



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 the Consolidated Finance Law (TUF)

(traditional model of administration and control)

**(Report approved by the Board of Directors of Pirelli & C. S.p.A.
on 2 March 2020 in relation to the year ended on 31 December 2019. The report is also
available on the website www.pirelli.com)**

GLOSSARY

Annual General Meeting: the shareholders' meeting called to approve the financial statements as of 31 December 2019.

Camfin: Camfin S.p.A., a company established under Italian law controlled by Marco Tronchetti Provera through MTP&C, with registered offices in Milan, Viale Sarca no. 222, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 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 article 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 currently in force 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 2 March 2020, 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.

LTI: Long-Term Investments Luxembourg S.A. (now Tacticum Investments S.A.), a company established under Luxembourg law, with registered offices at 51 Boulevard Grand Duchesse

Charlotte, L-2330, Luxembourg (Grand Duchy of Luxembourg), Luxembourg Companies and Commerce Register number B-187332.

LTI Italy: LTI Italy S.r.l., a company established under Italian law, wholly owned by LTI, with registered offices in Milan, at via G. Carducci 32, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 10449980969, removed from the Companies Register following liquidation on 11 December 2018.

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.

Shareholders' Agreement: the agreement signed on 28 July 2017 by ChemChina, CNRC, SRF, SPV HK 1, SPV HK 2, SPV Lux, Camfin, LTI and MTP&C, with effect from the First Trading Day. The essential content of the Shareholders' Agreement, to which reference is made for further information, is available on the Website (www.pirelli.com).

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.

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 resolution 17221 dated 12 March 2010 (as amended) on the subject of related-party transactions.

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.

Renewal of the Shareholders' Agreement: the agreement entered into on 1 August 2019 by ChemChina, CNRC, SPV HK1, SPVHK2, SPV LUX, MPI Italy, SRF, MTP&C and Camfin to renew the Shareholders' Agreement. The provisions contained in the Shareholders' Agreement Renewal are effective as of the date of 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 and will expire after 3 years from said date. The essential content of the Shareholders' Agreement Renewal, to which reference is made for further information, is available on the Website (www.pirelli.com).

Marco Polo Demerger: non-proportional total demerger of Marco Polo into beneficiaries MPI Italy, Camfin and LTI Italy, resolved by the meeting of the shareholders of Marco Polo and Camfin on 2 August 2018. The Marco Polo Demerger came into effect on 8 August 2018.

Website: the institutional website of Pirelli containing *inter alia* information about the Company, which can be found at the Internet domain 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).

Articles: the Articles of Association 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 adopted by the Company¹.

Pirelli is aware that an efficient system of corporate governance is an essential element for achieving the objective of sustainable value creation².

1. COMPANY PROFILE

Pirelli, with its approximately 31,600 employees and annual sales of over Euro 5.3 billion in 2019, ranks among the principal global manufacturers of tyres and supplier of ancillary services, the only operator in the sector exclusively specialised in the consumer market (tyres for cars, motorcycles and bicycles), 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, with significant input from technology and/or customisation (*i.e.* specifically, New Premium, Specialities and Super Specialities tyres and Premium motorcycle tyres). In addition, the Company currently occupies a leadership position in the 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 Replacement market for New Premium car tyres and Premium motorcycle tyres.

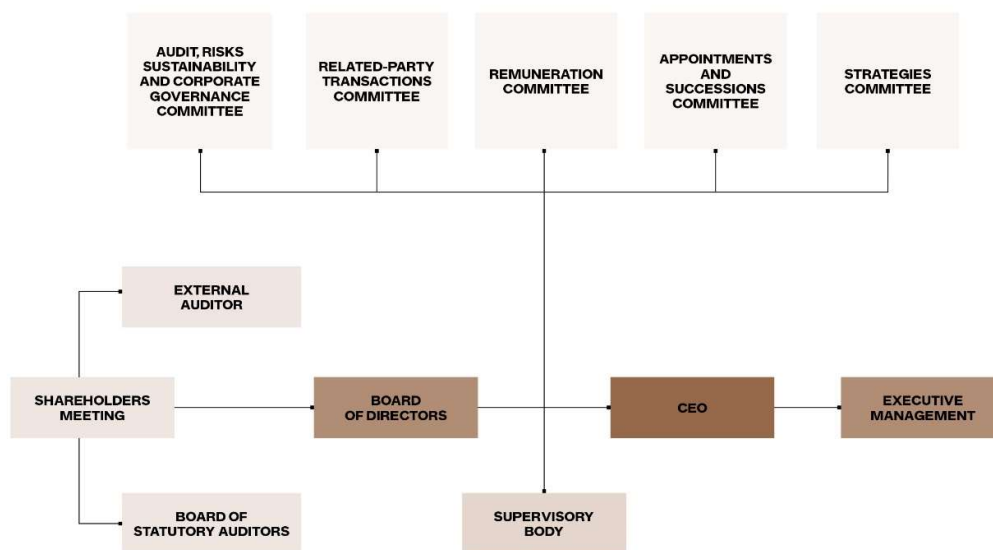
For a profile of the issuer see also the Company's website.

1.1 MODEL OF CORPORATE GOVERNANCE

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

¹ Resolution of agreement adopted by the Board of Directors, effective as of 31 August 2017.

² To that end, the Articles of Association state (Article 3.3): "*Pirelli's corporate government will be characterised by the international best practice.*"



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 approval from the Audit, Risks, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee, the Board of Directors adopted a statement on diversity and independence (Diversity and Independence Statement) in relation to the composition of the Board of Directors and the Board of Statutory Auditors. The Company recommends that these values be respected when its own corporate bodies are being renewed or integrated, in line with the stated diversity and independence criteria.

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 control bodies, the value of diversity characterises the entire business organisation, according to the procedures and terms outlined in the NFD Report included in the Company's annual financial statements, which should be referred to for more 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 and no financial instruments have been issued with the right to subscribe for new shares.

Additionally, the Articles 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 of the 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 Article 2497 et seqq. 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 hand;
- 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 reiterated the aforementioned assessments (also in relation to MPI Italy), confirming the absence of any entity exercising direction and coordination activities over Pirelli most recently at the meeting of 2 March 2020.

Conversely, Pirelli exercises direction and coordination activity 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 Articles 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 the voting rights of shareholders, except for the terms and conditions governing the exercise of the right to attend and vote at Shareholders' Meetings, as discussed in the next paragraph 19 of the Report.

In the event of significant changes to the market capitalisation of the issuer's shares or to the composition of its share ownership structure, the Corporate Governance Code recommends that the board of directors assess the appropriateness of proposing, to the shareholders' meeting, changes to the articles of association in relation to the percentages required for the exercise of shares and the prerogatives provided to protect the minorities. In 2019, this did not occur, since the conditions provided for by the Corporate Governance Code were not met.

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 Article 130 of the Issuers' Regulation.

2.5.1 THE SHAREHOLDERS' AGREEMENT AND THE SHAREHOLDERS' AGREEMENT RENEWAL

On 28 July 2017 ChemChina, CNRC, SRF, SPV HK 1, SPV HK 2, SPV Lux, Camfin, LTI and MTP&C signed the Shareholders' Agreement that governs the governance of Pirelli with effect from the First Trading Day, and the undertaking by CNRC, SRF, Camfin and LTI to carry out the Marco Polo Demerger, after the First Trading Day with the assignment of, *inter alia*, the Pirelli shares held by it to the shareholders of Marco Polo. As a result of the Marco Polo Demerger (which took place on 8 August 2018), LTI is no longer party to the Shareholders' Agreement in relation to the agreements pertaining to Pirelli.

According to the Shareholders' Agreement, while CNRC has retained control of Pirelli, and CNRC has retained the right to include Pirelli in its consolidation perimeter for accounting purposes, Pirelli has not been subject to the exercise of any direction and coordination activity pursuant to articles 2497 et seq. of the Civil Code since the First Trading Day. As a general principle, the Shareholders' Agreement recognises that, in line with the provisions of the previous agreements, the aim of the governance structure is to preserve the entrepreneurial culture of Pirelli leveraging the long-term maintenance of its management and must be inspired by international best practice among listed companies. For this reason, the Shareholders Agreement provides that the task of managing Pirelli is the prerogative of the current top management, with a fundamental role for Marco Tronchetti Provera, who will continue to hold the office of Chief Executive Officer and Executive Vice Chairman of Pirelli and will lead the top management until the expiry of the Shareholders' Agreement (see below), ensuring continuity in Pirelli's business culture. All also through the attribution to Marco Tronchetti Provera of a primary role in the procedure for the identification of his successor as chief executive officer of Pirelli.

The provisions provided in the Shareholders' Agreement, as detailed above, are valid and effective, by virtue and as a consequence of the provisions of the Shareholders' Agreement Renewal, up until the date of 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. The provisions provided under the Shareholders' Agreement Renewal will be applicable as of the aforementioned date.

On 1 August 2019 ChemChina, CNRC, SPV HK1, SPV HK2, SPV LUX, MPI Italy, SRF, MTP&C and Camfin entered into the Shareholders' Agreement Renewal. In particular, the parties assessed the opportunity to renew the Shareholders' Agreement – as of the date of 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 and for an additional period of three years starting from that date in order to (i) reaffirm 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 and in any case with the aim of creating value for Pirelli and all of its shareholders; (ii) confirm the role of ChemChina and Camfin/MTP&C as stable shareholders of Pirelli with the latter maintaining the shareholding currently held in Pirelli at a level of more than 10% of the share capital for the entire duration of the Shareholders' Agreement Renewal; (iii) confirm the central role played by Marco Tronchetti Provera, in his capacity as the Company's Executive Vice Chairman and Chief Executive Officer, (a) in his guidance of Pirelli's top management, ensuring the continuity of Pirelli's managerial culture and (b) in the appointment of his successor, with the implementation of the succession procedure that will have to be completed by the end of October 2022 and, therefore, a few months before the renewal of Pirelli's Board of Directors, scheduled for spring 2023.

With regard to the renewal of the Board of Directors – which will take place at the Annual General Meeting – it will be composed of 15 members with a majority of independent Directors. The CNRC and MTP&C shareholders have, by virtue of the Shareholders' Agreement Renewal, agreed to specify a number of members in proportion to shares held and therefore (i) 9 directors (4 of which are to be independent) will be appointed by CNRC, (ii) 3 directors (1 of which is to be independent) will be appointed by MTP&C and (iii) 3 independent directors will be appointed by the minority shareholders.

2.5.2 SRF CONTRACT

On 5 June 2015, SRF, CNRC and ChemChina signed an "Investment Contract" (the "**SRF Contract**") regarding the investment and the participation of SRF, together with ChemChina and CNRC, in the acquisition of control over Pirelli.

On 28 July 2017 in the context of the IPO, the aforementioned parties to the SRF Contract, signed a supplemental agreement of the SFR Contract (the "**Supplemental Agreement**") pursuant to which, as soon as possible upon completion of the Marco Polo Demerger, SPV Lux, *inter alia*, assigns to CNRC and SRF or to companies they control (after the winding up or demerger of SPV HK) a quantity of Pirelli shares and cash calculated on the basis of the following distribution mechanism: (i) the proceeds from the Pirelli shares sold in the IPO are divided equally, with the consequence that, in order to rebalance the mix of Pirelli shares and cash to be assigned to CNRC and SRF, the quota to be assigned to CNRC contains a number of Pirelli shares and an amount of cash respectively higher and lower than the number and amounts that CNRC would have obtained

if the division of the proceeds of the Pirelli shares sold in the IPO had been proportional rather than equal; and (ii) in any case, CNRC's stake in Pirelli, held directly or indirectly, may be no less than 36.5% of the share capital of the Issuer (the "**SPV Lux Allocation**").

In the context of the Marco Polo Demerger, on 7 August 2018, the aforementioned parties to the SFR Contract signed a further supplemental agreement (the "**Second Supplemental Agreement**") that regulates some aspects of the corporate governance of MPI Italy. The SFR Contract, as subsequently supplemented and amended by the Supplemental Agreement and the Second Supplemental Agreement, attributes to SRF certain rights and prerogatives in relation to the corporate governance of SPV HK, SPV Lux, MPI Italy and Pirelli; it also establishes certain restrictions on the transfer of the shares of SPV HK.

Nothing in the SRF Contract prejudices the right of ChemChina to exercise control over Pirelli through CNRC.

Furthermore, on 28 July 2017, SRF and CNRC signed a "Contract of actions in concert" pursuant to which SRF assumed a lock-up undertaking and an undertaking to vote in Pirelli shareholders' meetings according to the voting instructions of CNRC, in relation to a number of Pirelli's shares generated from the SPV Lux Allocation, equal to 5% of the capital of Pirelli.

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 roles 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 amount of Euro 4,200,000,000 (the "**New Loan**").

The contract signed on 27 June 2017 in relation to the New Loan envisages, *inter alia*, that the Beneficiaries shall repay early that part of the New Loan made available by each lender should certain events occur, including changes in the control structure of Pirelli.

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). The new securities may be listed on one or more regulated markets.

Pursuant to the EMTN Programme, bondholders that subscribe for bonds issued under the programme will be entitled to request the early reimbursement of their securities (put option) in the case of a Change of Control event.

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; 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:

- 1) on 25 January 2018, Pirelli issued a new and unrated 5 year fixed rate notes for an original total nominal amount of Euro 600 million (an amount that has now reduced to Euro 553 million following the Company's buybacks on the market) called "Pirelli & C. S.p.A. €600,000,000 1.375% Guaranteed Notes due 2023"; and
- 2) on 26 March 2018 Pirelli issued a new and unrated variable rate bond for a total nominal amount of Euro 200 million due in September 2020 called "*Pirelli & C. S.p.A. €200,000,000 Floating Rate Notes due 2020*".

The above-mentioned Change of Control clause applies to these new notes.

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 Euro 525 million (the "**Schuldschein**"), divided as follows: (i) Euro 82 million due in 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 Euro 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 prescribes, *inter alia*, that Pirelli must repay the Transaction early should certain events occur, including changes in the control structure of Pirelli.

Specifically, the change of control clause may only be activated in the case in which a 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 in concert with one of them should (a) hold a relative majority of votes in Pirelli; 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) participate, directly or indirectly, in the control of Pirelli, or is 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 Euro 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 changes in the control structure of Pirelli.

In particular, the change of control clause may only be activated in case 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 in concert with one of them should (a) hold a 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 contract provides 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) participate, 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.

* * *

For the sake of completeness, it should be specified that, in addition to the foregoing, as is common in the commercial and financial context, some companies belonging to the Pirelli group have entered into contracts containing a change of control clause relating only to the shareholding that, directly or indirectly, Pirelli holds in them.

2.7 CLAUSES IN THE ARTICLES ABOUT PUBLIC OFFERS

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

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

With regard to the financial year ended 31 December 2019, the Directors were not granted with mandates 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.

Similarly, the Shareholders' Meeting of the Company did not authorise any purchases of own shares.

3. COMPLIANCE

Pirelli adheres to the Corporate Governance Code, available to the public on the website of the Corporate Governance Committee, at the following link <https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.en.htm>.

As Pirelli is among the companies included in the FTSE-MIB index, the recommendations of the Corporate Governance Code specifically envisaged for those companies are applied by the Company.

The new edition of the Corporate Governance Code was published on 31 January 2020, and will become applicable as of the 2021 financial year, with information to be provided in the Report on Corporate Governance to be published in 2022.

The Report has been essentially 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

Appointment: 1 August 2017 (with effect from 31 August 2017) Expiration date: 2019 Financial Statement approval	Board committees: 5
Directors: 15 Executive director: 1 Independent directors: 8	Strategies Committee - Appointments and Successions Committee - Related-Party Committee - Remuneration Committee - Audit, Risks, Sustainability and Corporate Governance Committee

The provisions contained in the Articles, to which reference is made, regarding the appointment and replacement of directors are summarised below.

4.1.1 APPOINTMENT AND REPLACEMENT³

Pursuant to art. 10 of the Articles, 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.

³ This paragraph contains the information required by art. 123-bis, para. 1, letter l) of TUF (regarding "the rules applicable to the appointment and replacement of directors [...] as well as to the amendment of the articles of association, if different to the legislation and regulations applicable in the absence of specific rules").

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 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 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, as specified in the notice of call issued for the Shareholders' Meeting⁴. Any changes arising prior to the actual date of the Shareholders' Meeting must be promptly notified to the Company on a timely basis.

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 quota method described in the Articles.

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

⁴ For the sake of completeness, it should be noted that this clause is currently being adapted to the new legislation on gender quotas in the composition of corporate bodies and that the related proposal will be submitted to the Annual General Meeting. For more information, see the Directors' Report to the Shareholders' Meeting, which illustrates the proposed changes to the Articles and will be made available to the public on the Website according to law.

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.

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 candidates 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 and/or regulations governing gender balance in force at the time.

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 comply with the legal and/or regulatory provisions in force at the time on gender balance and the independence of the directors.

4.1.2 SUCCESSION PLANS

As provided under the Shareholders' Agreement and the Shareholders' Agreement Renewal, even in order to ensure the continuity of the Pirelli business culture, Marco Tronchetti Provera has been granted with a leading role in the procedure for identifying 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. In particular, Pirelli's Executive Vice Chairman and Chief Executive Officer will continue and complete the procedure for identifying his successor by 31 October 2022 in order to allow for a smooth transition. If: (i) Marco Tronchetti Provera does not specify a candidate to the Appointments and Successions Committee or (ii) Marco Tronchetti Provera is for any reason unable to complete the aforementioned activities and the member appointed by MTP&C to 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 on 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.

4.2 COMPOSITION

The Board of Directors in charge at the Report Date (the term of which will end on the date of the Annual General Meeting) was (i) appointed by the Shareholders' Meeting held on 1 August 2017 (appointment effective from 31 August 2017) and (ii) supplemented by the Shareholders' Meeting of 15 May 2018 with a further independent director (Giovanni Lo Storto) appointed on the proposal of a group of asset management companies and institutional investors (the detailed list is available on the Website), without application of the slate voting system, in accordance with the representations made in the IPO.

Furthermore, following the resignation of Ren Jianxin from the office of Chairman of the Board of Directors and Director of the Company (by virtue of his announced resignation from the office of Chairman of ChemChina as a result of reaching the age limit), the Board of Directors, on 7 August 2018, proceeded to appoint by cooptation Ning Gaoning as a Director of the Company, pursuant to art. 2386 of the Civil Code, and also to appoint him Chairman of the Board of Directors. On 15 May 2019 the Shareholders' Meeting confirmed Ning Gaoning in his office as Director and Chairman of the Board of Directors⁵.

⁵ The ordinary shareholders' meeting held on 15 May 2019 approved the appointment of Ning Gaoning with a percentage of approximately 87% of the share capital represented at the meeting.

In light of the above, the Board of Directors is composed of 15 members. In particular:

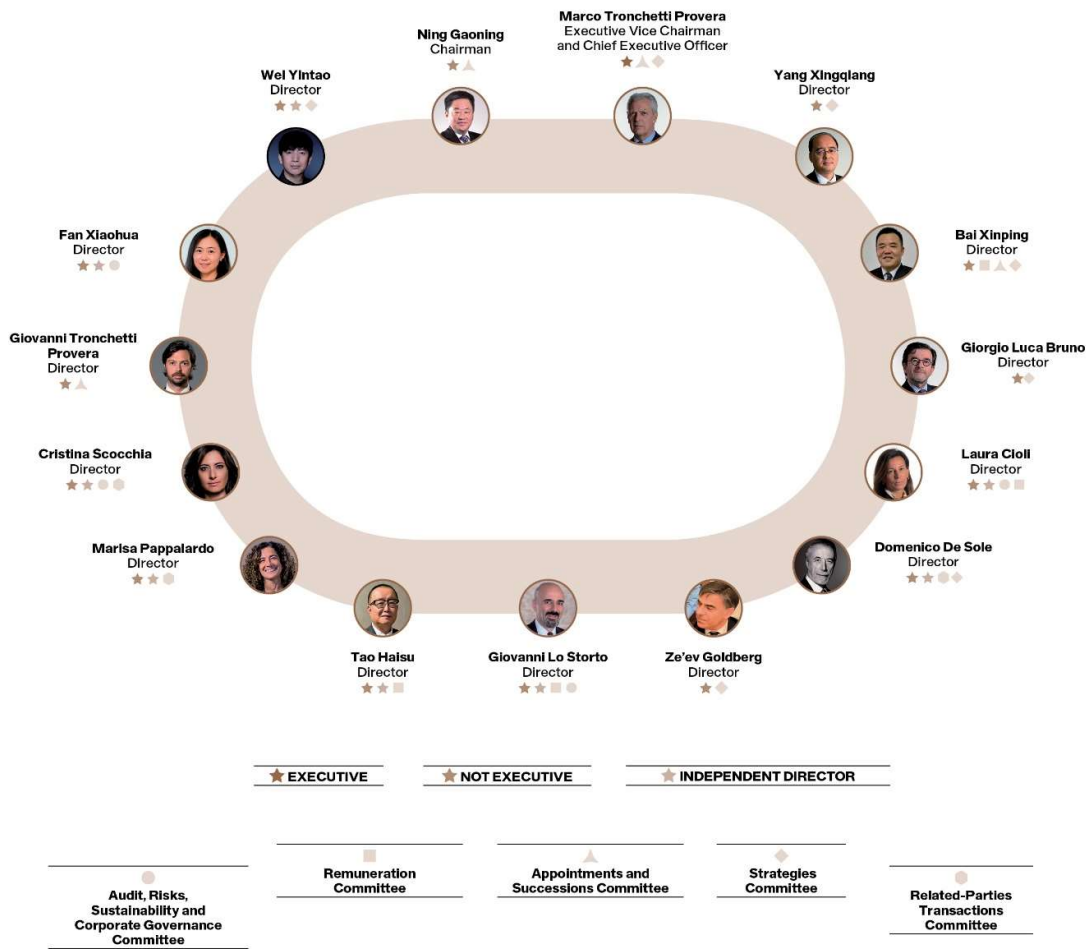
- the Chairman Ning Gaoning was appointed to replace Ren Jianxin, previously appointed by designation of CNRC.
- the Directors Yang Xingqiang, Bai Xinping, Ze'ev Goldberg, Tao Haisu, Marisa Pappalardo, Fan Xiaohua and Wei Yintao were designated by CNRC;
- the Directors Marco Tronchetti Provera, Giovanni Tronchetti Provera, Giorgio Luca Bruno and Laura Cioli were designated by MTP&C;
- the Directors Domenico De Sole and Cristina Scocchia were appointed by Marco Polo on a joint designation by CNRC and MTP&C, taking into account the indications expressed by the Joint Global Coordinators, engaged as part of the IPO procedure;
- the Director Giovanni Lo Storto was designated by a group of asset management companies and institutional investors.

At the Report Date, approximately 26.7% of Board members were female and the remaining 73.3% were male. Further, about 67% of directors are over 50 years of age and the remaining, about 33%, are between 36 and 50 years of age. The average age of the members of the Board is approximately 56 years of age and the average age of the female members is approximately 52 years of age. The Directors' average time in office is about 4 years⁶.

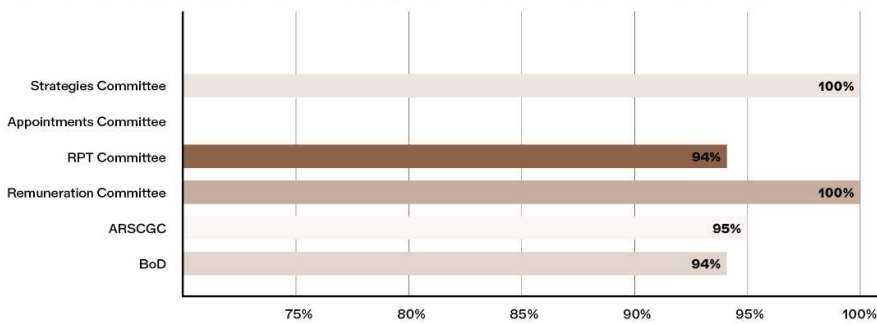
Table 2, attached herein, provides for the relevant information on each member of the Board of Directors in office at the Report Date. In addition, a summary of their professional profiles is available on the Website.

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.

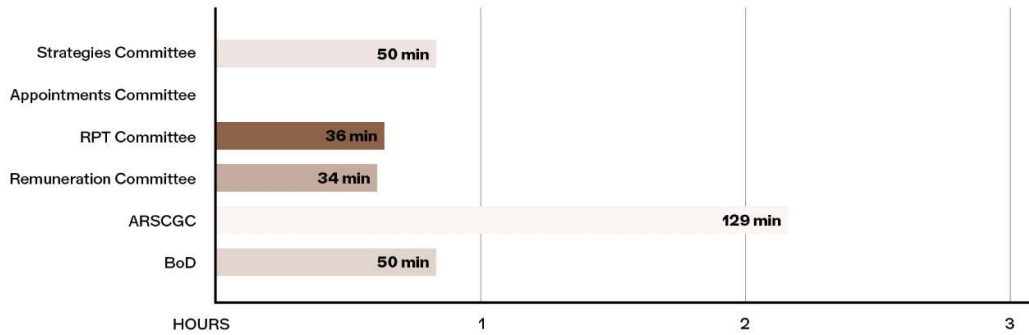
⁶ It should be noted that for the purposes of calculating the tenure of the Board, the date of first appointment of each Director, indicated in Table 2, was considered.



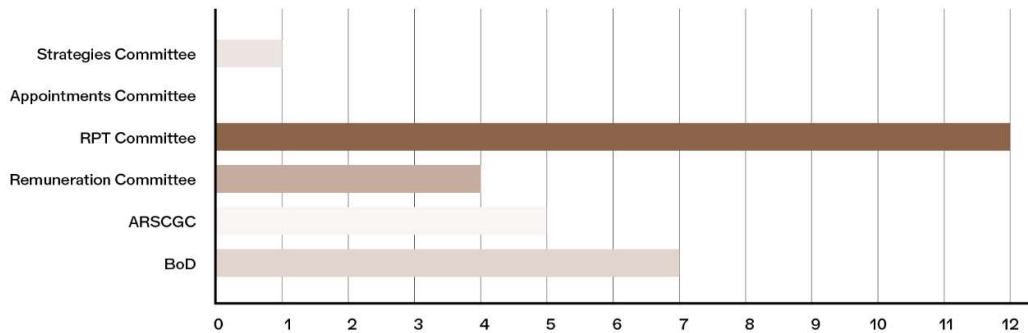
AVERAGE PERCENTAGE OF ATTENDANCE TO THE MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



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, Risks, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee, resolved to reduce the maximum number of directorships considered compatible with the office of director of the Company from five to four.

In particular, pursuant to the policy 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.

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 position 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 PROGRAMME

The Directors perform their duties autonomously and with competence, pursuing the priority objective of creating sustainable value over the medium-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.

Also during the Year, induction sessions were arranged, also with the support of the top management, aimed at providing an explanation of the main characteristics of the activities of Pirelli and its Group and (including through the work of the committees) the reference legislative and regulatory framework and the specific procedures and rules adopted by the Company.

The specific initiatives undertaken during the the Year include the induction activities for (i) commercial distribution, product diversification, internal organisation and key technologies, on the one hand, and (ii) an overview of the “Pirelli Calendar” and the relative backstage perspective and of the Velo (bike) business, on the other hand. 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 Articles, 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 Articles 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 seven times. The average duration of each meeting was 53 minutes, with attendance by around 88% of the Directors and 95% of the Independent Directors. The Independent Directors were able to have informal meetings in the terms illustrated in the preceding paragraph.

For the 2019 financial year and for the current year, Pirelli disclosed a calendar of the main corporate events to the market⁷ (also available on the Website). For the 2020 financial year, the Board is scheduled to meet at least 6 times (at the Date of the Report two meetings had already been held).

The Directors and Statutory Auditors received the documentation and information deemed necessary in order to be properly informed for the discussion of the items submitted to them for consideration with a reasonable and appropriate advance notice. In fact, the documentation examined by the Board and the Committees is usually circulated about ten days prior to the meeting. 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.

⁷ As a rule this happens in November/December.

If the Chairman is absent or unavailable, the Chief Executive Officer chairs the meeting; if the latter is also absent or unavailable, the meeting is chaired by another director appointed by the majority of those present. The Board of Directors appoints a Secretary who may also not be a Director.

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 expressed votes.

As recommended by the Corporate Governance Code, Directors' awareness of the reality and dynamics of the Company and the Group is enhanced by the systematic attendance of top management at their meetings, enabling them to provide appropriate detail on the items on the agenda.

The Articles establish that, until different decision is resolved by the Shareholders' Meeting, the Directors are not bound by the prohibition contained in art. 2390 of the Civil Code.

During the Year the Board of Directors started the process of evaluation of its operation and the operation of its Committees (board performance evaluation) for the 2019 financial year. For the purposes of the assessment process, the Board – in line with what was done in 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 level of overall appreciation was reported, in line with the previous financial year. In particular, the Directors expressed full satisfaction and appreciation of 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 with both Italian and international best practice. With reference to the operation of the Board and the Committees in 2019, the areas of excellence that had already emerged during the previous financial year's self-assessment activities had been confirmed overall. The areas for which the most appreciation was reported are outlined below:

- the possibility to have a constructive dialogue and discussion at the Board meetings;
- the detailed, transparent and qualified reporting activity by the management to the Board of Directors;
- the effectiveness of the role played by the Board of Directors in relation to internal control;
- the clarity and completeness of the supporting documentation circulated for each board meetings sufficiently in advance;
- the effectiveness of the support provided by the Secretary of the Board;

- high quality of the minuting of the board meetings, which are confirmed as accurate and complete with respect to the progress of the meetings;
- the open, constructive and transparent relationship between the Board of Directors and the Company's management;
- the effective structure of the committees;
- the well-diversified composition of the Board of Directors (with executive directors, non-executive directors and independent directors).

The Directors expressed particular appreciation for (i) the mix of skills, considered to be excellent, since there was an abundance of high level managerial expertise, business experience and strongly international profiles among its members and (ii) the authoritative and commitment in the work performed on the board by the Executive Vice Chairman and CEO.

From the analysis, some indications also emerged on how to further improve the operation of the Board, which in particular include the continuation and development of opportunities for informal meetings of the directors, in order to encourage reciprocal knowledge and further strengthen personal relationships and the spirit of the group.

Finally, it should be noted that – in line with what happened in the previous financial year – this Year the Audit, Risks, Sustainability and Corporate Governance Committee also played a guiding role in the board performance evaluation and shared preliminarily the results, subsequently submitted to the Board of Directors at the meeting of 2 March 2020.

4.5.2 MATTERS FOR THE BOD

In accordance with the Articles, the Shareholders' Meeting requires a qualified majority (*i.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 31 August 2017, the Board of Directors established that all resolutions regarding the following matters, proposed by Pirelli and/or by any company subject to direction and coordination by Pirelli (excluding intergroup transactions) must be approved (as an internal restriction of the power granted to the Chief Executive Office on that date) by the Board of Directors of the Company:

- (i) obtaining or granting loans for a total value higher than Euro 200 million and with a duration of more than 12 months;

- (ii) issuing financial instruments to be listed on European or non-European regulated markets or multilateral trading systems for a countervalue higher than Euro 100 million and/or their delisting;
- (iii) giving guarantees in favour of or in the interests of third parties for amounts higher than Euro 100 million;
- (iv) signing derivative contracts (a) with a notional value higher than Euro 250 million, and (b) except for those having the sole object and/or effect of hedging corporate risks (e.g. interest-rate risk, exchange-rate risk, commodity market risk);
- (v) purchasing or selling equity investments in subsidiaries and affiliates for amounts higher than Euro 150 million and that involve entering into (or exiting from) geographical and/or commodity markets;
- (vi) purchasing or selling equity investments other than those described in point (v) above for amounts higher than Euro 250 million;
- (vii) purchasing or selling businesses or lines of business that have strategic importance or, in any case, a value of more than Euro 150 million;
- (viii) purchasing or selling fixed and other assets that have strategic importance or, in any case, a total value of more than Euro 150 million;
- (ix) carrying out transactions of greater significance with related parties, meaning those satisfying the conditions envisaged in Annex 1 to the “Procedure for Related-Party Transactions” approved by the Board of Directors of the Company;
- (x) defining the Company’s remuneration policy;
- (xi) determining, in compliance with the Company’s internal policies and the applicable regulations, the remuneration of the executive directors and the directors with specific responsibilities and, where required, allocating the total remuneration authorised by the Shareholders’ Meeting among the members of the Board of Directors pursuant to art. 2389, para. 3, of the Civil Code;
- (xii) approving the strategic, industrial and financial plans of Pirelli and the Group;
- (xiii) adopting corporate governance rules for the Company and defining guidelines for the corporate governance of the Group;
- (xiv) defining guidelines for the internal control system, including the appointment of a Director responsible for overseeing the internal control system, determining the related duties and powers;
- (xv) any other matter deemed to be responsibility of the board of directors of a listed company by the Corporate Governance Code, as amended from time to time;

- (xvi) approving the budget and the business plan of the Company and the Group, as well as all significant changes to those documents; and
- (xvii) adopting any resolutions regarding industrial partnerships or strategic joint ventures to which Pirelli and/or any Group company are party,

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

As required by the Corporate Governance Code, the Board of Directors has positively assessed the adequacy of the organisational, administrative and accounting systems and structure of the Company, with particular reference to the system of internal control and risk management, making reference to the analytical work carried out by the Audit, Risks, 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 31 August 2017, the Board of Directors granted the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera with all the powers necessary to carry out deeds relating to all aspects of corporate activity, without any exceptions aside from those that the law or the Articles reserve to the Board of Directors; all with the power to grant special and general powers of attorney that give the representative the right to sign on behalf of the Company, either separately or together with others, and all other powers deemed appropriate by him in the best interests of the Company, including the right to sub-delegate.

In particular the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera was granted with:

- 1) as sole signatory, powers for the ordinary management of Pirelli and the Pirelli Group, with reference to both Pirelli and any other company (including unlisted foreign companies) subject to direction and coordination by Pirelli, with the following internal restrictions and therefore with the assignment of the related responsibility to the Board of Directors, if:
 - (i) the threshold amounts envisaged for each of the matters indicated in section 4.5.2 are exceeded; or

- (ii) for the matters listed from (i) to (ix) in section 4.5.2 above, the amounts indicated in the business plan and/or the annual budget are exceeded; or
 - (iii) 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
- 2) the power to propose to the Board of Directors 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 about the operational activities underlying them; and (b) be accompanied and supported by adequate and suitable documentation describing 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 the Significant Matters is reserved solely for the Board of Directors and/or the Shareholders’ Meeting, as applicable; and (b) should the Board of Directors 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 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.

It should be noted that, in addition to the Executive Vice Chairman and Chief Executive Officer, Pirelli classifies as executive directors those directors who at the same time qualify as Key Managers of the Company, if there should be such Directors, or Directors who also hold office as Chief Executive Officer or Executive Chairman of the principal subsidiaries of Pirelli.

At the Report Date, and during the year, no director other than the Executive Vice Chairman and Chief Executive Officer, was classified as executive director.⁸

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

⁸ For the sake of completeness, it should be noted that Giovanni Tronchetti Provera is a senior manager of the Company.

granted with management powers and that he plays no specific role in the elaboration of business strategies.

4.7 INDEPENDENT DIRECTORS

At the date of the Report, eight of the fifteen members 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: Laura Cioli, Domenico De Sole, Tao Haisu, Giovanni Lo Storto, Marisa Pappalardo, Cristina Scocchia, Fan Xiaohua and Wei Yintao. Upon appointment and thereafter on at least an annual basis, the Board evaluates whether or not members meet and/or retain the requirements of independence specified in the Corporate Governance Code and the TUF for non-executive directors qualified as independent. This check - which takes account not only of the information provided by the directors themselves but also further information that might be available to the Company, and referring to the requirements set out in the TUF, as well as to those recommended in the Corporate Governance Code - was most recently carried out during the board meeting on 2 March 2020.

In making its assessments, the Board did not derogate from any of the criteria prescribed by the Corporate Governance Code⁹.

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.

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

Considering the above, the powers system and the share ownership structure, and the provisions on this subject contained in the Corporate Governance Code, the Board of Directors decided to not appoint a lead independent director.

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.

⁹ In particular, none of the independent Directors can be classified as a "relevant members".

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 (“black out 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 Euro 20,000, in compliance with the applicable current regulations. In this regard, a black-out period of 30 calendar days is imposed prior to the announcement by the Company of the data contained in annual, half-yearly and periodic financial reports required by the laws and/or regulations in force at the time,¹⁰ during which time 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.

On 31 August 2017, the Board of Directors of the Company established the Strategies Committee, the Appointments and Successions Committee, the Audit, Risks, Sustainability and Corporate

¹⁰ Annually - as a rule by the end of the year - the Company publishes the calendar of principal corporate events for the next financial year and promptly updates this calendar in the event of subsequent amendments.

Governance Committee, the Remuneration Committee and the Related-Party Transactions Committee.

6.1 OPERATION OF COMMITTEES

The Committees are appointed by the Board of Directors and remain in office for the entire mandate of the Board, holding meetings whenever deemed appropriate by the Committee Chairman, 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.

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

The meetings of the Committee shall be convened by notice sent to the participants by its Chairman or by the Secretary of the Committee by 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 manner.

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. The Chairman of each committee informs the Board of Directors about the outcome of the meetings held.

Committee awareness of the business reality and dynamics of the Company and the Group is enhanced by the attendance of top management at their meetings, which makes it possible to explore the matters on the agenda in appropriate detail. In particular, as a rule, the Executive Vice President & Chief Human Resources and Organization Officer attends the meetings of the Remuneration Committee, while the Chief Financial Officer, the Corporate Vice President Internal Audit, the Head of Sustainability and the Head of Finance & Risks Management attend the meetings of the Audit, Risks, Sustainability and Corporate Governance Committee.

Committees - which may make use of external advisors in carrying out their functions - are granted adequate financial resources to perform their tasks with spending autonomy. The Related-Party 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, Risks, Sustainability and Corporate Governance Committee, the Related-Party Transactions Committee, and the Remuneration Committee. One member of the Board of Statutory Auditors 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
	Marco Tronchetti Provera	Executive Vice Chairman and Chief Executive Officer
	Yang Xingqiang	Not Executive Director
	Bai Xinping	Not Executive Director
	Giorgio Luca Bruno	Not Executive Director
	Domenico De Sole	Not Executive Independent Director
	Ze'ev Goldberg	Not Executive Director
	Wei Yintao	Not Executive Independent Director

At the Report Date, the Strategies Committee is composed of 7 directors (including 2 independent directors): Marco Tronchetti Provera (Chairman), Giorgio Luca Bruno, Yang Xingqiang, Bai Xinping, Ze'ev Goldberg, Domenico De Sole 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:

- examines the strategic, industrial and financial plans - both short and long term - of the Company and the Group before their submission to the Board of Directors;

- helps the Board to assess transactions, initiatives and activities of strategic importance including, in particular: (i) entry into new geographical markets and businesses; (ii) industrial alliances (e.g. joint ventures); (iii) special transactions (mergers, spin-offs, capital increases and capital reductions, except for those to cover losses); (iv) investment projects; (v) industrial and/or financial restructuring projects and programmes;
- examines periodically the organisational structure of the Company and the Group, presenting any suggestions and opinions to the Board.

It is required the Strategies Committee to be the recipient of a specific and continuous flow of information 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	Not Executive Chairman
	Marco Tronchetti Provera	Executive Vice Chairman and Chief Executive Officer
	Bai Xinping	Not Executive Director
	Giovanni Tronchetti Provera	Not Executive Director

At the Report Date, the Appointments and Successions Committee is composed of 4 members: Marco Tronchetti Provera (Chairman), Ning Gaoning, Giovanni Tronchetti Provera and Bai Xinping. As an exception to the Corporate Governance Code, the majority of the members of this committee are non-executive directors (although not independent). This is due to the fact that the committee addresses not only matters relating to appointments, but also those regarding top management succession; in addition, committee membership takes account of the fact that the Shareholders' Agreement has established a structured procedure for identifying the successor to Marco Tronchetti Provera as the Chief Executive Officer of Pirelli (see section 4.1.2).

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-PARTY TRANSACTIONS COMMITTEE

RPT COMMITTEE

	Name and Surname	Office
	Domenico De Sole	Not Executive Independent Director
	Marisa Pappalardo	Not Executive Independent Director
	Cristina Scocchia	Not Executive Independent Director

At the Report Date, the Related-Party Transactions Committee is composed of 3 independent directors: Domenico De Sole (Chairman), Marisa Pappalardo and Cristina Scocchia.

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

10. REMUNERATION COMMITTEE

REMUNERATION COMMITTEE

	Name and Surname	Office
	Bai Xiping	Not Executive Director
	Laura Cioli	Not Executive Independent Director
	Tao Haisu	Not Executive Independent Director
	Giovanni Lo Storto	Not Executive Independent Director

At the Report Date, the Remuneration Committee is composed of 4 directors (including 3 independent directors): Tao Haisu (Chairman); Laura Cioli (Director with adequate knowledge and experience of financial matters or pay policies), Bai Xiping and Giovanni Lo Storto (Director with adequate knowledge and experience of financial matters or pay policies).

This Committee has advisory and supervisory functions and makes recommendations to ensure the definition and application within the Group of remuneration policies that, on the one hand, attract, motivate and retain human resources with the professional qualities required to pursue profitably the objectives of the Group and, on the other hand, are capable of aligning the interests of management with those of the shareholders. In particular, the Remuneration Committee:

- helps the Board of Directors to define the general policy for Group remuneration, making recommendations in this regard;
- assesses periodically the adequacy, overall consistency and concrete application of the general policy for remuneration, making reference in this last regard to the information provided by the chief executive officers; makes recommendations to the Board of Directors on this matter;
- with regard to the executive directors and the other directors holding special offices, makes recommendations or expresses opinions to the Board: (i) about their remuneration, consistent with the general policy for remuneration; (ii) about setting performance objectives linked to the variable element of that remuneration; (iii) about the definition of any non-competition agreements; (iv) about the definition of any agreements for the termination of working relationships, having regard to the principles established in the general policy for remuneration;
- with regard to key managers, checks the consistency of their remuneration with the general policy for remuneration and expresses an opinion on it;
- 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 application of the decisions adopted by the Board, checking in particular the effective achievement of the established performance objectives;
- examines and submits to the Board of Directors the remuneration report that, by name for the members of the management and control bodies and in aggregate for the key managers: (i) provides adequate information about each component of their remuneration; and (ii) explains in detail all the remuneration paid during the year, for whatever reason and in whatever form, by the Company and its subsidiaries.

It should be noted that directors who are members of the Remuneration Committee must not attend the meetings of the Committee held to make recommendations to the Board about their own remuneration.

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.

Information about the 2020 remuneration policy and the report on remuneration paid in 2019 can be found in the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF, which is made available to the public on the basis and by the deadlines envisaged by current laws and regulations, including by publication on the Website. It should be noted that said document also includes the information required by Article 123-*bis*, paragraph 1, letter i) of the TUF.

12. AUDIT, RISK, SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

ARSCGC

	Name and Surname	Office
	Laura Cioli	Not Executive Independent Director
	Cristina Scocchia	Not Executive Independent Director
	Fan Xiaohua	Not Executive Independent Director
	Giovanni Lo Storto	Not Executive Independent Director

At the Report Date, the Audit, Risks, Sustainability and Corporate Governance Committee is composed of 4 independent directors: Fan Xiaohua (Chairman), Laura Cioli, Cristina Scocchia and Giovanni Lo Storto, all with adequate experience in accounting and finance or in risk management.

The Audit, Risks, 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 system of internal control and risk management, as well as in the approval of the periodic financial reports, as required by art. 7 of the Corporate Governance Code. In particular, the Audit, Risks, Sustainability and Corporate Governance Committee:

- assists the Board of Directors, expressing an opinion on: (i) the definition of guidelines for the system of internal control and risk management, so that the principal risks faced by the Company and its subsidiaries are properly identified and appropriately measured, managed and monitored; (ii) the determination of the extent to which these risks are compatible with managing the business in a manner consistent with the strategic objectives identified, having regard for the risks that might be significant in terms of the sustainability of the business of the Company over the medium-long term; (iii) the identification of an executive director responsible for supervising the functioning of the internal control and risk management system, considering the characteristics of the business and the risk profile; (iv) the assessment, at least annually, of the adequacy of the internal control and risk management system, considering the characteristics of the business and the risk profile involved, as well as the effectiveness of its functioning in practice; (v) the approval, at least annually, of the work plan prepared by the head of internal audit and the head of the compliance department; (vi) the description, in the report on corporate governance, of the essential elements of the internal control and risk management system and the arrangements for coordination between the subjects involved, expressing its opinion on their overall adequacy; (vii) the assessment, having obtained the opinion of the Board of Statutory Auditors, of the results presented by the external auditor in any letter of recommendations to the management, and any report on fundamental issues identified during the external audit;
- expresses an opinion on proposals concerning the appointment, revocation, assignment of duties and determination of the remuneration, consistent with Company policies, of the head of the Internal Audit Department, and on the adequacy of the resources allocated to the latter in order to carry out his or her assigned functions;
- assesses, together with the administrative managers of the Company and the manager responsible for the preparation of the corporate accounting documents, after having obtained the opinions of the Board of Statutory Auditors and the external auditor, the proper and consistent application of the accounting standards adopted by the Group for the preparation of the consolidated financial statements;
- at the request of the director responsible, expresses opinions on specific aspects of the identification of the principal business risks, and on the design, implementation and management of the internal control and risk management system;

- reviews the periodic reports prepared by the head of internal audit and of the compliance department;
- monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit department;
- if considered advisable, requests audits of specific operational areas, informing the Chairman of the Board of Statutory Auditors at the same time;
- reports to the Board of Directors on the work undertaken and on the adequacy of the internal control and risk management system at least every six months, at the time the financial statements and the half-year report are approved;
- at the request of the Board, supports with appropriate preparatory work the evaluations and decisions of the Board of Directors concerning the management of risks arising from any detrimental facts that may have come to its attention;
- monitors compliance with and the periodic update of the corporate governance rules, as well as compliance with any codes of conduct adopted by the Company and its subsidiaries. In particular, the committee proposes procedures and related timing for the annual self-assessment of the Board of Directors;
- monitors sustainability issues connected to the operation of the Company's business and the dynamics of its interactions 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;
- assists the Board of Directors in the preparation and subsequent review and approval of the sustainability report.

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, Risks, 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. Additionally, in this regard, the Board of Statutory Auditors has issued a statement on the administration and accounting systems adopted by the significant subsidiaries of Pirelli to ensure that the information on the company's assets, business and finances required for the preparation of the consolidated financial statements is regularly received by the Pirelli's senior management and external auditor.

13.1 RESPONSIBLE DIRECTOR

The Board has designated Marco Tronchetti Provera as the director responsible for supervising the functioning of the internal control system (the "**Responsible Director**").

The Responsible Director is tasked with supervising the functioning of the system of internal control and risk management and implementing the related guidelines formulated by the Board of Directors, with support from the Audit, Risks, Sustainability and Corporate Governance Committee, ensuring that all actions necessary for the implementation of the system are taken. In particular, the Responsible Director:

- 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 department to audit specific operating areas and compliance with the internal rules and procedures for the conduct of business operations; and
- reports promptly to the Audit, Risks, Sustainability and Corporate Governance Committee (or to the Board of Directors) on issues and critical situations identified during his work or otherwise brought to his attention, so that the Committee (or the Board) can take appropriate action.

13.2 INTERNAL AUDIT DEPARTMENT

The Company has established an Internal Audit Department, directed by Maurizio Bonzi, which has been attributed responsibilities essentially consistent with those set out in the Corporate Governance Code.

In particular, the department 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 Department:

- 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, Risks, Sustainability and Corporate Governance Committee, the Board of Statutory Auditors and the Responsible Director, 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, Risks, 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 whistleblowing procedures established by the Group and regarding any cases of corruption/violation of the principles of internal control and/or the precepts of the Code of Ethics, 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 paragraph 12, it should be noted that the Audit, Risks, Sustainability and Corporate Governance Committee expresses an opinion on proposals concerning the appointment, revocation, assignment of duties and determination of the remuneration, consistent with Company policies, of the head of the internal audit department, as well as on the adequacy of the resources allocated to the department in order to carry out the assigned functions.

13.3 COMPLIANCE DEPARTMENT

Operating within the Corporate Affairs, Compliance and Company Secretary department, the Compliance department 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 RISK MANAGEMENT AND CONTROL OVER FINANCIAL INFORMATION

Pirelli has implemented a specific and structured risk management and internal control 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 Department – 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 Chief Financial Officer of each company of the Group.

The Internal Audit Department 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 26 February 2019, having acknowledged the renounce to the proxies on sustainability by Director Bruno, the Board of Directors appointed the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera as the Director responsible for sustainability. In that role, he is responsible for supervising sustainability topics associated with the conduct of the activities of the company, and its dynamics of interaction with all the stakeholders, and for implementing the guidelines defined by the Board of Directors, with assistance from the Audit, Risks, 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 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 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 31 August 2017 and comprises Carlo Secchi (Chairman), Antonella Carù (Standing Auditor), Maurizio Bonzi and Alberto Bastanzio (the last two because of their respective roles as Corporate Vice President Internal Audit and Corporate Vice President Corporate Affairs, Compliance 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 abstract 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 offices in Milan, at via Monte Rosa 91, recorded on the Register of External Auditors pursuant to Articles 6 et seq. of Italian Legislative Decree no. 39/2010.

The Ordinary Shareholders’ Meeting held on 1 August 2017 confirmed the appointment to perform 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, such appointment would entail: (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 articles 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* of the 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 Chief Reporting Officer puts suitable administrative and accounting procedures in place 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-PARTY TRANSACTIONS

As required by art. 2391-*bis* of the Civil Code and the Related Parties Regulation, on 6 November 2017 – in confirmation of the resolutions adopted on 31 August 2017 - the Board of Directors resolved to adopt the procedure for related-party transactions (the “**RPT Procedure**”), following the unanimous favourable opinion expressed by the Related-Party Transactions Committee. The RPT Procedure establishes rules for the approval and execution of the related-party transactions arranged 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-Party Transactions Committee - considers the need to revise 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 Department, is submitted to the Related-Party Transactions Committee and subsequently to the Board of Directors. The analyses carried out to 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 Shareholders' 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 compliance with the regulations in force concerning gender balance, slates - considering both sections - that contain three or more candidates must include candidates of different gender both in the section of the slate for standing auditors the section for alternate auditors¹¹.

¹¹ For the sake of completeness, it should be noted that this clause is currently being adapted to the new legislation on gender quotas in the composition of corporate bodies and that the related proposal will be submitted to the Annual General Meeting. For more information, see the Directors' Report to the Shareholders' Meeting, which illustrates the proposed changes to the Articles and will be made available to the public on the Website according to law.

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 Articles and complies with the gender balance requirements envisaged by the regulations 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 for the supplementing of the Board of Statutory Auditors, the procedure is the following: if it is necessary to replace auditors elected from the majority slate, the appointment is made by a relative majority of the votes cast, without any slate requirements and without prejudice, in all cases, to compliance with the gender balance requirements envisaged by the regulations in force; if, on the other hand, it is necessary to replace auditors elected from the minority slate, the Shareholders' Meeting replaces them by a relative majority of the votes cast, choosing them - where possible - from among the candidates indicated on the slate from which the auditor to be replaced was drawn and, in all cases, in compliance with the principle guaranteeing representation for the minorities that, pursuant to the Articles, are entitled to participate in the appointment of the Board of Statutory Auditors, without prejudice in all cases to compliance with the gender balance requirements envisaged by the

regulations in force. 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. Outgoing 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 the minorities), Fabio Artoni, Antonella Carù, Luca Nicodemi and Alberto Villani as standing auditors, and Franca Brusco (appointed by the minorities), Elenio Bidoggia and Giovanna Oddo, as alternate auditors until the date of the Shareholders' Meeting called for the approval of the financial statements for the year ending on 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, the Board of Statutory Auditors of Pirelli met 12 times, with each meeting having an average duration of about 1 hour and 30 minutes.

At the Report Date, approximately 38% of the eight members of the Board of Statutory Auditors (five standing auditors and three alternate auditors), were female (the percentage is 20% of the standing Auditors only). Furthermore, the average age of the members of the Board of Statutory Auditors is approximately 54 years of age (the average age of the standing auditors only is 55). The 80% of the standing auditors were between 55 and 59 years of age, while the remaining standing Auditor was 46.

During the course of the Year, the Board of Statutory Auditors, like the Board of Directors, has again carried out the process for assessing its performance, with assistance from the independent consulting firm SpencerStuart, in line with what was done in the previous year and in compliance with the code of conduct for listed companies published by the Italian national association of chartered accountants and auditors. That self-assessment process, like the process in place 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 operation. Positive outcomes of the Board of Statutory Auditors' self-assessment process are included in the Statutory Auditors' report at 31 December 2019.

Table 3, attached herein, provides for the significant information about each member of the Board of Statutory Auditors in office at the Report Date.

16. GENERAL MANAGER OPERATIONS

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

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 ensured, 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.

When the information flows are related to inside information and/or significant information, they must take place in accordance and compliance with the procedures indicated in the Market Abuse Procedure.

It is required that the Strategies Committee be the recipient of a specific and continuous flow of information 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.

19. SHAREHOLDERS' MEETINGS

Pursuant to art. 7 of the Articles, 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 Shareholders' 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 items 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 Shareholders' Meeting. The additions and deductions recorded on those accounts subsequent to that deadline are not relevant when determining the legitimacy of the right to vote at the Shareholders' Meeting. The communication must be received by the Company by the end of the third trading day prior to the date fixed for the Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' Meeting are taken by a Notary.

The Chairman of the Shareholders' Meeting chairs the meeting and, in accordance with the law and the Articles, 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 Articles.

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 paragraphs, 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, so as 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 Website, 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 19 DECEMBER 2019 BY THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

With a letter of 19 December 2019 (the “**Chairman’s Letter**”), in the context of the usual monitoring of the application of the provisions of the Corporate Governance Code, the Chairman of the Corporate Governance Committee of Borsa Italiana has provided listed companies with a further four recommendations (the “**Committee Recommendations for 2020**”) listed below:

1. include the sustainability of business activities in the definition of the remuneration strategies and policy, also on the basis of an analysis of the importance of factors that could affect the creation of value in the long term;
2. ensure, including in any board meeting regulation, an adequate management of the information flow to the board of directors, and ensure that confidentiality requirements are protected without compromising the completeness, usability and timeliness of reporting;
3. (i) apply more rigorously the independence requirements defined in the Corporate Governance Code, while inviting the control bodies to monitor the correct application thereof, (ii) having reiterated the exceptional nature and the necessary individual justification for derogation from the aforementioned criteria, pay more attention to the assessment of the significance of the relationships subject to assessment, and (iii) to that end, define *ex ante* the quantitative and/or qualitative criteria to be used for assessing the significance of the relationships subject to examination (criteria which should concern the overall position – not simply the purely economic benefit – of the director whose independence is subject to assessment);
4. together with the committees responsible for remuneration, verify that the remuneration paid to non-executive directors and members of the control bodies are in line with the competence, professionalism and commitment required of their roles, also taking account of comparative analyses with other companies of similar sizes (including foreign companies) operating in the relevant sector.

The Committee’s Recommendations for 2020 were brought to the attention of (i) the Audit, Risks, Sustainability and Corporate Governance Committee and the Board of Statutory Auditors on 17 February 2020, and (ii) the Board of Directors on 2 March 2020.

The Company considers it appropriate to provide the following summary of the considerations formulated by the Board of Directors on the aforementioned Committee’s Recommendations for 2020.

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 Board of Directors plays a central role in the defining of sustainability policies and strategies, at the proposal of the Executive Vice Chairman and Chief Executive Officer. In addition, the Company's remuneration policy has for some time been establishing sustainability targets on the basis of the variable components of remuneration (for more details in this regard, see the Remuneration Report);
- pre-board reporting (of a continuous nature or relating to specific topics) during 2019 also took place – as shown by the results of the self-assessment survey conducted by the Board – in compliance with an advance that was deemed consistent (cf. section 4.5.1) with quality standards that are in line with international best practice and broad guarantees as to the confidentiality and traceability of the information and documents sent to Directors and Statutory Auditors;
- during the board's current term in office, there were no exceptions to the rigorous application of the independence requirements provided for by the Corporate Governance Code and legislation, as also demonstrated by the checks carried out by the control body on the criteria adopted by the Board to assess the ongoing fulfilment of the independence requirements for directors;
- the setting of the remuneration packages for non-executive directors and members of the control body is also deemed to be adequate, taking account of the specific skills, professionalism and commitment required for the role. This assessment is also confirmed by the analyses conducted by the Company in relation to comparable companies on a national and international basis.

The Board of Directors of the Company – having also obtained the favourable opinions of the members of the competent Committees and of the Board of Statutory Auditors on this subject – believes that, as promptly highlighted in this Report, no specific interventions to its own system of corporate governance are needed in relation to the issues highlighted in the Chairman's Letter insofar as the Committee's Recommendations for 2020 were already adequately implemented some time ago.

TABLE 1: SIGNIFICANT SHAREHOLDINGS 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, holds shares with voting rights in Ordinary Shareholders' Meetings that represent more than 3% of the ordinary share capital are listed below.

SIGNIFICANT SHAREHOLDINGS OF CAPITAL ¹²			
Declaring party	Direct Shareholder	% of ordinary capital	% of voting capital
China National Chemical Corporation	Marco Polo International Italy S.r.l.	45.52%	45.52%
Tronchetti Provera Marco	Camfin S.p.A. ¹³	10.10%	10.10%

Note: The data relating to shareholders who, directly or indirectly, hold ordinary shares representing more than 3% of the share capital with voting rights in ordinary shareholders' meetings of the Company, are 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 Article 120 of the TUF and the Issuers Regulation, could substantially differ 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 (e.g. 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 Article 120 of the TUF.

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

¹² From content of the "Pirelli & C. SpA - Partecipazioni in strumenti finanziari e partecipazioni aggregate" [Equity investments in financial instruments and aggregate equity investments] section of the Consob website, it also appears that Tacticum Capital S.A. (formerly Long-Term Investments Luxembourg S.A. (LTI)) has transferred the equity investment that it held in Pirelli (6.239% of the capital) to a third-party financial counterpart, pursuant to a repurchase contract entered into between the parties in guarantee of a loan granted by the latter. The said counterpart is obliged to retransfer the same equity investment to Tacticum/LTI and do everything in its power to exercise the voting right in accordance with the instructions given by Tacticum/LTI at any given time.

¹³ For the sake of completeness, it should be noted that in September 2019 Camfin informed the market that it had taken out instruments called "Call Spreads" with major financial institutions, with maturity at September 2022, and with an underlying of 48.9 million Pirelli shares, equivalent to 5% of the share capital. Based on those instruments, Camfin has the right to purchase Pirelli shares at a pre-defined price and to increase its own equity investment from 10.1% to approximately 15% of the share capital.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE 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 first appointed*	In office since	In office until	Slate **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)		
Chairman	Ning Gaoning	1958	7 August 2018	7 August 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x			Cf. Annex A	0/7					-	M				
Executive Vice Chairman and Chief Executive Officer *◇	Marco Tronchetti Provera	1948	7 May 2003 ¹⁴	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-	x				Cf. Annex A	7/7					-	C	1/1	C		
Director	Yang Xingqiang	1967	20 October 2015	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x			Cf. Annex A	6/7							1/1	M		
Director	Bai Xinping	1968	2 September 2015	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x			Cf. Annex A	6/7			4/4	M	-	M	1/1	M		
Director	Giorgio Luca Bruno	1960	15 March 2016	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x			Cf. Annex A	7/7							1/1	M		
Director	Laura Cioli	1963	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	6/7	5/5	M	4/4	M						
Director	Domenico De Sole	1944	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	5/7							1/1	M	12/12	C
Director	Ze'ev Goldberg	1960	2 September 2015	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x			Cf. Annex A	6/7							1/1	M		
Director	Tao Haisu	1949	20 October 2015 ¹⁵	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	7/7			4/4	C						
Director	Giovanni Lo Storto	1970	15 May 2018	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	7/7	5/5	M	4/4	M						
Director	Marisa Pappalardo	1960	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	7/7								11/12	M	
Director	Cristina Scocchia	1973	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	7/7	4/5	M						11/12	M	

¹⁴ Marco Tronchetti Provera assumed the office of 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.

¹⁵ Tao Haisu was a Director of Pirelli from 20 October 2015 to 15 March 2016. He was appointed as Director again 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 first appointed*	In office since	In office until	Slate **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	
Director	Giovanni Tronchetti Provera	1983	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x			Cf. Annex A	7/7					-	M					
Director	Fan Xiaohua	1974	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	7/7	5/5	C									
Director	Wei Yintao	1971	1 August 2017	31 August 2017	Shareholders' meeting to approve financial statements at 31 Dec. 2019	-		x	x	x	Cf. Annex A	7/7							1/1	M			
DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR																							
No Director ceased to hold office during the relevant financial year (Ning Gaoning, previously coopted, has been confirmed in his office by the Shareholders' Meeting of 15 May 2019).																							
Number of meetings of the Board of Directors held during the year: 7																							
Audit and Risks Committee: 5 / Remuneration Committee: 4 / Appointments Committee: 0 / Strategies Committee: 1 / RPT Committee: 12																							
Indicate the quorum required for minority shareholders to submit a slate for the election of one or more directors (pursuant to art. 147-ter TUF): 1% of the share capital with the right to vote in ordinary shareholders' meetings.																							

The following symbols in the "Office" 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.

** The slate from which each director was elected is indicated in this column ("M": majority slate; "m": minority slate; "BoD": slate presented by the BoD).

*** The number of offices as director or statutory auditor held by the person in question in other companies listed in regulated markets, including foreign companies, finance companies, banks, insurance companies or of significant size, is shown in this column. The offices are shown in full in the Annex A of the Report.

(*). The attendance of the directors at the BoD meetings and its committees (the number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

(**). The office held by the person on 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	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 Committee	No. other offices ****	
Chairman	Francesco Fallacara	1964	10 May 2012	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	m	x	12/12	7/7	5/5	3/4	-	1/1	12/12	Cf. Annex A	
Standing auditor	Fabio Artoni	1960	14 May 2015	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	12/12	7/7	5/5	4/4	-	-	12/12	Cf. Annex A	
Standing auditor	Antonella Carù	1961	10 May 2012	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	12/12	6/7	5/5	3/4	-	-	11/12	Cf. Annex A	
Standing auditor	Luca Nicodemi	1973	5 September 2017	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	12/12	5/7	5/5	4/4	-	-	11/12	Cf. Annex A	
Standing auditor	Alberto Villani	1962	5 September 2017	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	10/12	7/7	3/5	2/4	-	-	10/12	Cf. Annex A	
Alternate auditor	Franca Brusco	1971	15 May 2018	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	m	x	-	-	-	-	-	-	-	Cf. Annex A	
Alternate Auditor	Elenio Bidoggia	1963	15 May 2018	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	-	-	-	-	-	-	-	Cf. Annex A	
Alternate auditor	Giovanna Oddo	1967	14 May 2015	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	-	-	-	-	-	-	-	Cf. Annex A	
AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR																
No Statutory Auditor ceased to hold office during the relevant financial year.																
Number of meetings of the Board of Statutory Auditors held during the year: 12																
Indicate the quorum required for minority shareholders to submit a slate for the election of one or more members (pursuant to art. 148 TUF): 1% of the shares with the right to vote in ordinary shareholders' meetings.																

* 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.

** The slate from which each auditor was elected ("M": majority slate; "m": minority slate).

*** The attendance of the auditors at the Board of Statutory Auditors meetings (the number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

**** The number of offices as director or statutory auditor held by the person in question pursuant to 148-bis TUF and its implementing provisions in the Consob Issuers' Regulation. 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"> China Jinmao Holdings Group Ltd. Far East Horizon Ltd. 	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"> Syngenta AG 	Chairman of the Board of Directors Chairman of the Board of Directors
Marco Tronchetti Provera	Marco Tronchetti Provera & C. S.p.A.: <ul style="list-style-type: none"> Camfin S.p.A. Camfin Industrial S.p.A. 	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors and Chief Executive Officer
	RCS MediaGroup S.p.A.	Director
Yang Xingqiang	China National Chemical Corporation: <ul style="list-style-type: none"> China National Bluestar Group Co. Ltd. ADAMA Agricultural Solutions Ltd. Marco Polo International Italy S.r.l. TP Industrial Holding S.p.A. 	Chairman of the Board of Directors Director Chairman of the Board of Directors Director Chairman of the Board of Directors
Bai Xiping	China National Chemical Corporation: <ul style="list-style-type: none"> China National Tire & Rubber Company Ltd. CNRC International Holding (HK) Ltd. CNRC Capital Ltd. CNRC Capitale Limited CNRC International Ltd. Fourteen Sundew S.à.r.l. Marco Polo International Italy S.r.l. TP Industrial Holding S.p.A. 	Chairman of the Board of Directors Director Director Director Director Chairman of the Board of Directors CEO
Giorgio Luca Bruno	Marco Tronchetti Provera & C. S.p.A.: <ul style="list-style-type: none"> Camfin S.p.A. Camfin Industrial S.p.A. 	Director Director Director

	Prometeon Tyre Group S.r.l.	Chairman of the Board of Directors and Chief Executive Officer
Laura Cioli	SOFINA S.A.	Director
	Brembo S.p.A.	Director
	GEDI Gruppo Editoriale S.p.A.	CEO
Domenico De Sole	Tom Ford International Inc.	Chairman of the Board of Directors
	Advance Publication Inc.	Director
	Ermenegildo Zegna S.p.A.	Director
Ze'ev Goldberg	LW 44 Inc.	Shareholder
	Compass Partners	Shareholder
Giovanni Lo Storto	DoValue S.p.A.	Director
	Internazionale S.p.A.	Director
	Base per Altezza S.r.l.	Director
	Luiss Guido Carli <ul style="list-style-type: none"> • L. Campus S.r.l. • L. Lab S.r.l. • LUISS (LUIS SSD) sporting association • LUISS ALUMNI 4 Growth S.r.l. 	CEO CEO Director Vice Chairman of the Board of Directors
Tao Haisu	Mercuria Energy Group	Director
Marisa Pappalardo	BPER Banca S.p.A.	Director
	Finstar S.p.A.	Director
Cristina Scocchia	EssilorLuxottica S.A.	Director
	KIKO S.p.A.	CEO
	IllyCaffé S.p.A.	Director
Giovanni Tronchetti Provera	Marco Tronchetti Provera & C. S.p.A.:	Director
	<ul style="list-style-type: none"> • Camfin S.p.A. • Camfin Industrial S.p.A. 	Director Director
Fan Xiaohua	-	-
Wei Yintao	-	-

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

First and last name	Company	Office held in the company
Francesco Fallacara	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 Auditor
	Nextchem S.r.l.	Standing Auditor
	SIBI S.r.l.	Sole Auditor
	I Casali del Pino S.r.l.	Sole Auditor
	Collegio Provinciale dei Geometri di Roma [Provincial Surveyors' Association of Rome]	Standing Member of the Association of Auditors
	Asfor – Italian Association for Managerial Training	Chairman of the Supervisory Body
Apaform – ASFOR Professional Association of management trainers	Chairman of the Supervisory Body	
Fabio Artoni	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
	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
	Cassa di Compensazione e Garanzia S.p.A.	Standing Auditor
	Elite SIM S.p.A.	Standing Auditor
	Gatelab S.r.l.	Alternate Auditor
	Tetis S.r.l.	Standing Auditor
	AMFIN HOLDING S.P.A.	Standing Auditor
Antonella Carù	Autogrill S.p.A.	Standing Auditor
	Autogrill Advanced Business Service S.r.l.	Standing Auditor
	Pirelli Tyre S.p.A.	Standing Auditor
Luca Nicodemi	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
	Farbanca S.p.A.	Alternate Auditor
	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
	SPC S.r.l.	Standing Auditor
	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.	Standing 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. (formerly Color Wind S.p.A.)	Standing Auditor
	HPC S.r.l.	Standing Auditor
	MR&MRS ITALY S.r.l.	Chairman of the Board of Statutory Auditors
	Spencer Holding S.r.l.	Standing Auditor
	Spencer Contract S.r.l.	Chairman of the Board of Statutory Auditors
	Fontanaarte S.p.A.	Alternate Auditor
	Pillarstone Italy Holding S.p.A.	Alternate Auditor
	POC Holding S.p.A.	Standing 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
	DW Group S.p.A.	Standing Auditor
	Alkemia SGR S.p.A.	Chairman of the Board of Statutory Auditors
	OCM S.p.A.	Chairman of the Board of Statutory Auditors
	Serpeverde S.p.A.	Standing Auditor
	BORMIOLI PHARMA S.P.A.	Chairman of the Board of Statutory Auditors
Alberto Villani	AGB Nielsen Media Research Holding S.p.A.	Chairman of the Board of Statutory Auditors
	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
	Quattrodue 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
	Lambda Stepstone S.r.l.	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
	Viator S.p.A. in liquidation	Alternate 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
Elenio Bidoggia	Camfin Industrial S.p.A.	Alternate 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	
	Servizi Amministrativi Real Estate 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.	Standing Auditor	
	Banca UBAE S.p.A.	Standing Auditor	
	Armonia SGR S.p.A.	Standing Auditor	
	Centrale Immobiliare S.r.l. in liquidation	Standing Auditor	
	Marco Tronchetti Provera & C. S.p.A.	Chairman of the Board of Statutory Auditors	
	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	
	Manifatture Milano 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	
Giovanna Oddo	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	
	Iniziativa Retail S.r.l. in liquidation	Liquidator	
	Iniziativa 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	
	Manifatture Milano S.p.A.	Alternate Auditor	
	Koinè Società tra Avvocati S.r.l.	Sole Director	
	Marco Tronchetti Provera & C. S.p.A.	Standing Auditor	
	Pirelli International Treasury S.p.A.	Standing Auditor	
	Pirelli Sistemi Informativi S.r.l.	Standing Auditor	
	Pirelli Servizi Amministrazione e Tesoreria S.p.A.	Standing Auditor	
	Pirelli Tyre S.p.A.	Alternate Auditor	
	Franca Brusco	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