



# Pirelli & C. S.p.A.

## Reports to the Shareholders' Meeting of 29 June 2023

### Appointment of the Board of Directors and Chairman

(item 3 on the agenda)

DISCLAIMER: The resolutions under this item will be proceeded, only if the proposals under item 2 on the agenda are not approved by the Shareholders' Meeting.

Illustrative report drawn up by the Directors pursuant to Article 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented, approved by the Board of Directors on 11 May 2023.

**Appointment of the Board of Directors:**

- **determination of the number of members of the Board of Directors;**
- **appointment of the Directors;**
- **appointment of the Chairman of the Board of Directors;**
- **determination of the annual remuneration of the members of the Board of Directors.**

Dear Shareholders,

With the approval of the financial statements as at 31 December 2022, the Board of Directors in office, appointed by the Ordinary Shareholders' Meeting of 18 June 2020, which fixed the duration of the mandate to three financial years, comes to the end of its mandate.

The Shareholders' Meeting must therefore be asked to appoint, in accordance with the recommendations of the Corporate Governance Code and pursuant to article 10 of the Company Bylaws (reported in full as a footnote to this report), the new Board of Directors for financial years 2023/2025, after setting the number of its members, as well as the relevant remuneration. The Shareholders' Meeting that resolves on the appointment of the Board of Directors is also asked to appoint the Chairman of the Board of Directors.

It should be noted that the Board of Directors resolved to propose to the Shareholders to postpone to a subsequent Shareholders' Meeting, to be called presumably by 31 July 2023 to take into account the issue of the decision of the Golden Power Procedure, the discussion and decision on the items on the agenda relating to the renewal of the Board of Directors, with the consequent extension in the meantime of the Board members currently in office, and on the subsequent items on the agenda. For more details on this proposal, please refer to the Explanatory Report on item 2) on the agenda of the Shareholders' Meeting of 29 June 2023.

Should, on the other hand, the Shareholders' Meeting not resolve on the postponement, it is noted that pursuant to article 10 of the Company Bylaws, the Company is managed by a Board of Directors made up of a maximum of 15 (fifteen) members, who remain in office for three years and who may be re-elected.

It should be noted that, in accordance with the same article 10 of the Company Bylaws, the appointment of the Board of Directors will be based on slates submitted by Shareholders who, on their own account or with other shareholders, own shares

in total representing at least 1% of the share capital entitled to vote at an Ordinary Meeting, or any lower amount specified in regulations issued by Consob, with the obligation to evidence their ownership of the number of shares needed for the submission of slates by the deadline envisaged for the publication of such slates by the Company. With regard to this, it is noted that Consob (with resolution no. 76 of 30 January 2023), established the threshold for the submission of slates of candidates at the same 1% threshold.

The slates of candidates, listed with a progressive number, must be signed by those submitting them and filed at the registered offices of the Company at least 25 days prior to the date fixed for the Shareholders' Meeting called to resolve on the appointment of members of the Board of Directors.

The slates of candidates are made available to the public at the registered office, on the Company website and in the other ways specified by Consob regulations at least 21 days before the date of the Shareholders' Meeting.

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. A *curriculum vitae* is to be registered for each candidate, indicating their personal and professional characteristics and providing information (also in attachments) on the administration and control positions held with other companies and their eligibility, if applicable, to qualify as independent directors, in accordance with the criteria established by law and the criteria adopted by the Company (Corporate Governance Code). Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.

In particular, it is noted that the Board of Directors of the Company has adopted a guidance relating to the maximum number of offices deemed to be compatible with the effective performance of the role of Company director; with regard to this, Shareholders interested in submitting slates of candidates are invited to consult the relevant document published on the Company's website at the address [www.pirelli.com](http://www.pirelli.com), in the Corporate Governance section.

It should also be noted that the Bylaws in force envisage that slates containing three or more candidates must include a number of candidates of different gender that at least satisfies the minimum required by the law and/or regulations in force at the

time.

Moreover, to ensure the gender balance in the composition of the Board of Directors, at least two fifths of Directors must belong to the least represented gender.

For further details on the Board composition, please refer to the document on its qualitative - quantitative composition made available on the Company website and further information available in the website section dedicated to the shareholders' meeting.

Each shareholder may submit or contribute to the submission of just one slate and each candidate may be included in just one slate, under penalty of ineligibility.

As established by Consob, shareholders submitting a slate must provide evidence of their identity and of the percentage of total shares held. Slates which are submitted in breach of the provisions pursuant to article 10 of the Company Bylaws are deemed not to have been submitted.

Furthermore, as stated above, if the Shareholders' Meeting should approve the aforementioned postponement proposal as set forth under item 2 on the agenda, the agenda items concerning the renewal of the Board of Directors, which is the subject of this Report, and consequently also the related additional items 4, 5 and 6 on the agenda of the Shareholders' Meeting, will not be discussed and voted on.

That being said, the Board of Directors, if the Shareholders' Meeting should not approve the aforementioned item 2 on the agenda,

- in view of the provisions of the Company Bylaws in relation to the composition and procedure for the appointment of the Board of Directors;
- in view of the legislation in force related to gender quotas;
- considering the outcomes of the Self-Evaluation Process and the following documents approved by the Board in office i) Guidance on the qualitative-quantitative composition of the Board; ii) Guidance of the Board of Directors on the maximum number of offices,

invites the Shareholders' Meeting:

- to set the number of members of the Board of Directors, determining their remuneration;
- to vote the slates of candidates to the office of Director of the Company submitted and notified pursuant to the procedures and the terms of article 10 of the Company Bylaws and of the applicable laws and regulations;
- to appoint the Chairman of the Board of Directors.



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**Article 10 of the Company Bylaws**

Article 10

10.1 The Company shall be managed by a Board of Directors composed of up to fifteen members who shall remain in office for three financial years and may be re-elected.

10.2 The Board of Directors is appointed on the basis of slates presented by the shareholders pursuant to the following paragraphs hereof, in which the candidates are listed by consecutive 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 Meeting called to resolve on the appointment of Board members. They are made available to the public at the registered office, on the Company website and in the other ways specified by Consob regulations at least 21 days before the date of the general meeting.

10.4 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.

10.5 Only shareholders who, alone or together with other shareholders, hold a total number of shares representing at least 1 percent of the share capital entitled to vote at the ordinary shareholders' meeting or the minor percentage, according to the regulations issued by Commissione Nazionale per le Società e la Borsa, are entitled to submit slates, subject to their proving ownership of the number of shares needed for the presentation of slates within the term specified for their publication by the Company.

10.6 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. Together with such statements, a curriculum vitae must be filed for each candidate, including their relevant personal and professional data and mentioning the offices held in management and supervisory bodies of other companies and their satisfaction of the requisites of independence prescribed for directors of listed companies by the law or by the governance code endorsed by the Company. In order to ensure gender balance, slates that contain a number of candidates equal to three must include candidates of different genders, while the slates containing a number of candidates equal to or higher than four must contain a number of candidates of the less represented gender at least matching the minimum laid down in statutory and/or regulatory provisions as in force at the time, in accordance with what will be stated in the notice of the Shareholders' Meeting.

Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.

10.7 Any slates submitted without complying with the foregoing provisions shall be disregarded.

10.8 Each person entitled to vote may vote for only one slate.

10.9 (A) The Board of Directors is elected as specified below:

a) four-fifths of the directors to be elected are chosen from the slate which obtains the highest number of votes cast by the shareholders, in the order in which they are listed on the slate; in the event of a fractional number, it is rounded-down to the nearest whole number;

b) the remaining directors are chosen from the other slates; to this end, the votes obtained by the various slates are divided by whole progressive numbers from one up to the number of directors to be elected. The quotients thus obtained are assigned to the candidates on each slate in the order they are respectively listed thereon. On the basis of the quotients assigned, the 7 candidates on the various slates are ranked in a single list in decreasing order. Those who have obtained the highest quotient are elected.

Should several candidates obtain the same quotient, the candidate elected will be drawn from the slate that has not yet elected a director or that has elected the smallest number of directors. If none of such slates has as yet elected a director or they have all elected the same number of directors, the candidate from the slate which obtained the highest number of votes is elected.

If the different slates obtain the same number of votes and their candidates are assigned the same quotients, a new vote is held by the entire shareholders' meeting and the candidate who obtains the simple majority of the votes is elected.

(B) If only one slate is presented, all directors shall be elected from the only slate that was presented.

10.10 The appointment of the Board of Directors must take place in compliance with the rules on gender balance in force at the time.

If applying the slate voting procedure fails to secure the minimum number of directors of the less represented gender that is required by the statutory and/or regulatory rules in force at the time, the last appointed candidate of the more represented gender indicated on the slate that attracts most votes shall be substituted by the non-appointed candidate of the less represented gender, drawn from the same slate on the basis of their progressive order of presentation, and so on, slate by slate (solely with regard to slates with a number of candidates equal to or more than three), until the minimum number of directors of the less represented gender is reached.

If at the end, said procedure does not secure the result just indicated, the substitution will be made through a resolution of the shareholders' meeting voted by a relative majority, subject to the nomination of persons of the less represented gender.

10.11 Should application of the slate voting mechanism not obtain the minimum number of independent directors envisaged by the laws and/or regulations in force, 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 laws and/or regulations governing gender balance in force at the time.

10.12 When appointing directors who, for whatsoever reason were not appointed under the voting procedure established herein, the shareholders' meeting shall vote on the basis of the majorities required by law, without prejudice, whatever the circumstances, to the requirements of independence set forth by these ByLaws and to the compliance with the gender balance as provided by law and/or regulation in force at the time.

10.13 If one or more vacancies occur on the Board during the course of the financial year, the procedure established in article 2386 of the Italian Civil Code shall be followed, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time. Whenever the majority of the members of the Board of Directors elected by the Shareholders' Meeting leaves office for any cause or reason whatsoever, the remaining Directors will be deemed to have resigned and their resignation will become effective the moment a shareholders' meeting convened on an urgent basis elects a new Board of Directors.

10.14 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.

10.15 At its first meeting, the Board of Directors shall appoint a Chairman, if the shareholders' meeting has not already done so, and if necessary a Vice Chairman.

10.16 In case of absence or impediment of the Chairman to perform his/her duties, in turn, the Vice Chairman or the CEO shall act in his/her stead; should they be absent or could not attend the board, another director, elected by the majority of the attendees may act in his/her stead.

10.17 The Board of Directors shall appoint a Secretary, who need not be a director.

10.18 Until the shareholders' meeting resolves otherwise, the directors shall not be subject to the prohibition contemplated in article 2390 of the Italian Civil Code.