p>Appointment: 22 June 2020 Expiration date: 2022 Financial Statement approval</p> <p><b>Directors:</b> 14 <b>Executive director:</b> 1 <b>Independent directors:</b> 8</p>	<p><b>Board committees:</b> 5</p> <p>Strategies Committee - Appointments and Successions Committee - Related-Parties Transactions Committee - Remuneration Committee - Audit, Risks, Sustainability and Corporate Governance Committee</p>
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The provisions contained in the Bylaws, to which reference is made, regarding the appointment and replacement of directors are summarised below.

#### 4.1.1 APPOINTMENT AND REPLACEMENT<sup>6</sup>

Pursuant to art. 10 of the Bylaws, the Company is managed by a Board of Directors composed of a maximum of fifteen members, who remain in office for three years and who may be re-elected.

The Board of Directors is appointed on the basis of slates presented by the shareholders, in which the candidates must each be listed with a sequence number.

The slates presented by shareholders, signed by those submitting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Shareholders' Meeting called to resolve on the appointment of the Board members. These slates are made available to the public at the registered offices, on the Website and in other ways prescribed by Consob regulation, at least twenty-one days prior to the date of the Shareholders' Meeting.

Each shareholder may present or contribute to the presentation of just one slate and each candidate may be included in just one slate, subject otherwise to becoming ineligible.

Shareholders are only entitled to present slates if, alone or together with other shareholders, they own shares in total representing at least 1% of the share capital entitled to vote at an ordinary Shareholders' Meeting, or any lower amount specified in the applicable regulations, with the

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<sup>6</sup> This paragraph contains the information required by Article 123-bis, paragraph 1, letter l) of the TUF (concerning "the rules applicable to the appointment and replacement of directors [...] as well as to the amendment of the articles of association, if different from the laws and regulations applicable in addition").

obligation to evidence their ownership of the number of shares needed for the presentation of slates by the deadline envisaged for the publication of such slates by the Company.

Each slate filed must be accompanied by acceptances of nomination and declarations from each candidate confirming, under their own responsibility, that there are no reasons making them ineligible for or incompatible with the role, and that they satisfy any requirements established for the role concerned. These declarations must be accompanied by the *curriculum vitae* of each candidate, describing their personal and professional characteristics, indicating the administration and control appointments held by them in other companies and confirming their satisfaction of the independence requirements envisaged for the directors of listed companies by law or by the code of conduct adopted by the Company. In order to ensure gender balance, slates containing three candidates must include candidates of different genders, while lists containing four or more candidates must include a number of candidates of different genders that at least satisfies the minimum required by law, as specified in the notice of call of the Shareholders' Meeting<sup>7</sup>. Any changes arising prior to the actual date of the Meeting must be promptly notified to the Company.

Any slates presented that do not comply with the above instructions will be treated as if not presented.

Each party entitled to vote may only vote for one slate.

The Board of Directors is appointed as follows:

- a) four-fifths of the directors to be elected are drawn from the slate that obtains the majority of the votes expressed by the shareholders, rounded down to the nearest whole number in the case of a fractional number;
- b) the remaining directors are drawn from the other slates, using the quotient method described in the Bylaws.

Should several candidates obtain the same quota, the candidate elected will be drawn from the slate that has not yet elected a director or that has elected the minor number of directors.

If none of those slates has elected a director yet or all of them have elected the same number of directors, the candidate elected will be drawn from the slate that obtains the largest number of votes. In the event of a voting tie, again with more than one candidate obtaining the same quota, the Shareholders' Meeting will vote again and the candidate who receives the largest number of votes will be elected.

If only one slate is presented, all the directors will be elected from that slate.

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<sup>7</sup> The article was brought into line with the new legislation on gender quotas in the composition of corporate bodies (Law No. 160 of 27 December 2019, in force as of 1 January 2020) at the Shareholders' Meeting that approved the Financial Statements as at 31 December 2019.

Should application of the slate voting mechanism not ensure the minimum number of directors belonging to the less represented gender set out by applicable law, the candidate belonging to the most represented gender and elected, indicated in the slate that obtained the largest number of votes, shall be replaced by the first candidate belonging to the less represented gender not already elected, drawn from that slate pursuant to the sequential order of presentation and so on, for each slate (solely for slates that contain three or more candidates) until the minimum number of directors belonging to the less represented gender has been obtained. If the above procedure does not ensure the result specified above, the replacement shall be made by resolution of the Shareholders' Meeting, adopted by the relative majority of the votes expressed, following presentation of the candidacies of persons belonging to the less represented gender.

Should application of the slate voting mechanism not obtain the minimum number of independent directors envisaged by applicable law, the non-independent candidate elected indicated with the highest progressive number in the slate that obtained the largest number of votes shall be replaced by the first independent candidate not already elected from that slate following the sequential order of presentation, and so on for each slate until the minimum number of independent directors has been obtained, in all cases in compliance with the applicable law governing gender balance.

Loss of the independence requirements by a director is not a cause of removal if the number of directors still in possession of the legal independence requirements is not lower than the minimum specified by the laws and/or regulations in force.

For the appointment of directors who, for any reason, were not appointed in accordance with the slate voting mechanism, the Shareholders' Meeting shall adopt resolutions with the majorities required by law, without prejudice in all cases to compliance with the independence and gender balance requirements.

Should one or more directors cease to hold office during the financial year, they shall be replaced pursuant to art. 2386 of the Civil Code, without prejudice in any event to respect for the legislation on gender balance and the independence of the directors.

#### 4.1.2 SUCCESSION PLANS

As provided in the Renewal of the Shareholders' Agreement and even earlier in the Shareholders' Agreement, in order to ensure continuity in Pirelli's corporate culture, Marco Tronchetti Provera has been granted with a leading role in the procedure to identify his successor as the CEO of Pirelli.

On 26 July 2019, the Board of Directors of Pirelli detailed the procedure for the succession of Marco Tronchetti Provera in relation to the position that he currently holds (the "**Succession Procedure**"). In particular, the Pirelli's Executive Vice Chairman and Chief Executive Officer will continue and complete the procedures for identify his successor by 31 October 2022 in order to allow for a smooth transition. If: (i) Marco Tronchetti Provera does not specify a candidate for the Appointments and Successions Committee or (ii) Marco Tronchetti Provera is for any reason unable to complete the aforementioned activities and the member designated by MTP&C in the Appointments and

Successions Committee, as specified by MTP&C, does not specify a candidate to the Appointments and Successions Committee, the foregoing provisions will cease to be effective and, as a result, CNRC may freely choose and propose its own successor candidate and include that candidate in the list for the appointment of Pirelli's new Board of Directors.

Following the completion of the succession procedure referred to above and the identification of the candidate, CNRC (and MTP&C to the extent possible) must (i) ensure that Pirelli's shareholders' meeting for the approval of the financial statements at 31 December 2022 and for the appointment of the new Board of Directors takes place before the end of the third year following publication of the notice of call issued for the Pirelli shareholders' meeting for the approval of the Company's financial statements at 31 December 2019, (ii) include the proposed candidate on the list for appointment of Pirelli's new Board of Directors and (iii) ensure, to the extent possible, that the non-independent directors vote at the first board meeting – to be held by the aforementioned deadline – for the proposed candidate as Pirelli's new Chief Executive Officer. The procedure for the succession of Marco Tronchetti Provera was finally confirmed and adopted by the newly elected Board of Directors on 22 June 2020.

## **4.2 COMPOSITION**

The Board of Directors in charge at the Report Date was appointed by the Shareholders' Meeting held on 22 June 2020 and reflects the terms of the Renewal of the Shareholders' Agreement.

In addition, following the resignation of Carlo Secchi from the position of Director of the Company on 31 July 2020 with effect from the approval of the half-yearly financial report on 30 June 2020, the Board of Directors, on 5 August 2020, co-opted, pursuant to art. 2386 of the Italian Civil Code, a new director, Angelos Papadimitriou, also appointing him as a member of the Strategies Committee. Following the consensual termination of the employment relationship with Angelos Papadimitriou, with effect from 28 February 2021, he retained the positions of Director and member of the Strategies Committee. Subsequently, taking into account the proposal of the Executive Vice Chairman and CEO, Marco Tronchetti Provera, shared with the Appointments and Successions Committee, about appointing, reporting directly to him, Giorgio Luca Bruno as Deputy-CEO of Pirelli, in occasion of the Shareholders' Meeting on financial statements of 15 June 2021, Angelos Papadimitriou gave up the charge (withdrawing his candidacy) for the confirmation as a director that was supposed to be on the agenda of the Shareholders' Meeting scheduled on 24 March 2021. For this reason, the Shareholders' Meeting did not resolve on this matter; consequently a seat is now vacant.

In light of the above, the Board of Directors, as of the Report Date, consists of 14 members (a seat is vacant). In particular:

- Chairman Ning Gaoning, Marco Tronchetti Provera, Yang Xingqiang, Bai Xinping, Tao Haisu, Zhang Haitao, Domenico De Sole, Marisa Pappalardo, Giovanni Tronchetti Provera, Fan Xiaohua and Wei Yintao were appointed on the basis of the slate submitted by MPI Italy S.r.l.



together with Camfin, which obtained approximately 87% of the votes of the share capital represented at the Shareholders' Meeting;

- the Directors Giovanni Lo Storto, Roberto Diacetti and Paola Boromei were appointed on the basis of a slate submitted by a group of asset management companies and institutional investors that obtained approximately 13% of the votes of the share capital represented at the Shareholders' Meeting.

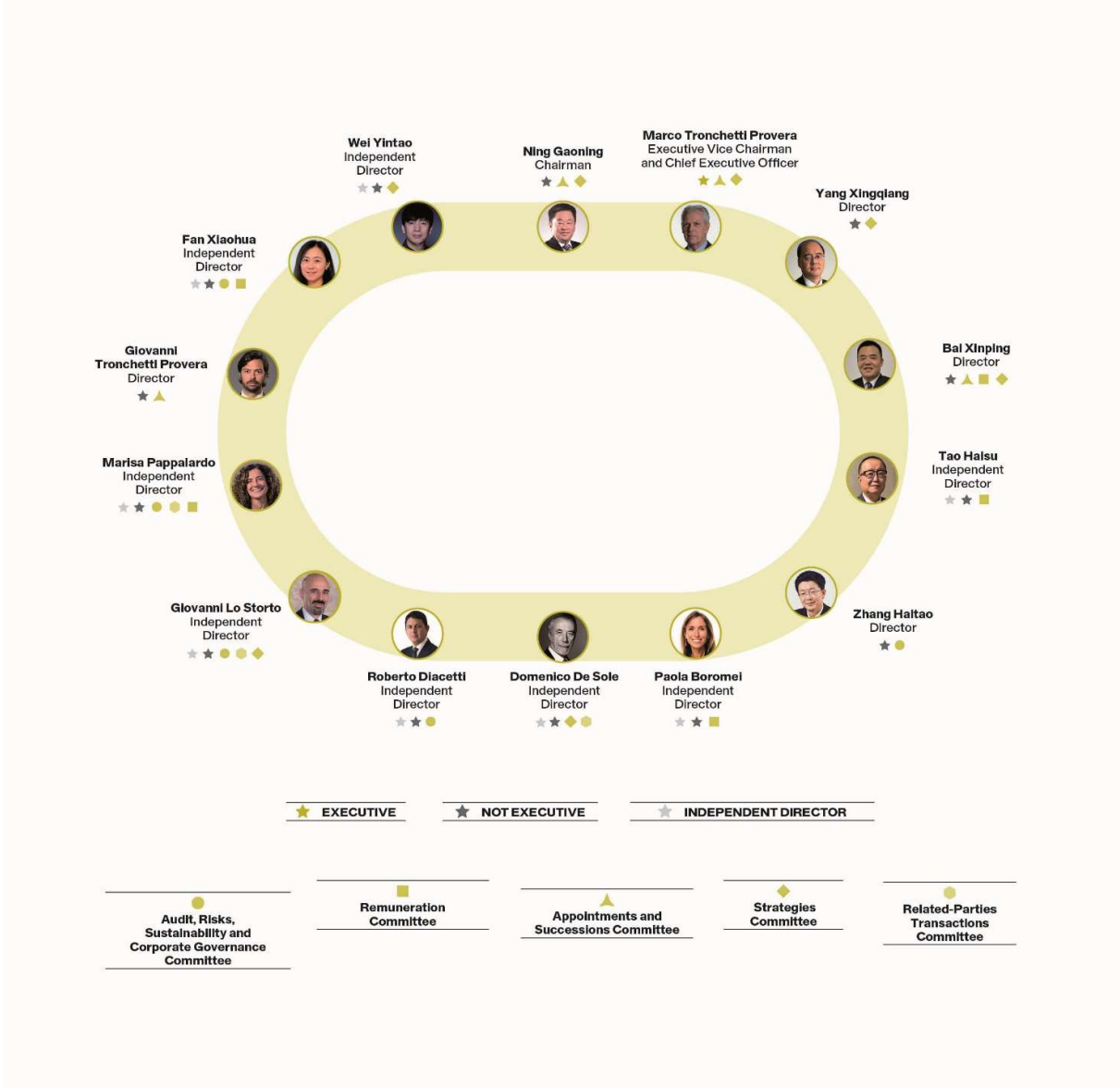
At the Report Date, 21.4% of the Board members are female and the remaining 78.6% are male. In addition, about 64.3% of the directors are over 50 years old and the remaining, about 35.7%, are between 30 and 49 years of age. The average age of the members of the Board is approximately 55 years of age with an average age of the female gender of about 50 years of age. The average Directors' time in office is about 3 years and a half<sup>8</sup>.

The attached Table 2 provides the relevant information on each member of the Board of Directors in office at the Report Date. In addition, a summary of their professional profiles is available on the Website.

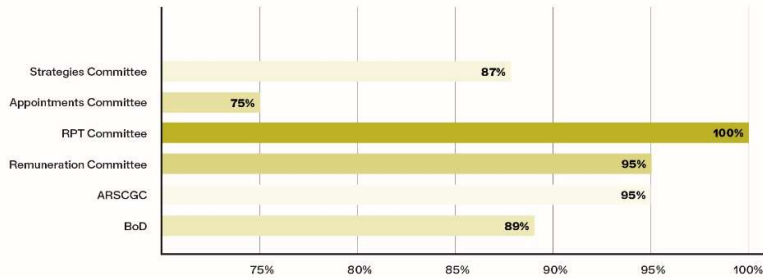
The following charts illustrate (i) the composition of the Board of Directors of the Company at the Report Date (it should be noted that there have been no changes in the composition of the Board of Directors from the end of the Year to the Report Date), in addition to (ii) the average length of the meeting, (iii) the average percentage of attendance and (iv) the number of meetings of the Board of Directors and each Committee during the Year.

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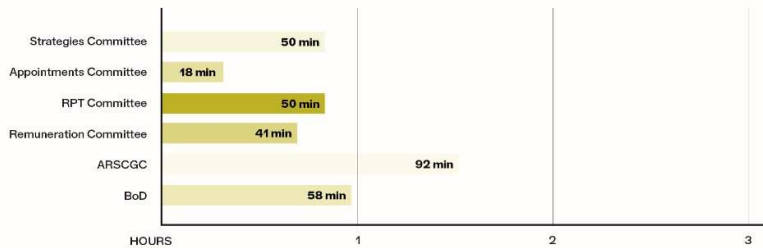
<sup>8</sup> It should be noted that for the purposes of calculating the *tenure* of the Board, the date of first appointment shown in Table 2 has been taken into account for each Director.



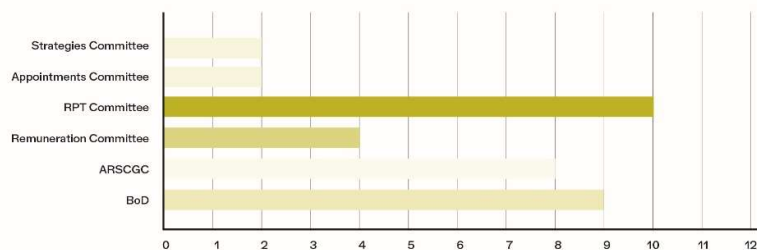
**AVERAGE PERCENTAGE OF ATTENDANCE TO THE MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES**



**AVERAGE LENGTH OF MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES**



**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES**



**4.3 LIMITATIONS ON THE NUMBER OF OFFICES HELD**

The Board of Directors considers vital that the role of Director is held by subjects able to dedicate the necessary time to the diligent execution of the duties inherent to this office. In line with the above, on 14 February 2019, the Board of Directors, having obtained the favourable opinion of the Audit, Risk, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee, resolved to reduce the maximum number of offices considered compatible with the office of director of the Company from five to four, thereby revising in an even more restrictive sense its previous orientation on the matter.

In particular, pursuant to the policy recently adopted by the Board of Directors, it is therefore not considered compatible with the duties of a director of the Company to be a director or statutory auditor of more than four other companies other than those subject to the direction and coordination of the Company, or its subsidiaries or affiliates, in case of (i) companies listed on the FTSE/MIB index (or equivalent foreign index) or (ii) Italian or foreign companies, subject to the supervision of the competent authorities, that carry out financial, banking or insurance activities; furthermore, it is not considered compatible for the same director to hold more than three executive positions in companies of the types indicated in points (i) and (ii) above.

Positions held in several companies belonging to the same group are considered to be a single position and an executive position prevails over a non-executive position.

The Board of Directors is entitled to make a different assessment, properly motivated, to be published in the Report and explained appropriately therein.

The policy on the maximum number of offices considered compatible with effective performance as a director of the Company was last confirmed by the Board of Directors on 22 June 2020.

Following review by the Audit, Risks, Sustainability and Corporate Governance Committee, each year the Board of Directors examines the positions held by each Director (based on the information provided by that person and/or on the other information available to the Company). At the Report Date, no Director holds a number of offices higher than the number set out in the policy adopted by the Company on 14 February 2019.

Annex A indicates the principal appointments held by the Directors in companies that do not belong to the Group at the Report Date.

#### **4.4 INDUCTION PROGRAM**

The Directors perform their duties autonomously and with competence, pursuing the priority objective of creating sustainable value over the medium to long term. They are aware of the responsibilities pertaining to their role and, like the Statutory Auditors, they are kept periodically informed by the competent business functions about the principal regulatory and self-regulatory changes affecting the Company and the performance of their duties.

During the Financial Year, induction initiatives were arranged, also with the support of top management and taking into account the recent renewal of the Board of Directors during the Financial Year, an illustration of the main characteristics of the business of Pirelli and its Group and (also through the work of the committees) of the applicable legislative and regulatory framework and the specific procedures and disciplines adopted by the Company.

Specific initiatives undertaken during the year included induction activities concerning (i) internal organisation, on the one hand, and (ii) compensation and benefits and communication and brand image matters, on the other. In addition, a third induction session was held in January 2021,

concerning sustainability and cyber security matters. In this context, Directors had the opportunity to have direct debate with the Company's key managers (who as a rule normally attend the meetings of the Board of Directors and the committees).

#### 4.5 **ROLE OF THE BOARD OF DIRECTORS**

The Board of Directors plays a central role in the guidance and management of the Company. Pursuant to art. 11 of the Bylaws, the Board of Directors manages the business and, for this purpose, exercises all the widest powers of management, except for those reserved by law or the Bylaws to the Shareholders' Meeting.

##### 4.5.1 OPERATION OF THE BOARD OF DIRECTORS

Meetings of the Board of Directors are called by the Chairman or his deputy and held at the registered offices, or in any another location specified in the notice of call, whenever deemed appropriate by the Chairman in the interests of the Company, or when requested in writing by the Chief Executive Officer or by one-fifth of the appointed Directors. Meetings of the Board of Directors may also be called by the Board of Statutory Auditors, or by each standing auditor, following notification sent to the Chairman of the Board of Directors.

During the Year, the Board of Directors in office at the Report Date met nine times. The average duration of each meeting was about 60 minutes, with attendance by around 89% of the Directors and 97% of the Independent Directors. The Independent Directors had the opportunity to hold informal meetings as described in the preceding section.

For the 2020 financial year, and for the current year, Pirelli released a calendar of the main corporate events to the market<sup>9</sup> (also available on the Website). For the 2021 financial year, the Board scheduled to meet at least 7 times (at the Report Date, 3 meetings have already been held, one of which is not included in the Calendar).

The organisation of the Board of Directors and the internal operation is governed by the Regulations on the functioning of the Board of Directors which were adopted on 22 June 2020 in line with the recommendations of the New Corporate Governance Code ("**Board Regulations**")<sup>10</sup>. The Board Regulations identify the deadlines for the prior sending of the information and the protection ways of the confidentiality of data and information provided in order not to prejudice the timeliness and completeness of the information flows.

The Directors and Statutory Auditors, in line with the provisions of the Board Regulations, received at a notice deemed to be congruous and adequate the documentation and information necessary to

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<sup>9</sup> As a rule, dissemination takes place in November/December.

<sup>10</sup> The full text of the Rules on the Functioning of the Board of Directors is available on the Website.

express an informed opinion on the matters submitted to their examination. As a general rule, the documents to be examined by the Board and the Committees are sent within ten days before the meeting, unless specific situations do not allow this, in which case the documents are sent as soon as they are available. In the limited and exceptional cases in which documentation could not be transmitted so far in advance (or was transmitted closer to the meeting), full information on the issue to be considered was provided directly during the meeting, thus ensuring that the Directors could make informed decisions. Particular attention is paid to ensuring that information remains confidential, by sending the documentation relating to the activities of the board and its committees using specific software that guarantees that access is reserved to the directors and statutory auditors only. This is in line with best practice and with the recommendations of the Italian Corporate Governance Committee.

Taking account of the international composition of the Board of Directors, with the presence of different nationalities, it is also the Company's practice to proceed to send the documents to be considered by the Board and its Committees in the three languages (Italian, English and Chinese) commonly used by the Directors. Furthermore, for each meeting of the Board of Directors and Committees, participants are able to use a simultaneous translation of interventions made in the three aforementioned languages.

In order to facilitate the taking of minutes, a recording of the Board meetings is provided for, with subsequent destruction of the recording once the minutes have been transcribed into the relevant corporate book.

If the Chairman is absent, unable to attend or at the request of the Chairman, the meeting is chaired, by the Vice Chairman, the Chief Executive Officer, if appointed; if the latter is absent or unable to attend, the meeting is chaired by another Director appointed by the majority of those present.

For the resolutions of the Board of Directors to be valid, a majority of its members must be present, and resolutions must obtain a majority of the votes expressed.

Also in compliance with the recommendations of the Corporate Governance Code, the increase in directors' knowledge of the Company and Group's situation and dynamics is also favoured through the systematic participation of the Company's top management to the meetings of the Board, which contributes to providing the appropriate in-depth analysis of the topics on the agenda.

The Bylaws provide that, until a contrary resolution of the Shareholders' Meeting, the directors are not subject to the prohibition of art. 2390 of the Civil Code. Furthermore, with the approval of the Board Regulations and in line with the recommendations of the New Corporate Governance Code, the Secretary is appointed by the Board of Directors, which also assesses the existence of adequate professional requirements. The Secretary supports the activities of the Chairman and/or Vice Chairman and provides, with impartial judgement, assistance and advice to the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system. In particular,

the Secretary supports the Chairman and/or Vice Chairman of the Board of Directors, so as to ensure that:

- a) the pre-meeting information is accurate, complete and clear and the additional information provided at meetings is adequate to enable directors to act in an informed manner;
- b) the activities of the Board committees are coordinated with the activities of the Board of Directors;
- c) the top management of the Company and of the companies of the same Group, as well as the heads of company departments, may attend Board meetings in order to provide appropriate information on the items on the agenda;
- d) all Directors may participate, after their appointment and during their term of office, in specific induction activities;
- e) the self-assessment process is adequate and transparent.

During the financial year, the Board of Directors started the process of evaluation of its operation and the operation of its Committees (board performance evaluation) for the 2020 financial year. For the purposes of the assessment process, the Board – in line with what was done on the previous financial year – was also supported by the assistance of a primary independent consulting firm specialised in this area (SpencerStuart). The self-assessment process was carried out through individual interviews with questions about the size, composition and operation of the Board of Directors. All members of the Board of Directors participated in the self-assessment process.

The analysis of the results of the aforementioned board performance evaluation provided by SpencerStuart highlights a broadly positive situation. In fact, a very high overall level of appreciation was recorded, in line with the previous year. In particular, the Directors expressed their full satisfaction and appreciation with the size, composition and operation of the Board of Directors and its Committees. It was also highlighted that the Board operates in compliance with the Corporate Governance Code and Italian and international best practices. With regard to the operation of the Board and the Committees during 2020, the Board particularly appreciated the timely handling of the Covid-19 emergency and the efficiency in the management of Board meetings thanks to the well-established audio/video conferencing systems and the use of the document access portal. In addition, the areas of excellence already identified in the self-assessment activities carried out in the previous year were on the whole confirmed. The areas for which the greatest appreciation was recorded are outlined below:

- participation of management in the meetings of the Audit, Risk, Sustainability and Corporate Governance Committee;
- high quality of the documentation supporting the meetings of the Board of Directors and the Committees, sent in a timeframe deemed adequate;

- high quality of the minutes of the Board of Directors' and Committees' work, which are accurate and complete with respect to the course of the meetings;
- sharing of activities related to the materiality matrix;
- ability of the Related-Parties Transactions Committee to refer issues, when necessary, to the full Board for discussion;
- effectiveness of the support provided by the Council Secretary;
- appropriate frequency and duration of meetings.

Particular appreciation was expressed by the Directors regarding (i) the mix of competences, considered to be of an excellent level, since the Board is very rich in high-level managerial competences, business experience and strongly international profiles and (ii) the relationship with the management, characterised by openness, transparency and positivity.

The survey also revealed a number of indications for further improving the operation of the Board, including, in particular, the provision of informal meetings of directors and an appropriate balance of time devoted to presentation and debate during committee and board meetings, and the development of opportunities for informal meetings between directors, in order to foster real mutual understanding and further strengthen personal relations and team spirit.

Lastly, it should be noted that, in line with what happened in the previous year, the Audit, Risk, Sustainability and Corporate Governance Committee also played a leading role in the context of the board performance evaluation and shared the results, which were subsequently submitted to the Board of Directors, in the meeting of 22 March 2021.

#### 4.5.2 MATTERS FOR THE BOD

In accordance with the Bylaws, the Shareholders' Meeting requires a qualified majority (e.g. favourable votes by shareholders representing at least 90% of the share capital of the Company) for the Board to be authorised to resolve on the following issues:

- transfer of the operational and administrative headquarters outside of the municipality of Milan;
- any transfer and/or deed of disposition, in any form, of Pirelli know-how (including the granting of licences).

On 22 June 2020, the Board of Directors resolved that all resolution regarding the following matters, proposed by Pirelli and/or any company subject to Pirelli's direction and coordination (excluding



intergroup transactions), must be approved (as an internal restriction of the powers conferred the Chief Executive Officer on that date) by the Company's Board of Directors:

- (i) obtaining or granting loans for a value higher than EUR 200,000,000 and with duration of more than 12 months;
- (ii) issue of financial instruments to be listed on European or non-European regulated markets for a value higher than EUR 100,000,000 and/or their delisting;
- (iii) giving guarantees in favour or in interest of third parties for amounts higher than EUR 100,000,000. For the sake of completeness, it should be noted that giving guarantees in the interest of third parties other than the Company, its subsidiaries and joint ventures must in all cases be subject to the approval of Pirelli's Board of Directors;
- (iv) signing derivative contracts (a) with a notional value exceeding EUR 250,000,000, and (b) other than those having as their exclusive object and/or effect the hedging of corporate risks (e.g. hedging of interest rate risk, hedging of exchange rate risk, hedging of commodity market risk). For the sake of completeness, it should be noted that the stipulation of derivative contracts of a speculative nature is subject, in any case, to the approval of Pirelli's Board of Directors;
- (v) the acquisition or disposal of controlling or associated shares in other companies for a value higher than EUR 40,000,000 involving entry into (or exit from) geographical and/or commodity markets;
- (vi) purchase or sale of shares other than those described in point (v) above for a value in excess of EUR 40,000,000;
- (vii) purchase or sale of companies or business units of strategic importance or, in any case, of a value higher than EUR 40,000,000;
- (viii) purchase or sale of assets or other assets of strategic importance or, in any case, of a value higher than EUR 40,000,000;
- (ix) execution of significant transactions with related-parties, meaning transactions with related-parties that satisfy the conditions set forth in Appendix 1 of the "Procedure for Transactions with Related-Parties" approved by Pirelli's Board of Directors on November 3, 2010, as amended from time to time;
- (x) definition of Pirelli's remuneration policy;
- (xi) determination, in compliance with Pirelli's internal policies and applicable regulations, of the remuneration of the executive and directors holding special offices and, if required, allocation among the members of the board of directors of the total remuneration set by the shareholders' meeting;

- (xii) approval of the strategic, industrial and financial plans of Pirelli and its group;
- (xiii) adoption of Pirelli's corporate governance rules and definition of the group's corporate governance guidelines;
- (xiv) definition of guidelines on the internal control system, including the appointment of a director responsible for supervising the internal control system, defining his powers and duties;
- (xv) any other matter that should be referred to the competence of the Board of Directors of a listed company by the Corporate Governance Code of Borsa Italiana, as amended from time to time.

It being understood that the approval of the transactions listed above is reserved to the exclusive competence of the Board of Directors not only if the thresholds indicated for each matter are exceeded, but also if the matters (i) to (vii) whether if considered as a single action or as a series of coordinated actions (carried out in the context of a common executive program or a strategic project) exceed the values indicated in the annual budget/business plan or (solely for the matters from (i) to (viii) above) if they were not included, listed or envisaged for in the annual budget/business plan.

As required by the Corporate Governance Code and the New Corporate Governance Code<sup>11</sup>, the Board of Directors has positively assessed the adequacy of the Company's organisational, administrative and accounting structure, with particular reference to the internal control and risk management system, referring to the analytical work carried out by the Audit, Risk, Sustainability and Corporate Governance Committee.

The Board has also evaluated the general results of operations, taking into particular account the information received from delegated bodies and comparing periodically, at least every quarter, the results obtained with those planned.

#### **4.6 DELEGATED BODIES: EXECUTIVE DIRECTORS**

With resolution dated 22 June 2020 of the Board of Directors, the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera was granted with all the powers necessary to perform all the acts pertaining to the Company's business in its various applications, without any exceptions aside from those reserved by law or by the Bylaws to the Board of Directors; all with the power to grant special and general mandates, vesting the agent with the corporate signature, individually or collectively, and with those powers that he deems appropriate for the best performance of the Company, including the power to sub-delegate.

- a) In particular, the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera is granted with: as sole signatory, powers for ordinary management of Pirelli and the Group with regard to both Pirelli and any other company (including unlisted foreign companies) subject to

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<sup>11</sup> See recommendation 33(a).

the direction and coordination of Pirelli, with the following internal limitations, and therefore with the assignment of the related responsibility to the Board of Directors:

- (i) the thresholds amount envisaged for each of the matters indicated in section 4.5.2 are exceeded; or
  - (ii) for the matters listed from (i) to (viii) in section 4.5.2 above, the amounts indicated in the business plan and/or the annual budget are exceeded; or
  - (iii) solely for the matters listed from (i) to (viii) in section 4.5.2 above, they were not included, listed or envisaged in the business plan or the annual budget; and
- b) powers for the supervision and implementation by the General Manager and by the management of the business plan, as well as the power to propose to the Board of Directors the adoption of the following resolutions (together, the “**Significant Matters**”):
- (i) approval of the business plan and the annual budget of the Company and the Group, as well as all significant changes to those documents. The business plan and the annual budget must (a) address certain operational and financial aspects of Pirelli, including but not limited to the identification of all sources of funding for such business plans and budgets as well as the decisions relating to the industrial initiatives underlying the business plan and the annual budget; and (b) be accompanied and supported by adequate and appropriate documentation illustrating the items contained therein;
  - (ii) any resolutions regarding industrial partnerships or strategic joint ventures to which Pirelli and/or any Group company are party, in all cases following examination by the Strategies Committee,

it being understood that: (a) the power to resolve on Significant Matters must be reserved solely to the Board of Directors and/or to the Shareholders’ Meeting, as applicable; and (b) should the Board of Directors does not approve the proposal of the Executive Vice Chairman and Chief Executive Officer, the related resolution must be motivated and, in all cases, take into account the best interests of the Company.

The Executive Vice Chairman and Chief Executive Officer has the power to propose to the Board the appointment and removal from office of Pirelli’s Managers with strategic responsibility as identified pursuant to the relevant internal procedure, and therefore the following Pirelli employees: (i) the General Manager; (ii) the Manager responsible for the corporate financial documentation; (iii) all positions currently defined as Executive Vice Presidents and (iv) the Secretary of the Board of Directors of the Company.

The Chief Executive Officer ordinarily reports on the activity carried out during Board meetings.

In light of the above, Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera is identified as executive director.

At the Report Date, Pirelli qualifies as executive directors, in addition to the Executive Vice Chairman and Chief Executive Officer, the directors who at the same time are qualified as Manager with Strategic Responsibility of the Company, where existing, or who also hold the position of Chief Executive Officer or Executive Chairman in the main companies controlled by Pirelli<sup>12</sup>.

It should also be noted that the office of Chairman of the Board of Directors is not classified as executive, taking account of the governance structure, the powers conferred on the Executive Vice Chairman and Chief Executive Officer, and the circumstance that the Chairman himself is not granted with management powers and that he plays no specific role in the elaboration of business strategies.

#### **4.7 INDEPENDENT DIRECTORS**

At the Report Date, eight of the fourteen members<sup>13</sup> of the Board of Directors - and hence over 50% - have the requirements to be qualified as independent pursuant to the Corporate Governance Code and the TUF and, specifically: Paola Boromei, Domenico De Sole, Roberto Diacetti, Tao Haisu, Giovanni Lo Storto, Marisa Pappalardo, Fan Xiaohua and Wei Yintao. Upon appointment and thereafter, at least once a year, the Board evaluates whether or not the members meet and/or retain the requirements of independence specified in the Corporate Governance Code, in the New Corporate Governance Code and in the TUF for non-executive directors qualified as independent. This check - which takes into account not only the information provided by the directors themselves but also any additional information available to the Company and with reference to the requirements of the TUF, as well as those recommended by the Corporate Governance Code - was most recently carried out during the Board meeting of 31 March 2021.

In making its assessments, the Board did not derogate from any of the criteria prescribed by the Corporate Governance Code and the New Corporate Governance Code.<sup>14</sup>

At the same time as the assessments made by the Board of Directors, the Board of Statutory Auditors confirmed that, in line with the recommendations of the Corporate Governance Code, it had verified the proper application of the assessment criteria and ascertainment procedures adopted by the Board of Directors to assess the independence of its members.

On 25 February 2021, the Board of Directors – on the proposal of the Audit, Risk, Sustainability and Corporate Governance Committee – approved the “Statement on independence” in order to define

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<sup>12</sup> For the sake of completeness, it should be noted that (i) the director Giovanni Tronchetti Provera is a senior manager of the Company; (ii) during the Year, in addition to the Executive Vice Chairman and Chief Executive Officer, the director Angelos Papadimitriou - co-opted on 5 August 2020 - was qualified by the Board as an “executive director” of the Company by virtue of his office as co-CEO General Manager. As result of the consensual termination of the managerial employment relationship, Director Papadimitriou was identified as a non-executive director. Following the proposal on appointing Giorgio Luca Bruno as Deputy-CEO, Papadimitriou withdrew his candidacy for the confirmation as director, expiring from the office on 24 March 2021. Therefore, at the Report Date, no director, other than the Executive Vice President and Chief Executive Officer, qualifies as an executive director.

<sup>13</sup> For sake of completeness, a seat is vacant.

<sup>14</sup> In particular, none of the Independent Directors can be qualified as “Key Personnel”.

*ex ante* the qualitative and quantitative criteria to be used to assess the independence of directors and statutory auditors.

This Statement defines (i) the qualitative and quantitative criteria to be used for assessing the independence of directors pursuant to the New Corporate Governance Code and, in particular, the parameters of relevance of any economic, professional or financial relationships of directors whose independence is being examined, (ii) and explains in detail certain interpretative criteria concerning also the other cases of independence mentioned by the New Corporate Governance Code, including the notion of “significant additional remuneration”.

In particular, the Board of Directors of the Company has identified the following thresholds of relevance of the relationships under assessment:

- with regard to the notion of “significant commercial, financial or professional relationship” referred to in letter c) of Recommendation no. 7 of the New Corporate Governance Code, it is understood to include consultancy or any other assignment - with the exception of non-executive corporate offices held within the group, which are relevant in relation to the significant additional remuneration according to the criteria indicated below - which have led, for the director or auditor whose independence is being assessed, or their close family members, an economic award in the calendar year exceeding (i) EUR 300,000 in the event of relations maintained with companies or entities, of which the director, statutory auditor or close family member has control or is a significant representative, or of the professional firm or association or consulting firm of which such persons are partners, associates or associates, in the event of relations maintained with such companies, entities, consulting firms or professional firms and associations (ii) to EUR 100,000 for relations maintained directly with natural persons. In the case of a partnership in a professional firm or consulting company, an assessment of possible impacts on the position and role of the auditee is considered appropriate.
- with regard to the notion of “significant additional remuneration”, referred to in letter d) of recommendation no. 7 of the New Corporate Governance Code, it is understood all remuneration paid for any reason during the calendar year by the Company, one of its subsidiaries or parent company (direct or indirect), which cumulatively exceeds the total amount of the remuneration for the office or of the remuneration for the attendance to the Board committees paid to the director and of the remuneration for the office of member of the Board of Statutory Auditors whose independence is subject to assessment.

None of the Directors qualified as independent at the date of their appointment had lost this status during their term of office.

In light of the above, the structure of delegated powers, the shareholding structure and the provisions of the New Corporate Governance Code, the majority of independent directors have not yet deemed it necessary to propose the appointment of a lead independent director to the Board of Directors.

The independent and non-executive Directors contribute to the Board and Committee discussions, bringing their specific skills, and, given their number, have a decisive weight in the decision-making process of the Board of Directors and the committees in which they take part.

The Independent Directors meet at least once a year in the absence of the other directors, with the aim of analysing matters of particular importance such as the functioning of the Board of Directors or company management.

During the Financial Year, the independent directors have met twice in the absence of the other directors, at the meetings on 16 October 2020 and on 10 December 2020, on the occasion of the first two induction sessions organised by the Company's offices. In addition, at the Report Date, the independent directors have met once in the absence of the other directors at the meeting on 27 January 2021, during the third induction session. During these meetings, matters relating to internal organisation were illustrated and discussed in depth, specifically with regard to (i) a description of the organisational structure and a focus on the main changes it has undergone during the Year; (ii) a description and contextualisation of the size of the Pirelli Group and (iii) the policies for developing corporate talent, including performance evaluation criteria and training activities for Group employees. In addition, the compensation schemes adopted by the Company and the communication and cyber security strategies and the integration of sustainability matters into the corporate strategy were analysed in depth.

## 5. PROCESSING OF CORPORATE INFORMATION

Pirelli has adopted and consolidated over time a compendium of rules and procedures for the proper management of corporate information, in compliance with the regulations applicable to the various types of data.

With reference to the prevention of market abuses, the Board of Directors of Pirelli has adopted a procedure for defining the principles and rules for preventing such abuses by Pirelli, Group companies and their related-parties (the "**Market Abuse Procedure**").

In particular, the Market Abuse Procedure – the full version of which is available on the Website - governs: (a) the management of "significant information", meaning information that may become "inside information" pursuant to art. 7 of Regulation (EU) 596/2014 ("**Inside Information**"); (b) the management and communication to the public of Inside Information; (c) the creation, keeping and updating of the register of persons who, in view of their working or professional activities or the functions they perform, have access to Inside Information; (d) the obligations regarding transactions in the shares of the Company, credit instruments issued by the Company and the derivative or other financial instruments linked to them, by parties deemed to be senior decision-makers ("internal dealing"); (e) the operational procedures and scope of application of the prohibition imposed on the Company and the persons who perform administrative, control or management functions for the Company regarding the execution of transactions in Pirelli shares, credit instruments issued by Pirelli and the derivative or other financial instruments linked to them during predetermined periods

(“blackout periods”); (f) any market soundings carried out or received in compliance with art. 11 of Regulation (EU) 596/2014 and the related enabling regulations.

The Market Abuse Procedure also defines rules for transactions carried out by “Significant Parties” or by “Persons Closely Related to Significant Parties” in financial instruments issued by the Company, with an annual amount of at least EUR 20,000, in compliance with the applicable current regulations. In this regard, a black-out period of 30 calendar days imposed prior to the announcement by the Company of the data contained in the annual, half-yearly and periodic financial reports required by the laws and regulation in force at the time,<sup>15</sup> during which internal dealers are forbidden to carry out transactions in those financial instruments.

## **6. BOARD COMMITTEES**

The role of the board committees is to carry out analyses for, make recommendations to and/or give advice to the Board in relation to matters deemed worthy of further investigation, in order to ensure that there is an effective and informed exchange of opinions about them.

Also taking into account the recommendations and the principles contained in the New Corporate Governance Code, the Company’s Board of Directors, in its meeting of 22 June 2020, established the Strategies Committee, the Appointments and Successions Committee, the Audit, Risk, Sustainability and Corporate Governance Committee, the Remuneration Committee and the Related-Parties Transactions Committee.

The composition of the Related-Parties Transactions Committee was amended with a subsequent resolution approved on 5 August 2020, following the resignation of Director Secchi with effect from the same date. Moreover, the composition of the Strategies Committee was modified following the end in charge of Angelos Papadimitriou with effect from 24 March 2021.

### **6.1 OPERATION OF COMMITTEES**

The Committees are appointed by the Board of Directors (which also designates their Chairman) and remain in office for the entire mandate of the Board holding meetings whenever deemed appropriate by the Chairman of the Committee, or when requested by at least one member, by the Chairman of the Board of Directors or by the Chief Executive Officer and in any case, with the frequency necessary in order to properly carry out their functions.

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<sup>15</sup> The Company publishes annually - normally before the end of the financial year - a calendar of the main corporate events relating to the following financial year and updates it promptly in the event of subsequent changes.

The Strategies Committee meets at least quarterly and in any case before the Board of Directors' meeting called to approve the annual budget and/or the business plan, receiving the relevant documentation at least 3 days before the meeting.

The Secretary of each Committee is the Secretary of the Board.

Meetings of the Committees shall be convened by notice sent to the participants by its Chairman or by the Secretary of the Committee at the request of the Chairman.

The documentation is sent in good time to all members of the relevant Committee so that they can participate in the meeting in an informed way (normally 10 days before the meeting).

Committee meetings are quorate when attended by the majority of appointed members and resolutions are adopted by the majority of those present. In the event of a voting tie at meetings of the Appointments and Successions Committee held to appoint a successor to the Chief Executive Officer, the outgoing Chief Executive Officer's vote will prevail.

Committee meetings may be held by conference call; their minutes are taken by the Committee Secretary and recorded in the related corporate book.

Committees - which may make use of external advisers in carrying out their functions - are granted adequate financial resources to perform their tasks with spending autonomy. The Related-Parties Transactions Committee is entitled to obtain assistance, at the expense of the Company, from one or more independent experts selected by the Committee.

Committees are entitled to access relevant business information and company departments in the performance of their tasks, with support from the Secretary to the Board of Directors for this purpose.

The entire Board of Statutory Auditors is entitled to participate in the activities of the Audit, Risk, Sustainability and Corporate Governance Committee, the Remuneration Committee and the Related-Parties Transactions Committee.








A member of the Board of Statutory Auditors (normally the Chairman) is invited to attend the meetings of the Appointments and Successions Committee and the Strategies Committee.

Further information about the number of meetings held by each Committee during the Year and about the attendance of each member at those meetings can be found in [Table 2](#) attached to this Report.



## 7. STRATEGIES COMMITTEE

**STRATEGIES COMMITTEE**

	Name and Surname	Office
	Ning Gaoning	Chairman of the Board of Director
	Marco Tronchetti Provera	Executive Vice Chairman and Chief Executive Officer
	Yang Xingqiang	Director
	Bai Xinping	Director
	Domenico De Sole	Independent Director
	Giovanni Lo Storto	Independent Director
	Wei Yintao	Independent Director

At the date of the Report, the Strategies Committee is composed of 7 Directors (3 of whom are independent): Marco Tronchetti Provera (Chairman of the Committee), Ning Gaoning, Yang Xingqiang, Bai Xinping, Domenico De Sole, Giovanni Lo Storto and Wei Yintao.

The Strategies Committee has consultative and advisory functions in the definition of strategic guidelines and for the identification and definition of the terms and conditions of the individual operations of strategic importance. In particular, the Strategies Committee:

- supports the Board of Directors in reviewing the Company's and the Group's business plans, also based on the analysis of matters relevant to the generation of long-term value;
- assists the Board in assessing transactions, initiatives and activities of strategic importance, including, in particular:
  - o entry into new markets, both geographical and business;

- o industrial alliances (e.g. joint ventures);
  - o special transactions (mergers, demergers, capital increases or capital reductions, other than reductions for losses);
  - o investment projects;
  - o industrial and/or financial restructuring programs and projects.
- periodically examines the organisational structure of the Company and the Group, formulating any suggestions and opinions to the Board;
  - monitors and evaluates over time the achievement by management of the Group's economic and financial objectives, according to the procedure on information flows set out below, thereby proposing to the Board of Directors any actions and/or the adoption of corrections for the implementation of the economic and financial objectives approved by the Board of Directors.

The Strategies Committee is required to receive a specific information flow from the Chief Executive Officer assisted by the Secretary of the Company's Board of Directors for such purposes.

## 8. APPOINTMENTS AND SUCCESSIONS COMMITTEE

### APPOINTMENTS COMMITTEE

	Nome e Cognome	Office
	Ning Gaoning	Chairman of the Board of Director
	Marco Tronchetti Provera	Executive Vice Chairman and Chief Executive Officer
	Bai Xinping	Director
	Giovanni Tronchetti Provera	Director

At the Report Date, the Appointments and Successions Committee is composed of 4 members: Marco Tronchetti Provera (Chairman of the Committee), Ning Gaoning, Giovanni Tronchetti Provera and Bai Xinping. Considering the fact that the Committee in question deals not only with aspects relating to appointments, but also with matters concerning top management succession, and having regard to the provisions of the Renewal of the Shareholders' Agreement that outline a structured

procedure for identifying the successor to Marco Tronchetti Provera as Chief Executive Officer of Pirelli (see the section 4.1.2 below), it was decided, as an exception to the Corporate Governance Code and the New Corporate Governance Code, to appoint the majority of non-executive (albeit not independent) directors as members of this Committee.

In particular, the Appointments and Successions Committee:

- prepares opinions for the Board of Directors on the size and composition of the Board and makes recommendations about the professional roles whose presence on the Board is deemed appropriate;
- prepares opinions for the Board of Directors on the adoption and/or amendment by the Board of its orientation towards the number of appointments considered compatible with effective performance as a director of the Company;
- makes recommendations to the Board of Directors about any issues regarding application of the prohibition of competition envisaged in art. 2390 of the Civil Code, should the Shareholders' Meeting - for organisational reasons - authorise in advance, on a general basis, exceptions to this prohibition;
- recommends candidates to the Board of Directors, should it be necessary to co-opt new Directors to replace independent directors;
- recommends "emergency" top management succession plans to the Board of Directors;
- prepares opinions for the Board of Directors on the designation of candidates (including persons to be co-opted) for the position of Chief Executive Officer;
- upon proposal of the Chief Executive Officer, identifies criteria for the succession plans covering top and senior management in general, in order to guarantee the continuity of business strategies.

## 9. RELATED-PARTIES TRANSACTIONS COMMITTEE

RPT COMMITTEE

	Name and Surname	Office
	Marisa Pappalardo	Independent Director
	Domenico De Sole	Independent Director
	Giovanni Lo Storto	Independent Director

At the Report Date, the Related-Parties Transactions Committee is composed of 3 independent directors: Marisa Pappalardo (Chairwoman of the Committee), Domenico De Sole, and Giovanni Lo Storto.

The Related-Parties Transactions Committee has consultative and advisory functions in relation to related-parties transactions in the terms laid down in the current regulations and the Procedure for Related-Parties Transactions (see section 14).

## 10. REMUNERATION COMMITTEE

REMUNERATION COMMITTEE

	Name and Surname	Office
	Bai Xinping	Director
	Paola Boromei	Independent Director
	Fan Xiaohua	Independent Director
	Marisa Pappalardo	Independent Director
	Tao Halsu	Independent Director

At the date of the Report, the Remuneration Committee is composed of 5 directors (4 of whom are independent): Tao Halsu (Chairman of the Committee); Paola Boromei (Director with appropriate financial and remuneration policy knowledge and experience), Bai Xinping, Fan Xiaohua and Marisa Pappalardo.

The Committee has investigative, propositional, advisory and supervisory functions to ensure the definition and application within the Group of remuneration policies aimed, on the one hand, at pursuing the sustainable success of the Company/Group and aligning the interests of the management with those of the shareholders and, on the other hand, at having, retaining and motivating resources with the skills and professional qualities required by the role held in the Company.

In particular, the Remuneration Committee:

- assists the Board of Directors to define the Group's Remuneration Policy;
- periodically assesses the adequacy and overall consistency of the Remuneration Policy for the Company's directors and, in particular, for directors holding special offices, General Managers and managers with strategic responsibility;
- with regard to the executive directors and other directors holding special offices and to the General Managers, makes proposals or expresses opinions to the Board in relation to:
  - o their remuneration, in accordance with the Remuneration Policy;

- o the setting of performance objectives related to the variable component of such remuneration;
- o the definition of possible non-competition agreements;
- o the definition of possible termination agreements also on the basis of the principles set out in the Remuneration Policy;
- monitors the actual application of the Remuneration Policy and verifies the effective achievement of performance objectives; verifies the compliance of the remuneration of executive directors, other directors holding special offices, general managers and executives with strategic responsibility with the Remuneration Policy and expresses an opinion on them, if required by the relevant procedure adopted within the Company, also pursuant to the Procedure for Related-Parties Transactions;
- assists the Board of Directors in the examination of proposals to the Shareholders' Meeting for the adoption of remuneration plans based on financial instruments;
- monitors the implementation of the decisions adopted by the Board of Directors, in particular verifying the actual achievement of the set performance objectives;
- examines and submits to the Board of Directors the Remuneration Report that, by name for the members of the management and controlling bodies, for General Managers and, in aggregate form, for managers with strategic responsibility:
  - a) provides an adequate representation of each component of their remuneration;
  - b) illustrates analytically the remuneration paid during the reference financial year for any reason and in any form by the Company and its subsidiaries.
- expresses, in any case, opinions to the Related-Parties Transactions Committee, if the competences in the field of Transactions with Related-Parties, for matters concerning the remuneration of executive directors, including directors holding special offices, General Managers and executives with strategic responsibility, are not attributed to the Committee itself;
- assesses the existence of exceptional circumstances allowing derogations from the Remuneration Policy.

In the cases envisaged by the Procedure for related-parties transactions adopted by the Company ("**RPT Procedure**"), the Remuneration Committee may be assigned the powers of the Related-Parties Transactions Committee envisaged by Consob regulations and by the RPT Procedure for matters concerning (i) the remuneration of executive directors, directors holding special offices, General Managers and executives with strategic responsibilities and (ii) the approval of exceptions to the Remuneration Policy, if exceptional circumstances to allow them exist.






## 11. REMUNERATION OF THE DIRECTORS

The remuneration system for Group management is designed to attract, motivate and retain key resources. It is defined in a way that aligns the interests of management with those of the shareholders, pursuing the priority objective of creating sustainable value over the medium-long term via an effective and verifiable link between remuneration, on the one hand, and individual and Group performance on the other hand.

For information on the remuneration policy for 2021 and on the remuneration paid in 2020, please refer to the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF, which is made available to the public in accordance with the terms and procedures provided for by applicable laws and regulations, including by publication on the Website. It should be noted that said document also includes the information required by art. 123-*bis*, section 1, letter i) of the TUF.

## 12. AUDIT, RISK, SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

### ARSCGC

	Name and Surname	Office
	Fan Xiaohua	Independent Director
	Zhang Haitao	Director
	Roberto Diacetti	Independent Director
	Giovanni Lo Storto	Independent Director
	Marisa Pappalardo	Independent Director

At Report Date, the Audit, Risk, Sustainability and Corporate Governance Committee is composed of 5 directors (4 of whom were independent): Fan Xiaohua (Chairwoman of the Committee), Zhang Haitao, Roberto Diacetti, Giovanni Lo Storto and Marisa Pappalardo. Directors Fan, Diacetti and Lo Storto have appropriate experience in accounting, finance or risk management.

The Audit, Risk, Sustainability and Corporate Governance Committee, which incorporates the functions of the “control and risks committee”, supports the Board of Directors in the assessment and decision-making about the internal control and risk management system, as well as in the

approval of periodic financial reports. In particular, the Audit, Risk, Sustainability and Corporate Governance Committee:

- supports the Board of Directors in:
  - a) defining the guidelines for the internal control and risk management system, in line with the Company's strategies;
  - b) evaluating, at least once a year, the adequacy of the internal control and risk management system to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
  - c) appointing and dismissing the Head of internal audit, also defining his remuneration in line with corporate policies, thus ensuring that he has adequate resources to carry out his duties;
  - d) approving, at least once a year, the work plan prepared by the Head of the Internal Audit function, after consulting the controlling body and the CEO, and by the Head of the Compliance function;
  - e) evaluating the possible adoption of measures aimed at ensuring the effectiveness and impartiality of judgement of the other corporate functions involved in the controls, verifying that they are endowed with adequate professionalism and resources;
  - f) assessing, after consultation with the Board of Statutory Auditors, the results presented by the external auditor in any letter of recommendation and, if any, in the additional report addressed to the Board of Statutory Auditors;
  - g) describing, in the report on corporate governance, the main features of the internal control and risk management system and of the methods of coordination between the different subjects involved in it, indicating the models and national and international best practices of reference, expressing its assessment on the overall adequacy of the same;
- assesses, having consulted the Manager responsible for the corporate financial documentation, the company responsible for external audit and the Board of Statutory Auditors, the correct use of accounting standards and their uniform application within the Group in view of preparing the consolidated financial statements;
- assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved, in coordination with the Strategies Committee;
- examines the content of periodic non-financial information relevant to the internal control and risk management system;



- expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the Board of Directors' assessments and decisions relating to the management of risks arising from prejudicial events of which the Committee has become aware;
- examines the periodic reports prepared by the head of internal audit and the compliance function;
- monitors the independence, adequacy, effectiveness and efficiency of the internal audit function;
- requests the internal audit function, if deemed appropriate, to carry out checks on specific operational areas, simultaneously notifying the Chairman of the Board of Statutory Auditors;
- reports to the Board of Directors, at least on the occasion of the approval of the financial statements and the half-yearly report, on the activities carried out and the adequacy of the internal control and risk management system;
- supervises the observance and periodic updating of the rules of corporate governance and compliance with the principles of conduct that may be adopted by the Company and its subsidiaries; in particular, it is responsible for proposing the procedures and terms for the Board of Directors' annual self-assessment;
- oversees sustainability matters related to the company's operations and the dynamics of its interaction with all stakeholders;
- defines "sustainability" guidelines and proposes them to the Board of Directors, and monitors compliance with the rules of conduct that might have been adopted by the Company and its subsidiaries.

### **13. SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT**

The Company's internal control and risk management system is designed to contribute to the operation of a healthy and proper business, consistent with the objectives established by the Board of Directors, by identifying, managing and monitoring the principal risks faced by the Company. The internal control and risk management system allows the principal risks, and the reliability, accuracy, trustworthiness and timeliness of financial reporting to be identified, measured, managed and monitored.

Responsibility for the adoption of an adequate internal control and risk management system lies with the Board of Directors which, with the support of the Audit, Risk, Sustainability and Corporate Governance Committee, carries out the tasks assigned to it in the Corporate Governance Code.

A more complete description of Pirelli's internal control system can be found in the management report. In this regard, it should also be noted that the Board of Statutory Auditors issued a statement on the administration and accounting system of Pirelli's relevant subsidiaries to ensure that the

economic, equity and financial data for the preparation of the consolidated financial statements are regularly received by Pirelli's management and external auditor.

### **13.1 DUTIES OF THE CHIEF EXECUTIVE OFFICER IN RELATION TO THE ESTABLISHMENT AND MAINTENANCE OF THE INTERNAL CONTROL SYSTEM**

The Board of Directors, in its meeting of 22 June 2020, has designated Marco Tronchetti Provera as the responsible of setting up and maintaining the internal control and risk management system.

The Executive Vice Chairman and Chief Executive Officer is entrusted with supervising the functioning of the internal control and risk management system and implementing the guidelines defined by the Board of Directors, with the support from the Audit, Risk, Sustainability and Corporate Governance Committee, ensuring that all necessary actions are taken to implement the system. In particular, in line with the recommendations of the New Corporate Governance Code:

- ensures that the principal business risks are identified, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, and submits them periodically to the Board of Directors for review;
- authorises execution of the guidelines formulated by the Board of Directors, supervising the design, implementation and management of the internal control and risk management system and constantly monitoring its adequacy and effectiveness;
- ensures that this system is compliant with any changes in operating conditions and the legislative and regulatory framework;
- may ask the internal audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Audit, Risk, Sustainability and Corporate Governance Committee and the Chairman of the Board of Statutory Auditors;
- promptly reports to the Audit, Risk, Sustainability and Corporate Governance Committee on problems and critical issues that have emerged during the performance of its activities or of which it has become aware, so that the Committee can take the appropriate initiatives.

### **13.2 INTERNAL AUDIT FUNCTION**

The Company has established an internal audit function, whose functions are substantially in line with those set out in the Corporate Governance Code and in the New Corporate Governance Code.

In particular, the function is tasked with assessing the adequacy and functioning of the audit, risk management and Corporate Governance processes, by providing independent and objective assurance and advice.

The Internal Audit Function:

- audits, both on a continuous basis and in relation to specific needs and in accordance with international standards, the effective operation and suitability of the internal control and risk management system - suggesting any corrective actions required - by implementing an audit plan approved each year by the Board of Directors, based on a structured process of analysis and prioritisation of the principal risks;
- carries out audits, also at the request of the Audit, Risk, Sustainability and Corporate Governance Committee, the Board of Statutory Auditors and the director responsible for the internal control system, of specific operating areas and compliance with the internal procedures and rules in the execution of business operations;
- prepares periodic reports on its assessment of the suitability of the internal control and risk management system. These reports are sent, at least once every quarter, to the Board of Statutory Auditors, the Audit, Risk, Sustainability and Corporate Governance Committee, and the Director responsible for the internal control system, and, at least every six months, to the Board of Directors;
- receives and analyses reports obtained in accordance with the whistle-blowing procedures established by the Group and regarding any cases of corruption/violation of the principles of internal control and/or the provisions of the Ethical Code, equal opportunities, corporate rules and regulations, or any other actions or omissions that, directly or indirectly, might result in economic or financial losses for or damage to the reputation of the Group and/or its subsidiaries;
- provides for adequate support to the Supervisory Bodies established pursuant to art. 6 of Legislative Decree no. 231/2001;
- provides for advice and support to the relevant Company Departments – without exercising any decision-making or authorisation responsibilities – regarding *inter alia*: (i) the reliability of their systems for safeguarding corporate assets; (ii) the adequacy of their procedures for recording, controlling and reporting administrative activities; (iii) the assignment of engagements to the external auditor and to other firms in its network.

As mentioned in section 12, it should be noted that the Audit, Risk, Sustainability and Corporate Governance Committee expresses an opinion on proposals relating to the appointment, revocation, assignment of duties and determination of the remuneration, in accordance with corporate policies, of the head of the internal audit function, as well as on the adequacy of the resources assigned to the function to carry out his functions.

### **13.3 COMPLIANCE FUNCTION**

Operating within the Corporate Affairs, Compliance, Audit and Company Secretary department, the Compliance function works with the Legal departments and other competent company departments to ensure that the company's internal regulations, processes and activities are constantly aligned with the applicable regulatory framework, participating actively in the identification of any non-compliance risks that might give rise to judicial or administrative penalties, with consequent reputational damage.

### **13.4 SYSTEM OF CONTROL AND RISK MANAGEMENT OVER FINANCIAL INFORMATION**

Pirelli has implemented a specific and structured internal control and risk management system supported by a dedicated IT software, in relation to control over the process to prepare the separate and consolidated half-yearly and annual financial reports. In particular, the financial reporting process is carried out by applying appropriate administrative and accounting procedures created in accordance with the criteria established by the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The administrative/accounting procedures adopted for the preparation of financial statements and all other financial disclosures are created under the responsibility of the Chief Financial Officer, who – with support from the Compliance Function – periodically (and in any case, when the separate/consolidated financial statements are prepared) checks their adequacy and proper application.

In order to permit certification by the Chief Financial Officer, the companies and the significant processes that generate information of an economic-nature, or about corporate assets, have been mapped. The companies that are members of the Group and the significant processes are identified each year on the basis of quantitative and qualitative criteria. Quantitative criteria include the identification of those Group companies that represent an aggregate value, in relation to the selected processes, that exceeds a predetermined threshold of materiality.

Qualitative criteria include the review of those processes and of those companies that, as determined after much discussion by the Chief Financial Officer, may present potential areas of risk despite not falling within the quantitative parameters described above.

Risks/control objectives have been identified for each selected process involved in the preparation of the financial statements and related disclosures, as well as with regard to the effectiveness/efficiency of the internal control system in general.

Detailed verification work has been planned, and specific responsibilities have been defined for each control objective.

A system for supervising the verification work undertaken has been implemented through a chain-of-certifications mechanism; any problems that emerge during the assessment process are the subject of action plans whose implementation is monitored at subsequent reporting dates.

Finally, the Chief Executive Officers and Chief Financial Officers of subsidiaries issue half-yearly statements attesting the reliability and accuracy of the data submitted for the preparation of the Group's consolidated financial statements.

Shortly before the Board meetings held to approve the consolidated data as of 30 June and 31 December, the results of the verification work are shared with the Group's Chief Financial Officer.

The Internal Audit Function periodically verifies the adequacy of the design and the effective operation of the controls carried out on samples of companies and processes, selected applying materiality criteria.

### **13.5 DIRECTOR RESPONSIBLE FOR SUSTAINABILITY TOPICS**

On 22 June 2020, the newly appointed Board of Directors confirmed the Executive Vice Chairman and CEO Marco Tronchetti Provera as Director responsible for sustainability.

In that role, he is entrusted with the task of supervising sustainability topics associated with the conduct of the activities of the company and with its dynamics of interaction with all the stakeholders, and of implementing the guidelines defined by the Board of Directors, with assistance from the Audit, Risk, Sustainability and Corporate Governance Committee.

### **13.6 MODEL 231 AND CODE OF ETHICS**

The Company has adopted the organisation and management model envisaged by Legislative Decree No. 231 of 8 June 2001, as subsequently amended (the "**Model 231**"), in order to create a system of rules designed to prevent unlawful conduct that might be significant for the purposes of applying the above regulations and, as a consequence, has established a supervisory body (the "**Supervisory Body**").

Model 231 – periodically updated by the Company in light of legislative developments – includes: (a) a general part covering topics relating, *inter alia*, to the applicability and application of Legislative Decree No. 231/2001, the composition and functioning of the Supervisory Body, and the system of penalties applicable in the event of breaches of the standards of conduct specified in Model 231, and (b) special parts containing the general principles of conduct and the control protocols for each type of identified offence deemed significant for the Company.

The Supervisory Body was appointed by the Board of Directors on 22 June 2020, and remodulated by the Board of Directors on 11 November 2020, and it is composed of Carlo Secchi (Chairman),

Antonella Carù (standing auditor), and Alberto Bastanzio (in light of his position as Executive Vice President Corporate Affairs, Compliance, Audit and Company Secretary). The Supervisory Body satisfies the autonomy, independence, professionalism and continuity of action requirements specified by law for that body.

Pirelli has adopted a Code of Ethics that sets out principles for the required conduct of directors, statutory auditors, executives and employees of the Group and, in general, all those that work in Italy and abroad on behalf of or for the benefit of the Group, or that engage in business relations with the Group, each in the context of their own functions and responsibilities.

An extract from Model 231 is available on the Website.

### **13.7 EXTERNAL AUDITOR**

The firm appointed to undertake the external audit of the accounts of the Company is PricewaterhouseCoopers S.p.A. (the “**External Auditing Firm**”), with registered and administrative office in Milan, Piazza Tre Torri 2, recorded in the Register of Auditors pursuant to art. 6 et seq. of Italian Legislative Decree no. 39/2010.

On 1 August 2017, the Ordinary Shareholders’ Meeting of Pirelli confirmed the appointment for the external audit of the accounts (originally made for three financial years on 27 April 2017), establishing that, with effect from the admission of Pirelli shares to trading on the MTA and, therefore, from 4 October 2017, this appointment shall concern: (i) the external audit of the accounts (including verification that the accounting records are properly kept and that the results of operations are properly reflected in the accounting entries) pursuant to art. 13 and 17 of Decree 39/2010 for the financial years 2017-2025, in relation to the separate financial statements of the Company, the consolidated financial statements of the Group and the additional related activities; and (ii) the limited examination of the condensed half-year consolidated financial statements of Pirelli for the six-month periods ending on 30 June 2018-2025.

The details of the fees paid to the External Auditing Firm are reported in the Explanatory Note on the financial statements.

### **13.8 CHIEF REPORTING OFFICER**

The Board of Directors appointed Francesco Tanzi as manager responsible for the preparation of corporate and accounting documentation pursuant to art. 154-*bis* TUF (the “**Chief Reporting Officer**”), with effect from the First Trading Day and after receiving a favourable opinion from the Board of Statutory Auditors. The Board of Directors also verified that the Chief Reporting Officer is an expert in administration, finance and control matters and satisfies the integrity requirements established for the directors. The attribution to Tanzi of the role of Manager responsible for the

Preparation of Financial Reports and the verifications inherent to his position were lastly carried out and confirmed by the Board of Directors in the meeting of 22 June 2020.

The Chief Reporting Officer puts in place suitable administrative and accounting procedures for the preparation of the separate and consolidated financial statements, as well as of all other financial communications.

The Company deeds and communications made public to the market that contain accounting information, including interim data, must be accompanied by a written declaration from the Chief Reporting Officer confirming that it corresponds to the supporting documentation, records and accounting entries.

The office of the manager responsible for the preparation of the corporate financial documents expires together with the Board of Directors that appointed him.

#### **14. INTERESTS OF THE DIRECTORS AND RELATED-PARTIES TRANSACTIONS**

In accordance with the provisions of art. 2391-*bis* of the Italian Civil Code and the Related-Parties Regulation, on 6 November 2017 - confirming the resolutions taken on 31 August 2017 - the Board of Directors resolved to adopt the procedure for related-parties transactions (the “**RPT Procedure**”), following the unanimous favourable opinion expressed by the Related-Parties Transactions Committee. Lastly, the Board of Directors, following the unanimous opinion of the Related-Parties Transactions Committee, in the meeting of 11 November 2020, resolved to confirm, without amendments, the Procedure for Related-Parties Transactions, reserving the right to carry out a subsequent review of it in order to adopt all the updates and amendments necessary or appropriate in the light of the amendments of the Consob regulation that were subsequently adopted by the Supervisory Authority in accordance with the amendments to the European directive on shareholders. In particular, on 10 December 2020, Consob with Resolution no. 21624 amended Regulation no. 17221 of 12 March 2010 setting out provisions on related-parties transactions (the “RPT Regulation”). These amendments will enter into force on 1 July 2021. Therefore, there is a transitional period until 30 June 2021 during which companies will have to adapt their procedures to the new provisions.

The RPT Procedure establishes rules for the approval and execution of the related-parties transactions conducted directly by Pirelli or by its subsidiaries.

The full text of the RPT Procedure is available on the Website. Periodically and at least every three years, the Board of Directors - having received the opinion of the Related-Parties Transactions Committee - considers the need to revise the RPT Procedure.

At Report Date, in light of the aforementioned changes, given the introduction of further procedural and disclosure obligations and once the necessary in-depth analyses in relation to the newly issued regulations have been completed, the Company will proceed to transpose the aforementioned regulations into the RPT Procedure.

A special section of the financial statements shows the principal transactions with related-parties undertaken by the Company.

Every six months, a report on the application of the RPT Procedure, drawn up by the Compliance Function, is submitted to the Related-Parties Transactions Committee and subsequently to the Board of Directors. The analyses carried out up to the Report Date have shown due compliance with and the correct application of the aforementioned procedure in all cases falling within its scope of application.

## **15. BOARD OF STATUTORY AUDITORS**

### **15.1 APPOINTMENT, REPLACEMENT AND DURATION IN OFFICE**

At the Report Date, the Board of Statutory Auditors is composed of five standing auditors and three alternate auditors who satisfy current legislative and regulatory requirements; in this regard the activities indicated in the corporate purpose, with particular reference to companies or entities operating in the financial, industrial, banking, insurance and real estate fields and services in general, are qualified as subjects and sectors of activity closely related to those of the company.

The Ordinary Shareholders' Meeting appoints the Board of Statutory Auditors and determines its remuneration.

The statutory auditors act with autonomy and independence, also with regard to the shareholders that elected them.

In order to enable the minority to elect a standing auditor (who will be the Chairman of the Board of Statutory Auditors) and an Alternate Auditor, the Board of Statutory Auditors is appointed on the basis of slates presented by the shareholders, in which each candidate is listed with a sequence number. Each slate contains a number of candidates that does not exceed the number of members to be elected.

Shareholders are only entitled to present a slate if, alone or together with other shareholders, they hold at least 1% of the shares entitled to vote at an Ordinary Shareholders' Meeting, or any lower amount required by a regulation issued by Consob for the presentation of slates of candidates for appointment to the Board of Directors. Each shareholder may present or contribute to the presentation of just one slate.

The slates of candidates, signed by those presenting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Meeting called to appoint the members of the Board of Statutory Auditors, without prejudice to any extension in the cases envisaged by the applicable legislation. These slates are made available to the public at the registered offices, on the Website and in other ways prescribed by Consob regulation, at least twenty-one days prior to the date of the Meeting.



Each candidate may be included on just one slate, subject otherwise to becoming ineligible.

Each slate comprises two sections: one for candidates for the office of standing auditor and the other for candidates to the position of alternate auditor. The first candidate in each section shall be selected from among those registered in the Register of Chartered Accountants who has worked on external audits for a period of not less than three years. In order to ensure gender balance, the slates that, considering both sections, present a number of candidates equal to or greater than three, must include candidates of different gender at least to the minimum extent required by the law and/or regulations in force at the time, as specified in the notice of call of the meeting, both in the section of the slate for standing auditors and in the section for alternate auditors<sup>16</sup>.

Each party entitled to vote may only vote for one slate. The members of the Board of Statutory Auditors are elected as follows:

- 1) four standing auditors and two alternate auditors are drawn, in the sequence listed, from the slate that obtained the largest number of votes (the majority slate);
- 2) the remaining standing auditor and alternate auditor are drawn, in the sequence listed, from the slate that obtained the second largest number of votes (the minority slate); should several slates obtain the same number of votes, a new vote limited to just those slates is held by all those entitled to vote that are present at the Shareholders' Meeting, and the candidates on the slate which obtains the simple majority of the votes will be elected.

Should application of the slate voting mechanism not obtain, considering the standing and alternate auditors separately, the minimum number of statutory auditors belonging to the less represented gender envisaged by the regulations in force at the time, the candidate belonging to the most represented gender and elected, indicated with the highest sequential number of each section from the slate that obtained the largest number of votes, will be replaced by the candidate belonging to the less represented gender not already elected from the same section of that slate, according to the sequential order of presentation.

An auditor is replaced, in the event of death, resignation or forfeiture, by the first alternate auditor drawn from the same slate. If this replacement does not allow the Board of Statutory Auditors to be reconstructed in compliance with current regulations, including those governing gender balance, recourse is made to the second alternate auditor drawn from the same slate. If, subsequently, it becomes necessary to replace another Auditor drawn from the slate that obtained the largest number of votes, recourse is made to the other alternate auditor drawn from the same slate. Should it be necessary to replace the Chairman of the Board of Statutory Auditors, the chair is taken by the second auditor on the same slate as the Chairman to be replaced, following the order of that slate, always provided that the replacement satisfies the requirements for the position established by law and/or the Bylaws and complies with the gender balance requirements envisaged by the regulations

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<sup>16</sup> This clause was amended at the Shareholders' Meeting that approved the financial statements for the year ended 31 December 2019 in order to bring it into line with the new legislation on gender quotas in the composition of corporate bodies (Law No. 160 of 27 December 2019, effective as of 1 January 2020).

in force; if it is not possible to make replacements in accordance with the above criteria, a Shareholders' Meeting will be called to supplement the Board of Statutory Auditors with resolutions adopted by a relative majority of the votes cast.

When the Shareholders' Meeting must appoint the standing and/or alternate auditors necessary to supplement the Board of Statutory Auditors, it shall proceed as follows: if it is necessary to replace auditors elected from the majority slate, the appointment is made by relative majority vote without slate constraints and without prejudice, in any case, to compliance with the gender balance provided for by current legislation; if, on the other hand, it is necessary to replace auditors elected from the minority slate, the Shareholders' Meeting shall replace them by a relative majority vote, selecting them, where possible, among the candidates on the slate to which the auditor to be replaced belonged and, in any case, in accordance with the principle of the necessary representation of minorities to which the Bylaws guarantee the right to participate in the appointment of the Board of Statutory Auditors, without prejudice, in any case, to compliance with the gender balance provided for by current legislation. The principle guaranteeing representation for the minorities is respected if the auditors elected were previously candidates on the minority slate or on slates other than that which, at the time of appointing the Board of Statutory Auditors, obtained the largest number of votes.

If only one slate is presented, the Shareholders' Meeting votes on it; if the slate obtains a relative majority of the votes cast, the candidates named in the respective sections of the slate are elected as standing auditors and alternate auditors; the person named first on the above slate becomes the Chairman of the Board of Statutory Auditors.

For the appointment of statutory auditors who, for any reason, were not appointed in accordance with the above procedure, the Shareholders' Meeting adopts resolutions with the majorities required by law, without prejudice in all cases to compliance with the gender balance requirements envisaged by the regulations in force. Expiring Statutory Auditors may be re-elected.

## **15.2 COMPOSITION**

The Board of Statutory Auditors in office at the Report Date was appointed by the ordinary Shareholders' Meeting held on 15 May 2018 and is composed of the following members: Francesco Fallacara (Chairman of the Board of Statutory Auditors, appointed by minority shareholders), Fabio Artoni, Antonella Carù, Luca Nicodemi and Alberto Villani, as standing auditors, and Franca Brusco (appointed by minority shareholders), Elenio Bidoggia and Giovanna Oddo, as alternate auditors, until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

The professional profiles of the members of the Board of Statutory Auditors are summarised on the Website.

The remuneration of the statutory auditors is discussed in the Remuneration Report.

All the Statutory Auditors can be qualified as independent on the basis of the criteria specified for Directors in the Corporate Governance Code, in line with the provisions contained in said Code and as expressly ascertained by the Board of Statutory Auditors, based on the information provided by the Statutory Auditors and the information available to the Board of Statutory Auditors. This ascertainment is annually carried out.

During the year, Pirelli's Board of Statutory Auditors met 12 times, with each meeting lasting an average of about 60 minutes.

At the Report Date, out of the eight members of the Board of Statutory Auditors (five standing auditors and three alternate auditors) approximately 38% were women (20% for standing auditors only). In addition, the average age of the members of the Board of Statutory Auditors is approximately 54 years of age (55 is the average age of the standing auditors only). The 80% of the statutory auditors are between 55 and 60 years old, while the remaining statutory auditors are 47 years old.

During the course of the Financial Year, the Board of Statutory Auditors, like the Board of Directors, once again carried out - in line with what was done in the previous financial year and in compliance with the rules of conduct for listed companies issued by the National Council of Chartered Accountants and Accounting Experts ("**Rules of Conduct**") - the evaluation process on its performance with the assistance from the independent consultancy firm SpencerStuart. This self-assessment process, like the process set out for the Board of Directors, is carried out through individual interviews, with questions about the suitability, size, composition and operation of the Board of Statutory Auditors itself, in order to verify suitability, fairness and effectiveness in its operating. The positive results of the self-assessment process of the Board of Statutory Auditors are highlighted in the Statutory Auditors' report on the financial statements as at 31 December 2020 and were taken into account by the Board of Statutory Auditors itself - which, as is known, is due to complete its term of office - for the purpose of drafting the document of the Expiring Board of Statutory Auditors (as defined below).

The attached [Table 3](#) provides the significant information about each member of the Board of Statutory Auditors in office at the Report Date.

For the sake of completeness, it should be noted that the Shareholders' Meeting called to approve the 2020 Financial Statements will renew the Board of Statutory Auditors. Therefore, the latter, having reached the end of its mandate, has made available to shareholders, in compliance with the provisions of the Rules of Conduct, taking into account its experience and the results of the self-assessment process, an end-of-mandate document containing an orientation with a summary of the skills and professionalism that have contributed to the efficient and effective functioning of the Board ("**Expiring Board of Statutory Auditors Document**").

The Expiring Board of Statutory Auditors Document of the, illustrated below, is available on the Website.

The Board of Statutory Auditors has indicated the main supervisory functions actually carried out within Pirelli's corporate governance system, issuing a summary of the individual characteristics that

each candidate Statutory Auditor is deemed to possess (in addition to the requirements provided for by law), and then its considerations on the optimal overall composition of the Board of Statutory Auditors. In particular, in addition to the requirements of professionalism and honourableness provided for by law and the Bylaws, and of independence provided for by law and by the New Corporate Governance Code which Pirelli adheres to, the Statutory Auditors are also subject to the limits on the accumulation of offices established by current legislation. In addition, the members of the Board of Statutory Auditors, as members of the internal control and audit Committee, are altogether competent in the sector in which the audited company operates (cf. art. 13, section 3, Legislative Decree no. 39/2010).

Therefore, the expiring Board of Statutory Auditors recommends that each slate should also be characterised by the presence of candidates possessing such specific expertise (also in terms of previous experience). The availability of adequate time to devote to the task is also considered essential for each candidate. In this regard, it should be noted that the Statutory Auditors attend the meetings of the Board of Directors and are invited (in whole or in part) to participate in the Committees set up within the Board. In addition, with regard to the commitment required to the Statutory Auditors, it should be included the drafting of reports and opinions falling within the competence of the Board of Statutory Auditors and of the minutes of the periodic meetings required by current legislation, and the participation in training activities and induction sessions periodically organised by the Company.

During the three-year period 2018-2020, the Board of Statutory Auditors attended a total of 124 meetings, including the meetings with the Board of Directors and the relevant Board Committees<sup>17</sup>.

The expiring Board of Statutory Auditors deems it desirable that the slates submitted by shareholders would guarantee the enhancement of the personal and aptitude characteristics of the candidates and an adequate diversity - as a success factor - in relation to aspects such as age, gender and educational-professional background, in compliance with the priority objective of ensuring adequate competence and professionalism. In particular, at least two-fifths of the members must belong to the least represented gender (pursuant to Law No. 160 of 27 December 2019).

The continuity of certain members of the expiring Board is also recommended, in order to pass on to the new members, the knowledge of the Group's business and dynamics acquired during their term of office.

The expiring Board of Statutory Auditors specified that, in order to ensure the effective exercise of control activities, a climate of cooperation and trust between all members and a constant comparison with constructive interactions (including informal) between members have been essential. In this context, the role of the Chairman of the Board of Statutory Auditors has been considered central,

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<sup>17</sup> The entire Board of Statutory Auditors participates in the activities of the Audit, Risk, Sustainability and Corporate Governance Committee, the Remuneration Committee and the Related-Parties Transactions Committee, while a representative of the Board of Statutory Auditors (usually the Chairman) is invited to attend meetings of the Appointments and Successions Committee and the Strategies Committee.

and he has been called upon to guide the aforementioned discussion and to foster the creation of a spirit of cohesion among the members.

Finally, pursuant to the Rules of Conduct and best practices and in light of the results of a comparative analysis concerning the remuneration paid to the members of the Board of Statutory Auditors of other comparable issuers, the Expiring Board of Statutory Auditors has invited the shareholders to take into account the aforementioned comparative elements and the relevant reference parameters in order to assess the adequacy of the remuneration to be proposed to the Shareholders' Meeting, also inviting the candidates to assess the aforementioned comparative elements and the relevant reference parameters in order to assess the adequacy of the remuneration envisaged for the office.

## **16. OPERATIONS GENERAL MANAGER**

It should be noted that the Operations General Manager role was established in May 2018 and is entrusted to Andrea Casaluci.

As of 1 August 2020, a co-CEO General Manager role was established and it was entrusted to Angelos Papadimitriou, until 28 February 2021 - the effective date of the consensual termination of the managerial employment relationship. Following the appointment of the Deputy-CEO, after the Shareholders' Meeting that will appoint Giorgio Luca Bruno as a Director, the Co-CEO General Manager role will be exceeded.

## **17. INFORMATION FLOWS TO THE DIRECTORS AND STATUTORY AUDITORS**

The Board of Directors of Pirelli adopted a procedure for information flows to the Directors and Statutory Auditors, in order to (i) guarantee the transparent management of the business, (ii) establish conditions for the effective and efficient management and control of the activities of the Company and the operations of the business by the Board of Directors, and (iii) provide the Board of Statutory Auditors with the sources of information needed for the efficient performance of its supervisory role.

The flow of information to the directors and statutory auditors is assured, preferably, by the transmission of documents on a timely basis and, in any case, with sufficient frequency to ensure compliance with the disclosure requirements, and in accordance with deadlines consistent with the timetables set for each board meeting. These documents may be supplemented by explanations provided in the context of the board meetings, or at specific informal meetings organised to examine topics of interest relating to the management of the company.

If the information flows concern inside information and/or relevant information, they must be carried out in accordance with the procedures indicated in the Market Abuse Procedure.

The Strategies Committee is required to receive a specific and continuous information flow from the Chief Executive Officer assisted by the Secretary of the Company's Board of Directors for such purposes.

## **18. RELATIONS WITH SHAREHOLDERS**

Pirelli attributes strategic importance to Financial Reporting. In accordance with the Group's Values and Code of Ethics, Pirelli maintains constant dialogue with Shareholders, Bondholders, Institutional and Individual Investors and Analysts from major investment banks through the Investor Relations department and the Group's Top Management in order to promote fair, transparent, timely and accurate reporting.

In line with international best practice, the "Investors" section of the Website is constantly updated with content of interest to the financial market, including: strategy ("Equity Story"), economic-financial data on previous years, analysts' opinions of Pirelli, and their estimates for the principal economic-financial indicators ("Consensus"), monthly developments in the principal automotive tyre market ("Tyre Market Watch"). The Investor Relations Department also promotes periodic meetings with Shareholders and Investors in Italy and abroad.

In the course of the 2021 financial year, a policy on dialogue with the general public is scheduled to be published, as required by the New Corporate Governance Code.

## **19. SHAREHOLDERS' MEETINGS**

Pursuant to art. 7 of the Bylaws, ordinary and extraordinary Shareholders' Meetings of the Company are held in single call. Their resolutions are adopted with the majority required by law, with the sole exception of the authorisation of the Board of Directors to carry out the deeds listed below, which requires a qualified majority (votes in favour of shareholders representing at least 90% of the share capital of the Company):

- transfer of the operational and administrative headquarters outside of the municipality of Milan;
- any transfer and/or deed of disposition, in any form, of Pirelli know-how (including the granting of licences).

Parties entitled to vote may be represented by proxy, given in accordance with the procedures envisaged by law and the regulations in force.

The notice of call may also limit to one of the above methods the specific procedure usable in relation to the Meeting called by that notice.

For each Meeting, the Company designates one or more persons to which those entitled to vote may grant proxy, with voting instructions for all or just some of the motions on the agenda. The proxy

does not apply to items for which no voting instructions were given. The persons designated to receive proxies for the Shareholders' Meeting are specified in the related notice of call, together with relevant procedures and deadlines.

The Ordinary Shareholders' Meeting for the approval of the financial statements must be called, in accordance with the law, no later than 180 days from the end of the financial year.

In the situations envisaged by law and in accordance with the related procedures, the directors must call a Shareholders' Meeting without delay when requested by shareholders representing at least one-twentieth of share capital.

The shareholders requesting the Meeting must prepare a report on their proposals regarding the matters to be discussed. At the time of publishing the notice of call for the Meeting and in accordance with the procedures envisaged by law, the Board of Directors must make the report prepared by the shareholders available to the public, together with its considerations, if any.

In the cases, in the manner and with the timing envisaged by law, shareholders that, individually or together, represent at least one-fortieth of share capital may request the integration of the items of the agenda, indicating in their request the additional topics proposed by them, or proposing resolutions on matters already on the agenda.

A notice is published about the addition of items to the agenda or the presentation of additional proposed resolutions on matters already on the agenda, by the legal deadlines, in the manner established for publication of the notice of call.

Shareholders requesting additions to the agenda must prepare and send to the Board of Directors, by the final deadline for the presentation of requests for additions, a report explaining their reasons for the proposed resolutions on the matters they wish to discuss, or their reasons for the additional proposed resolutions presented in relation to matters already on the agenda. At the time of publishing the notice about the additions to the agenda and in accordance with the procedures envisaged by law, the Board of Directors must make the report prepared by the shareholders available to the public, together with its considerations, if any.

The right to attend Shareholders' Meetings and vote is governed by the relevant current legislation and is certified by a communication sent to the Company, by an authorised intermediary with reference to its accounting records, on behalf of the party entitled to vote. This certification is based on the evidence existing at the end of the accounting day on the seventh trading day prior to the date fixed for the Meeting. The additions and deductions recorded on those counts subsequent to that deadline are not relevant when determining the legitimacy of the right to vote at the Meeting. The communication must be received by the Company by the end of the third trading day prior to the date fixed for the Meeting, or by any different deadline established by the applicable regulations. Shareholders are still entitled to attend and vote if the communication is received by the Company after the above deadlines, on condition that it is received before business commences at the Meeting.



Ordinary and Extraordinary Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, if absent or unavailable, by the Chief Executive Officer. If the above persons are absent, the chair is taken by another person appointed by a majority of the share capital represented at the Shareholders' Meeting.

The Chairman of the Meeting is assisted by a Secretary, appointed by a majority of the share capital represented at the Shareholders' Meeting, who does not need to be a shareholder; assistance from the Secretary is not necessary when the minutes of the Meeting are taken by a Notary.

The Chairman of the Shareholders' Meeting chairs the meeting and, in accordance with the law and the Bylaws, moderates its course. For this purpose, the Chairman - *inter alia* - verifies that the Shareholders' Meeting has been properly convened, verifies the identity of those attending and their right to attend, directly or by proxy; verifies the legal quorum for voting; directs the proceedings, with the right to change the order of discussion of the items indicated in the notice of call. The Chairman also adopts suitable measures to ensure orderly discussions and voting, determining the related procedures and checking the results.

Shareholders' Meeting resolutions are evidenced by the minutes signed by the Chairman of the Meeting and by the Secretary of the Meeting or the Notary. The minutes of Extraordinary Shareholders' Meetings must be taken by a Notary designated by the Chairman of the Shareholders' Meeting. All copies of and extracts from minutes not prepared by a Notary are certified true by the Chairman of the Board of Directors.

The conduct of such meetings is governed by the general meeting regulations approved by the Shareholders' Meeting held on 1 August 2017 (available on the Website), as well as by the law and the Bylaws.

## **20. CHANGES SINCE THE END OF THE YEAR**

There have not been any changes to the structure of corporate governance since the end of the Year, except as already indicated in the previous sections, if applicable.

## **21. THE PIRELLI WEBSITE**

For Pirelli, the Website - in English and in Italian - represents a fundamental tool to ensure the prompt and total dissemination of information about the Company and the Group to all Stakeholders.

Pirelli ensures that it is promptly and thoroughly updated, to guarantee the transparency of information and compliance with the current laws and regulations applicable to companies listed on the Italian Stock Exchange.



The Company's objective is to provide simple and clear information for investors and, in general, all its Stakeholders, through the Site, in line with common practice. For this reason, also taking account of the results of assessments by independent agencies - most recently in August 2019 - and in line with the expectations of the Stakeholders, the Company uses its best endeavours to constantly implement the Website.

## **22. CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

With a letter dated 22 December 2020 (the “**Chairman’s Letter**”), in the context of its usual monitoring of the state of application of the provisions of the Corporate Governance Code, the Chairman of the Corporate Governance Committee of Borsa Italiana, has formulated to listed companies the further six recommendations indicated below (the “**Recommendations of the Committee for 2021**”):

1. include the sustainability of the business activities in the definition of the strategies, the internal control and risk management system and the remuneration policy, also on the basis of an analysis of the relevance of the factors that may affect the production of value in the long term;
2. on pre-consultation disclosures: (i) explicitly determine the deadlines deemed appropriate for the submission of documents, (ii) provide in the corporate governance report a clear indication of the identified deadlines and their actual compliance, (iii) do not provide that such deadlines may be waived for mere confidentiality reasons;
3. on the application of the independence criteria: (i) always justify on an individual basis the possible non-application of one or more independence criteria, (ii) define *ex ante* the quantitative and/or qualitative criteria to be used for the assessment of the significance of the relationships under examination;
4. on the subject of self-evaluation of the board of directors: (i) evaluate the board’s contribution to the definition of strategic plans, (ii) oversee the board review process;
5. on the appointment and succession of directors: (i) report promptly on the activities carried out by the nomination committee in case it is merged with the remuneration committee or its functions are attributed to the full board, (ii) ensure the completeness and timeliness of the proposals of resolutions functional to the process of appointment of corporate bodies and express, at least in companies with non-concentrated ownership, an orientation on its optimal composition, (iii) provide, at least in large companies, a succession plan for executive directors identifying at least the procedures to be followed in case of early termination of office;
6. on remuneration policies: (i) provide clear indications on the identification of the weight of the variable component, distinguishing between components linked to annual and multi-year time horizons, (ii) strengthen the link of the variable remuneration to long-term performance objectives, including, where relevant, also non-financial parameters, (iii) limit to exceptional

cases, after adequate explanation, the possibility to pay amounts not linked to predetermined parameters (i.e. *ad hoc bonus*), (iv) define criteria and procedures for the allocation of severance pay, (v) verify that the amount of remuneration paid to non-executive directors and members of the controlling body is appropriate to the competence, professionalism and commitment required by their office.

The Committee's Recommendations for 2021 were brought to the attention of (i) the Audit, Risk, Sustainability and Corporate Governance Committee and the Board of Statutory Auditors on 22 February 2021, and (ii) the Board of Directors on 25 February 2021.

The Board of Directors of the Company - having also obtained the favourable opinions expressed by the members of the competent Committees and the Board of Statutory Auditors - believes that, as promptly highlighted in this Report, no specific interventions to its own corporate governance system are needed in relation to the issues highlighted in the Committee's Recommendations for 2021, as they were already adequately implemented by the Company some time ago.

The following is a summary of the considerations made by the Board of Directors with regard to the Committee's 2021 Recommendations.

It is deemed that the systems of corporate governance rules adopted by Pirelli is already in line with the foregoing recommendations, for the reasons outlined below:

- the sustainability of business activities is a pillar of Pirelli's strategy, which aims to create long-term value for the benefit of shareholders, taking into account the other stakeholders relevant to the Company. In order to contribute to the sustainable success of the Company, the internal control and risk management system adopted by the Company, whose guidelines are defined by the Board of Directors in accordance with the Company's strategy, enables the identification, measurement, management and monitoring of the main risks. In addition, the Company's remuneration policy provides for multi-year variable components of remuneration, aimed at incentivising the achievement of the Company's strategic objectives and sustainable growth;
- also in 2020, pre-meeting information (of a continuous nature or relating to specific topics) was provided in advance, which was deemed to be congruous and adequate to allow Directors to express their opinions in an informed manner on the matters submitted to the Board, with quality standards in line with international best practices and with ample guarantees of confidentiality and traceability of the information and documents sent; as stated in the Regulation on the functioning of the Board of Directors (approved in the meeting of 22 June 2020), the documentation to be examined by the Board and by the Committees is sent within ten days prior to the meeting, unless specific requirements do not allow it: in such cases, the documentation is sent as soon as it is available and full information on the subject under consideration is provided during the meeting;
- during the year, there were no exceptions to the application of the independence criteria provided for in the Corporate Governance Code or in the regulations, from the checks carried out by the controlling body on the criteria adopted by the Board to assess the independence requirements of the directors. The Board of Directors meeting held on 25 February 2021, subject to prior

approval by the Audit, Risk, Sustainability and Corporate Governance Committee, has approved the “ Statement on independence”, in order to define *ex ante* the quantitative and/or qualitative criteria to be used to assess the significance of the relationships pertaining to directors whose independence is being examined;

- the definition of strategic plans is a matter reserved for the exclusive competence of the Board of Directors. In 2020, board performance evaluation activities were also carried out with the help of a leading independent company specialised in this field (SpencerStuart) in the role of facilitator of the process and with the support of the Audit, Risk, Sustainability and Corporate Governance Committee;
- an Appointments and Successions Committee is set up within the Board of Directors, with the task, among others, of assisting the Board of Directors in defining the optimal composition of the Board of Directors and its Committees, formulating opinions regarding the size and composition of the Board of Directors and expressing recommendations regarding the professional figures whose presence on the Board is deemed appropriate; on 26 July 2019, the Board of Directors detailed the procedure for the succession of the Executive Vice Chairman and Chief Executive Officer, which was ultimately confirmed and endorsed by the newly elected Board of Directors on 22 June 2020;
- the remuneration policy of the practice company: (i) shows the structure of the remuneration of Group Management, highlighting the incidence of the various components of their compensation package (i.e. fixed remuneration, annual variable remuneration, multi-year variable remuneration); (ii) provides for a medium/long-term incentive plan, of the “rolling” type, which ensures the linking of variable remuneration to parameters linked to long-term objectives, including non-financial objectives, (iii) describes Pirelli’s policy on compensation in the event of resignation, dismissal or termination of employment. The Remuneration Policy for the financial year 2021 will also describe the cases in which, exceptionally, one-off bonuses may be paid and the procedure for doing so. The remuneration of non-executive directors and members of the controlling body is deemed adequate, also taking into account the specific skills, professionalism and commitment required by the office. This assessment is also confirmed by the analyses carried out by Pirelli on a national and international basis with comparable companies.

**TABLE 1: SIGNIFICANT HOLDINGS OF CAPITAL**

The subjects which, according to the information published by Consob at the date of publication of this Report and/or according to further information available to the Company, possess shares with voting rights in Ordinary Shareholders' Meetings that represent more than 3% of the ordinary share capital are listed below.

<b>MAJOR HOLDINGS IN THE CAPITAL <sup>[1]</sup></b>			
<b>Declaring party</b>	<b>Direct Shareholder</b>	<b>% of ordinary capital</b>	<b>% of voting capital</b>
CHINA NATIONAL CHEMICAL CORPORATION	MARCO POLO INTERNATIONAL ITALY S.R.L.	37,015	37,015
TRONCHETTI PROVERA MARCO	CAMFIN S.P.A. <sup>[2]</sup>	10,10	10,10
SILK ROAD FUND CO LTD	PFQY SRL	9.021	9.021
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED	ICBC STANDARD BANK PLC <sup>[1]</sup>	7,68	7,68
BOMBASSEI ALBERTO	NEXT INVESTMENT SRL	0.210	0.210
	BREMBO SPA - FRENI BREMBO	4.777	4.777
		4,987	4,987

Note: Information on shareholders who, directly or indirectly, hold more than 3% of the share capital with voting rights in the Company's ordinary meetings is taken from Consob's *website*. In this regard, it is useful to note that the information published by Consob on its website by virtue of the communications made by the parties bound by the obligations of Art. 120 of the TUF and the Issuers Regulation, could differ appreciably from the real situation, because the obligations to communicate changes in the percentages of holdings arise not when there is a simple change in this percentage but only when the holdings exceed or fall below predetermined thresholds (3%, 5%, and subsequent multiples of 5% up to a 30% threshold and, beyond this threshold, 50%, 66.6% and 90%). It follows, for example, that a shareholder (i.e. a declaring subject) that has declared ownership of 5.1% of the share capital with voting rights may increase their stake up to 9.9% without thereby having any obligation to notify Consob under Art. 120 of the TUF.

It should also be noted that Consob Resolution No. 21326 of 9 April 2020 (the provisions of which were subsequently updated and extended) provided, as a transitional measure, the additional threshold of 1% at the exceeding of which arise the communication obligations provided for by art. 120, paragraph 2, of the TUF for the companies referred to in Section A of the attached list (including Pirelli); in this regard, please refer to the website of Consob [www.consob.it](http://www.consob.it) where such further communications can be found. Finally, the Company Bylaws do not provide for the possibility of increased voting rights or the issue of shares with multiple voting rights.

<sup>[1]</sup> From the reports reported on the Consob website, section "Pirelli & C. S.p.A. - Equity investments in financial instruments and aggregate equity investments", it also appears that:

- Tacticum Capital S.A. (formerly Long-Term Investments Luxembourg SA (LTI)) transferred its shareholding in Pirelli (6.239% of the capital) to a third-party financial counterparty, pursuant to a re-purchase agreement entered into between the parties, as guarantee of a loan granted by the latter. This counterparty is obliged to re-transfer the same shareholding in favor of Tacticum and to do everything in its power to exercise the right to vote in accordance with the instructions given by Tacticum from time to time.
- Avdeev Roman, through Sova Capital Limited, has declared to Consob and the Company that it holds a stake in shares and other financial instruments (shares subject to several "repurchase agreements" for an indefinite period, with the right for each party to request in any at the time of the repurchase of the shares by Sova Capital Limited) equal to a total of 6.239% of the share capital of Pirelli.
- The shares held by ICBC Standard Bank Plc are the subject of a "Repurchase Agreement" with maturity date March 9, 2023 with the counterparty company controlled by Mr. Niu Yishun.

<sup>[2]</sup> For the sake of completeness, it should be noted that in September 2019 Camfin S.p.A. communicated to the market that it had subscribed with primary financial institutions instruments called "Call Spreads" with maturity in September 2022 having approximately 4.7% of the Pirelli share capital as underlying (see section 2.5).

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors													Audit, Risks, Sustainability and Corporate Governance Committee			Remuneration Committee		Appointments Committee		Strategies Committee		RPT Committee	
Office	Members	Year of birth	Date appointed*	In office since	In office until	Slate**	Exec.	Non-exec.	Indep. Code	Indep. CLF	No. other offices***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)			
Chairman	Ning Gaoning	1958	7 August 2018	18 June 2020	AGM to 31 December 2022	M		x			Cf. Annex A	0/9					0/2	M	1/2	M			
Executive Vice Chairman and Chief Executive Officer	Marco Tronchetti Provera	1948	7 May 2003 <sup>18</sup>	18 June 2020	Balance sheet as at 31 December 2022	M	x				Cf. Annex A	9/9					2/2	P	2/2	P			
Director	Yang Xingqiang	1967	20 October 2015	18 June 2020	Balance sheet as at 31 December 2020	M		x			Cf. Annex A	5/9							1/2	M			
Director	Bai Xinping	1968	2 September 2015	18 June 2020	Balance sheet as at 31 December 2022	M		x			Cf. Annex A	9/9			4/4	M	2/2	M	2/2	M			
Director	Zhang Haitao	1971	18 June 2020 <sup>19</sup>	18 June 2020	Balance sheet as at 31 December 2020	M		x			Cf. Annex A	5/5	4/4	M									
Director	Tao Haisu	1949	1 August 2017 <sup>20</sup>	18 June 2020	Balance sheet as at 31 December 2022	M		x	x	x	Cf. Annex A	9/9			4/4	C							
Director	Paola Boromei	1976	18 June 2020	18 June 2020	Balance sheet as at 31 December 2022	m		x	x	x	Cf. Annex A	5/5			1/1	M							
Director	Domenico De Sole	1944	1 August 2017	18 June 2020	Balance sheet as at 31 December 2022	M		x	x	x	Cf. Annex A	7/9						2/2	M	10/10	M		
Director	Roberto Diacetti	1973	18 June 2020	18 June 2020	Balance sheet as at 31 December 2022	m		x	x	x	Cf. Annex A	5/5	3/4	M									
Director	Giovanni Lo Storto	1970	15 May 2018	18 June 2020	Balance sheet as at 31 December 2022	m		x	x	x	Cf. Annex A	9/9	8/8	M				2/2	M	10/10	M		
Director	Marisa Pappalardo	1960	1 August 2017	18 June 2020	Balance sheet as at 31 December 2020	M		x	x	x	Cf. Annex A	9/9	4/4	M	4/4	M				10/10	P		
Director	Giovanni Tronchetti Provera	1983	1 August 2017	18 June 2020	Balance sheet as at 31 December 2022	M		x			Cf. Annex A	9/9					2/2	M					

<sup>18</sup> Marco Tronchetti Provera took office as general partner of Pirelli & C. Accomandita per Azioni on 29 April 1986. On 7 May 2003 it was resolved to transform the Company from a "joint stock partnership" to a "limited liability company", and in consequence, there no longer being the role of general partner, directors were appointed.

<sup>19</sup> Zhang Haitao was a Director of Pirelli from 15 March 2016 to 31 August 2017. He was re-appointed by the Board of Directors on 18 June 2020.

<sup>20</sup> Tao Haisu was a Director of Pirelli from 20 October 2015 to 15 March 2016. He was reappointed as a Director on 1 August 2017.

Board of Directors												Audit, Risks, Sustainability and Corporate Governance Committee			Remuneration Committee		Appointments Committee		Strategies Committee		RPT Committee	
Office	Members	Year of birth	Date appointed*	In office since	In office until	Slate**	Exec.	Non-exec.	Indep. Code	Indep. CLF	No. other offices***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)		
Director	Fan Xiaohua	1974	1 August 2017	18 June 2020	Balance sheet as at 31 December 2022	M		x	x	x	Cf. Annex A	9/9	8/8	P								
Director	Wei Yintao	1971	1 August 2017	18 June 2020	Balance sheet as at 31 December 2022	M		x	x	x	Cf. Annex A	9/9						2/2	M			
<b>DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR</b>																						
On 31 July 2020 Carlo Secchi resigned as a Director of the Company																						
Director	Carlo Secchi	1944	18 June 2020	18 June 2020	5 August 2020	M		x	x	X	-											
On 24 March 2021 Angelos Papadimitriou expired from the office of Director of the Company																						
Director	Angelos Papadimitriou	1966	5 August 2020	5 August 2020	Balance sheet as at 31 December 2020	-					-	3/3							1/1	M		
<b>Number of meetings of the Board of Directors held during the year: 9</b>																						
Audit and Risks Committee: 8 / Remuneration Committee 4 / Appointments Committee: 2 / Strategy Committee: 2 / Committee opc: 10																						
<b>Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Art. 147-ter TUF): 1% of the share capital with the right to vote in ordinary shareholders' meetings.</b>																						

The symbols below in the "Charge" column have the following meaning:

- This symbol indicates the director responsible for the internal control and risk management system.

- ◊ This symbol indicates the person principally responsible for the operations of the issuer (Chief Executive Officer or CEO).

\* The date of first appointment of each director means the date on which the director was appointed for the first time (in absolute terms) to the BoD of the issuer.

\*\* List from which each director was drawn ("M": majority list; "m": minority list; "BoD": list submitted by the BoD).

\*\*\* Number of directorships or statutory auditor appointments held by the person concerned in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance or large companies. In Annex A of the Report, assignments are listed in full.

(\*). Attendance of directors at Board and committee meetings respectively (the number of meetings attended compared to the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*). Qualification of the director within the Committee: "C": chairman; "M": member.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Board of Statutory Auditors																
Office	Members	Year of birth	Date appointed*	first in office since	In office until	Balance sheet as at 31 December 2020	Slate **	Indep. Code	Attendance at meetings of the Board of Statutory Auditors ***	Attendance at meetings of the BoD	Attendance at meetings of the ARSCGC	Attendance at meetings of the Remuneration Committee	Attendance at meetings of the Appointments Committee	Attendance at meetings of the Strategies Committee	Attendance at meetings of the RPT ****	No. other offices *****
Chairman	Francesco Fallacara	1964	10 May 2012	15 May 2018	Balance sheet as at 31 December 2020	m	x	12/12	9/9	8/8	4/4	2/2	2/2	10/10	See All. A	
Standing auditor	Fabio Artoni	1960	14 May 2015	15 May 2018	Balance sheet as at 31 December 2020	M	x	12/12	9/9	7/8	4/4	-	-	10/10	See All. A	
Standing auditor	Antonella Carù	1961	10 May 2012	15 May 2018	Balance sheet as at 31 December 2020	M	x	12/12	9/9	8/8	4/4	-	-	9/10	See All. A	
Standing auditor	Luca Nicodemi	1973	5 September 2017	15 May 2018	Balance sheet as at 31 December 2020	M	x	12/12	9/9	8/8	3/4	-	-	9/10	See All. A	
Standing auditor	Alberto Villani	1962	5 September 2017	15 May 2018	Balance sheet as at 31 December 2020	M	x	12/12	9/9	7/8	4/4	-	-	9/10	See All. A	
Alternate auditor	Franca Brusco	1971	15 May 2018	15 May 2018	Balance sheet as at 31 December 2020	m	x	-	-	-	-	-	-	-	Cf. Annex A	
Alternate Auditor	Elenio Bidoggia	1963	15 May 2018	15 May 2018	Balance sheet as at 31 December 2020	M	x	-	-	-	-	-	-	-	Cf. Annex A	
Alternate auditor	Giovanna Oddo	1967	14 May 2015	15 May 2018	Balance sheet as at 31 December 2020	M	x	-	-	-	-	-	-	-	Cf. Annex A	
<b>AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR</b>																
No Statutory Auditor ceased to hold office during the relevant financial year.																
<b>Number of meetings of the Board of Statutory Auditors held during the year in question: 12</b>																
<b>Indicate the quorum required for minority shareholders to submit a slate for the election of one or more directors (pursuant to art. 148 CLF): 1% of the shares with the right to vote in ordinary shareholders' meetings.</b>																

\* The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the issuer.

\*\* List from which each auditor was drawn ("M": majority list; "m": minority list).

\*\*\* Attendance of auditors at meetings of the board of auditors (the number of meetings attended compared to the total number of meetings attended; e.g. 6/8; 8/8 etc.).

\*\*\*\* Number of positions as director or auditor held by the person concerned pursuant to Art. 148-bis of the Consolidated Law on Finance and the relative implementing provisions contained in the Consob Issuers' Regulations. The complete list of offices is published by Consob on its website, pursuant to art. 144-*quinquiesdecies* of the Consob Issuers' Regulation.

## ANNEX A

### SECTION I: LIST OF PRINCIPAL OFFICES HELD BY DIRECTORS, AT THE REPORT DATE, IN OTHER COMPANIES THAT ARE NOT PART OF THE PIRELLI GROUP

First and last name	Company	Office held in the company
Ning Gaoning	Sinochem Corporation Ltd: <ul style="list-style-type: none"> <li>China Jinmao Holdings Group Ltd.</li> <li>Far East Horizon Ltd.</li> </ul>	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors
	China National Chemical Corporation: <ul style="list-style-type: none"> <li>Syngenta AG</li> <li>Syngenta Group Co. Ltd.</li> <li>Adama Agricultural Solutions Ltd.</li> </ul>	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Director
Marco Tronchetti Provera	Marco Tronchetti Provera & C. S.p.A.: <ul style="list-style-type: none"> <li>Camfin S.p.A.</li> <li>Camfin Industrial S.p.A. in liquidation</li> <li>Camfin Alternative Assets S.p.A.</li> <li>MGPM s.s.</li> <li>Bhohb Russia S.r.l.</li> </ul>	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors and Chief Executive Officer Chairman of the Board of Directors Sole Administrator Chairman of the Board of Directors
	RCS MediaGroup S.p.A.	Director
Yang Xingqiang	China National Chemical Corporation: <ul style="list-style-type: none"> <li>China National Bluestar Group Co. Ltd.</li> <li>ADAMA Agricultural Solutions Ltd.</li> <li>Marco Polo International Italy S.r.l.</li> <li>TP Industrial Holding S.p.A.</li> <li>Syngenta Group Co. Ltd.</li> </ul>	Chairman of the Board of Directors Director Chairman of the Board of Directors Director Chairman of the Board of Directors Member of the Supervisory Board



First and last name	Company	Office held in the company
Bai Xinping	China National Chemical Corporation:	
	• China National Tire & Rubber Company Ltd.	Chairman of the Board of Directors
	• CNRC International Holding (HK) Ltd.	Director
	• CNRC Capital Ltd.	Director
	• CNRC Capital Limited	Director
	• CNRC International Ltd.	Director
	• Fourteen Sundew S.à.r.l.	Director
	• Marco Polo International Italy S.r.l.	Chairman of the Board of Directors
	• TP Industrial Holding S.p.A.	Director
• Prometeon Tyre Group S.r.l.	Chairman of the Board of Directors	
Paola Boromei	Snam Rete Gas S.p.A.	Director
	Grifal S.p.A.	Director
Domenico De Sole	Tom Ford International Inc.	Chairman of the Board of Directors
	Advance Publication Inc.	Director
	Ermenegildo Zegna S.p.A.	Director
	Thom Browne International	Director
	Sandbridge Capital LLC.	Director
Roberto Diacetti	Banca IFIS:	Director
	• IFIS NPL Servicing	Vice-Chairman of the Board of Directors
	• FarBanca	Director
Giovanni Lo Storto	DoValue S.p.A.	Director
	Internazionale S.p.A.	Director
	Base per Altezza S.r.l.	Director
	National Observatory on Agile Work	Director

First and last name	Company	Office held in the company
	Luiss Guido Carli <ul style="list-style-type: none"> <li>• L. Campus S.r.l.</li> <li>• L. Lab S.r.l.</li> <li>• LUISS (LUIS SSD) sporting association</li> <li>• LUISS ALUMNI 4 Growth S.r.l.</li> <li>• Luiss X S.p.A</li> </ul>	CEO CEO Director Vice Chairman of the Board of Directors Director
Tao Haisu	Mercuria Energy Group Asia	Director
Zhang Haitao	China National Chemical Corporation: <ul style="list-style-type: none"> <li>• China National Tire &amp; Rubber Company Ltd.</li> <li>• CNRC International Holding (HK) Ltd.</li> <li>• Marco Polo International Italy S.r.l.</li> <li>• TP Industrial Holding S.p.A.</li> <li>• Prometeon Tyre Group S.r.l.</li> </ul>	General Counsel Director Director Director Director
Marisa Pappalardo	BPER Banca S.p.A.	Director
Giovanni Tronchetti Provera	Marco Tronchetti Provera & C. S.p.A.: <ul style="list-style-type: none"> <li>• Camfin S.p.A.</li> <li>• Camfin Industrial S.p.A. in liquidation</li> <li>• Camfin Alternative Assets S.p.A.</li> </ul>	Director Director Director
Fan Xiaohua	-	-
Wei Yintao	-	-

## SECTION II: LIST OF THE MAIN OFFICES HELD BY AUDITORS IN OTHER COMPANIES AT THE DATE OF THE REPORT

First and last name	Company	Office held in the company
<b>Francesco Fallacara</b>	Maire Tecnimont S.p.A.	Chairman of the Board of Statutory Auditors
	Ro. Co. Edil. Romana Costruzioni Edilizie	Standing Auditor
	HIRAFILM S.r.l.	Sole Auditor
	Banca Consulia S.p.A.	Alternate Auditor
	Capital Shuttle S.p.A.	Alternate Auditor
	Fondazione Link Campus University	Chairman of the Board of Statutory Auditors
	Eni Progetti S.p.A.	Standing Auditor
	ArgoGlobal Assicurazioni S.p.A.	Independent Director
	Creval S.p.A. – Gruppo bancario Credito Valtellinese	Alternate Auditor
	GB Trucks Socio Unico S.r.l.	Sole External Auditor
	Nextchem S.r.l.	Standing Auditor
	SIBI S.r.l.	Sole External Auditor
	I Casali del Pino S.r.l.	Sole External Auditor
	Collegio Provinciale dei Geometri di Roma	Current Member of the Association of Auditors
	Asfor – Associazione Italiana per la formazione Manageriale	Chairman of the Supervisory Body
	Apaform – Associazione Professionale ASFOR di formatori di management	Chairman of the Supervisory Body
	Fondazione Maire Tecnimont	Sole External Auditor
	Gasoltermica Laurentina S.p.A.	Alternate Auditor
	Linda S.r.l.	Alternate Auditor
	Bona dea S.r.l.	Alternate Auditor
Società Nazionale Appalti manutenzioni Lazio Sud	Alternate Auditor	
Patty s.s.	Managing Partner	
<b>Fabio Artoni</b>	Mag JLT S.r.l.	Standing Auditor
	Ecosesto S.p.A.	Standing Auditor
	Pirelli Tyre S.p.A.	Chairman of the Board of Statutory Auditors
	Pirelli Industrie Pneumatici S.r.l.	Standing Auditor
	Trans Ferry S.p.A.	Alternate Auditor
	Pastificio Castiglioni S.p.A.	Chairman of the Board of Statutory Auditors
	Elba S.p.A.	Chairman of the Board of Statutory Auditors

	Antrim S.p.A.	Chairman of the Board of Statutory Auditors
	Alucart S.r.l.	Standing Auditor
	Alhof di A. Hofmann S.p.A.	Chairman of the Board of Statutory Auditors
	Alpha Test S.r.l.	Chairman of the Board of Statutory Auditors
	Coster Tecnologie Speciali S.p.A.	Chairman of the Board of Statutory Auditors
	Finser S.p.A.	Chairman of the Board of Statutory Auditors
	V.I.P. S.p.A.	Chairman of the Board of Statutory Auditors
	Barry Callebaut Italia S.p.A.	Chairman of the Board of Statutory Auditors
	Barry Callebaut Manufacturing Italia S.p.A.	Chairman of the Board of Statutory Auditors
	Xenia RE S.p.A.	Chairman of the Board of Statutory Auditors
	360 Payment Solutions S.p.A.	Standing Auditor
	Dolphin S.r.l.	Chairman of the Board of Statutory Auditors
	Chromavis S.p.A.	Chairman of the Board of Statutory Auditors
	Falck Energy S.p.A.	Standing Auditor
	VIP Logistics S.p.A.	Chairman of the Board of Statutory Auditors
	Emma S.p.A.	Standing Auditor
	London Stock Exchange Group Holdings Italia S.p.A.	Standing Auditor
	Monte Titoli S.p.A.	Alternate Auditor
	FTSE Italy S.p.A.	Alternate Auditor
	Elite S.p.A.	Standing Auditor
	Foodelicious S.r.l.	Standing Auditor
	Innogest SGR S.r.l.	Statutory Auditor
	Sighup S.r.l.	Statutory Auditor
	Cassa di Compensazione e Garanzia S.p.A.	Standing Auditor
	Elite SIM S.p.A.	Standing Auditor
	Gatelab S.r.l.	Alternate Auditor
	Borsa Italiana S.p.A.	Alternate Auditor
	Falck - S.p.A.	Alternate Auditor
	Tetis S.r.l.	Standing Auditor
	AMFIN HOLDING S.P.A.	Standing Auditor
<b>Antonella Carù</b>	Autogrill S.p.A.	Standing Auditor
	Autogrill Advanced Business Service S.r.l.	Standing Auditor

	Pirelli Tyre S.p.A.	Standing Auditor
	Accademia Teatro alla Scala Fondazione	Director
<b>Luca Nicodemi</b>	Prometeon Tyre Group S.r.l.	Chairman of the Board of Statutory Auditors
	TP Industrial Holding S.p.A.	Chairman of the Board of Statutory Auditors
	Pirelli Tyre S.p.A.	Standing Auditor
	F.C. Internazionale S.p.A.	Chairman of the Board of Statutory Auditors
	Inter Media and Communication S.p.A.	Chairman of the Board of Statutory Auditors
	Inter Brand S.r.l.	Chairman of the Board of Statutory Auditors
	Istituti Ospedalieri Bergamaschi S.r.l.	Chairman of the Board of Statutory Auditors
	Fattorie Osella S.p.A.	Standing Auditor
	Istituto Clinico Villa Aprica S.p.A.	Chairman of the Board of Statutory Auditors
	De Wave S.p.A.	Standing Auditor
	Italian Creation Group S.p.A.	Chairman of the Board of Statutory Auditors
	C.P.C. S.r.l.	Standing Auditor
	Dainese S.p.A.	Standing Auditor
	Prima TV S.p.A.	Standing Auditor
	Savills I.M. SGR S.p.A.	Statutory Auditor
	Koinos Capital SGR S.p.A.	Chairman of the Board of Statutory Auditors
	Argos Wityu Italia S.p.A.	Chairman of the Board of Statutory Auditors
	Imprima S.p.A. (priorly Color Wind S.p.A.)	Standing Auditor
	Fontanaarte S.p.A.	Alternate Auditor
	Pillarstone Italy Holding S.p.A.	Alternate Auditor
	Wise SGR S.p.A.	Alternate Auditor
	Pillarstone Italy S.p.A.	Alternate Auditor
	Fossadello Real Estate S.p.A. in liquidation	Alternate Auditor
	Roche S.p.A.	Standing Auditor
	Roche Diagnostic S.p.A.	Standing Auditor
	Roche Diabetes Care Italy S.p.A.	Standing Auditor
	Rothschild & Co Wealth Management Italy Società di Intermediazione Mobiliare S.	Chairman of the Board of Statutory Auditors
	Alkemia SGR S.p.A.	Chairman of the Board of Statutory Auditors
	OCM S.p.A.	Chairman of the Board of Statutory Auditors
	BORMIOLI PHARMA S.P.A.	Chairman of the Board of Statutory Auditors

	Fantini Group Vini S.r.l.	Standing Auditor
	M-I Stradio S.r.l.	Standing Auditor
	IGLI S.p.A.	Standing Auditor
	KYMA Investment Partners S.p.A.	Standing Auditor
	MD ECO Partners S.C.P.A.	Standing Auditor
	Pedini S.p.A.	Chairman of the Board of Statutory Auditors
	INDABOX S.r.l.	Chairman of the Board of Statutory Auditors
	Angel Capital Management S.p.A.	Alternate Auditor
<b>Alberto Villani</b>	AGB Nielsen Media Research Holding S.p.A.	Chairman of the Board of Statutory Auditors
	AREEF 2 PALIO SICAF	Standing Auditor
	EDRA S.p.A.	Chairman of the Board of Statutory Auditors
	Nuova GS S.p.A.	Standing Auditor
	BBC Italia S.r.l.	Director
	BTSR International S.p.A.	Chairman of the Board of Statutory Auditors
	Fratelli Consolandi S.r.l.	Chairman of the Board of Statutory Auditors
	HDP S.p.A.	Chairman of the Board of Statutory Auditors
	Selecta S.p.A.	Chairman of the Board of Statutory Auditors
	Selecta Taas S.p.A.	Chairman of the Board of Statutory Auditors
	Selecta Digital Services S.p.A.	Chairman of the Board of Statutory Auditors
	Quattrodedue S.p.A.	Chairman of the Board of Statutory Auditors
	Tenuta Montemagno Soc. Agricola S.p.A.	Chairman of the Board of Statutory Auditors
	Bennet S.p.A.	Standing Auditor
	Bennet Holding S.p.A.	Standing Auditor
	Carcano Antonio S.p.A.	Standing Auditor
	DE' Longhi S.p.A.	Standing Auditor
	DE' Longhi Capital Services S.r.l.	Chairman of the Board of Statutory Auditors
	DE' Longhi Appliances S.r.l.	Chairman of the Board of Statutory Auditors
	EFFE 2005 Gruppo Feltrinelli S.p.A.	Standing Auditor
	FINMEG S.r.l.	Standing Auditor
	Gallerie Commerciali Bennet S.p.A.	Standing Auditor
	INTEK Group S.p.A.	Standing Auditor
	Meg Property S.p.A.	Standing Auditor

	Over Light S.p.A.	Standing Auditor
	Vetus Mediolanum S.p.A.	Chairman of the Board of Statutory Auditors
	San Remo Games S.r.l.	Sole Auditor
	Impresa Costruzioni Grassi&Crespi S.r.l.	Alternate Auditor
	Impresa Luigi Notari S.p.A.	Alternate Auditor
	Compagnia Padana per Investimenti S.p.A.	Alternate Auditor
	Royal Immobiliare S.r.l.	Sole Director
	SO.SE.A. S.r.l.	Director
	Vianord Engineering Société par action simplifiée	Director
	TP Industrial Holding S.p.A.	Standing Auditor
<b>Elenio Bidoggia</b>	Camfin Industrial S.p.A. in liquidation	Alternate Auditor
	SO. DI. P. S.p.A.	Standing Auditor
	3 B Holding S.r.l.	Standing Auditor
	Hydrogest Campania S.p.A. in liquidation	Standing Auditor
	Pirelli International Treasury S.p.A.	Alternate Auditor
	Pirelli Tyre S.p.A.	Alternate Auditor
	Casa Editrice Universo S.p.A.	Standing Auditor
	Finpol S.p.A.	Standing Auditor
	Prelios S.p.A.	Alternate Auditor
	Prelios Credit Servicing S.p.A.	Standing Auditor
	Prelios Integra S.p.A.	Standing Auditor
	Prelios Valuations & e- services S.p.A.	Chairman of the Board of Statutory Auditors
	Prelios Credit Solutions S.p.A.	Standing Auditor
	Prelios SGR S.p.A.	Chairman of the Board of Statutory Auditors
	Fratelli Puri Negri S.a.p.A.	Standing Auditor
	Trixia S.r.l.	Standing Auditor
	Riva dei Ronchi S.r.l. in liquidation	Standing Auditor
	M&C Saatchi S.p.A.	Standing Auditor
	Geolidro S.r.l.	Statutory Auditor
	Banca UBAE S.p.A.	Standing Auditor
	Armonia SGR S.p.A.	Standing Auditor
	Golfo Aranci S.p.A. in liquidation	Chairman of the Board of Statutory Auditors

	Elesa S.p.A.	Chairman of the Board of Statutory Auditors
	Prelios Agency S.p.A.	Standing Auditor
	C.F.M. CO. FARMACEUTICA MILANESE S.p.A.	Alternate Auditor
	Esselte S.r.l.	Alternate Auditor
	Milanosesto S.p.A.	Alternate Auditor
<b>Giovanna Oddo</b>	Tiglio II S.r.l. in liquidation	Liquidator
	M.S.M.C. Immobiliare Due S.r.l. in liquidation	Liquidator
	Centrale Immobiliare S.r.l. in liquidation	Liquidator
	Trixia S.r.l.	Chairman of the Board of Directors
	Lupicaia S.r.l. in liquidation	Liquidator
	Iniziative Retail S.r.l. in liquidation	Liquidator
	Iniziative Immobiliari S.r.l. in liquidation	Liquidator
	Riva De Ronchi S.r.l. in liquidation	Liquidator
	Geolidro S.r.l.	Chairman of the Board of Directors
	TP Industrial Holding S.p.A.	Alternate Auditor
	Prometeon Tyre Group S.r.l.	Alternate Auditor
	Koinè Società tra Avvocati S.r.l.	Sole Director
	Pirelli International Treasury S.p.A.	Standing Auditor
	Pirelli Sistemi Informativi S.r.l.	Statutory Auditor
	Pirelli Servizi Amministrazione e Tesoreria S.p.A.	Statutory Auditor
Pirelli Tyre S.p.A.	Alternate Auditor	
<b>Franca Brusco</b>	ENAV S.p.A.	Chairman of the Board of Statutory Auditors
	Biancamano S.p.A.	Standing Auditor
	Lazio Ambiente S.p.A.	Chairman of the Board of Statutory Auditors
	D-Flight S.p.A.	Chairman of the Board of Statutory Auditors
	CDP Industria S.p.A.	Standing Auditor
	Cassa Depositi e Prestiti S.p.A.	Standing Auditor
	Autorità di Sistema portuale del Mare Mediterraneo meridionale	Member of the Association of Auditors
	Galleria Borghese National Museum	Member of the Association of Auditors
	Gruppo Garofalo Health Care S.p.A.	Independent Director