

ARTIFICIAL INTELLIGENCE



03

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Resolutions

Please note

The following “proposal for approval of the financial statements and allocation of the result for the year” takes into account the updates approved by the Board of Directors during the meeting held on April 3, 2020 vis-à-vis the previous proposal approved by the Board of Directors during the meeting held on March 2, 2020⁶⁰.

PROPOSAL FOR APPROVAL OF THE FINANCIAL STATEMENTS AND ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

The year ended December 31, 2019 closed with a profit of Euro 273,241,811.00.

Considering that following the shareholders' meeting resolutions adopted in 2017, the legal reserve was completed and reached the limit established by article 2430 of the Civil Code and the deterioration of the global economic growth outlook because of the Covid-19 health emergency, the Board of Directors proposes the carry-forward of the entire profit of the year.

The Board of Directors will evaluate the possible calling of a shareholders' meeting, to be held in the second half of the year, to propose the eventual distribution, should cash generation exceed the new target approved by the Board of Directors and communicated to the market on April 3, 2020, and/or the economic scenario allow greater visibility on the total impacts of the Covid-19 emergency.

If you agree with our proposal, we request that you adopt the following

RESOLUTIONS

“The Shareholders' Meeting,

- having examined the annual report at December 31, 2019;
- having seen the Statutory Auditors' Report;
- having acknowledged the report of the Independent Auditors;

RESOLVED

- a) to approve the Company's financial statements for the year ended December 31, 2019, as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, showing a profit of Euro 273,241,811.00;
- b) to carry forward the entire profit of the year of Euro 273,241,811.00.

APPOINTMENT OF THE BOARD OF DIRECTORS AND THE CHAIRMAN

(item 2 on the agenda)

Appointment of the Board of Directors:

- Determination of the number of members of the Board of Directors;
- Appointment of the Directors;
- Appointment of the Chairman;
- Determination of the annual remuneration of the members of the Board of Directors.

Dear Shareholders,

With the approval of the financial statements as at 31 December 2019, the Board of Directors in office, appointed by the Ordinary Shareholders' Meeting of 1 August 2017, with effect from 31 August 2017, which fixed the duration of the mandate to three financial years, comes to the end of its mandate.

The Shareholders' Meeting is therefore asked to appoint, in accordance with the recommendations of the Corporate Governance Code and pursuant to article 10 of the Company Bylaws (reported in full as a footnote to this report), the new Board of Directors, after setting the number of its members and their remuneration. The Shareholders' Meeting is also asked to appoint the Chairman of the Board of Directors.

With regard to this, it is noted that pursuant to article 10 of the Company Bylaws, the Company is managed by a Board of Directors made up of a maximum of 15 (fifteen) members, who remain in office for three years and who may be re-elected.

It should be noted that, in accordance with the same article 10 of the Company Bylaws, the appointment of the Board of Directors will be based on slates submitted by Shareholders who, on their own account or with other shareholders, own shares in total representing at least 1% of the share capital entitled to vote at an Ordinary Meeting, or any lower amount specified in regulations issued by Consob, with the obligation to evidence their ownership of the number of shares needed for the submission of slates by the deadline envisaged for the publication of such slates by the Company. With regard to this, it is noted that Consob (with resolution no. 28 of 30 January 2020), established the threshold for the submission of slates of candidates at the same 1% threshold.

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

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

Each slate filed must be accompanied by acceptances of nomination and declarations from each candidate confirming, under their own responsibility, that there are no reasons making them ineligible for or incompatible with the role, and that they satisfy any requirements established for the role concerned. A *curriculum vitae* is to be registered for

60 On March 2, 2020, the Board of Directors proposed to the Shareholders' Meeting to distribute a dividend of € 0.183 for each of the 1,000,000,000 outstanding shares and to carry forward the residual profit of € 90,241,811.00. This proposal was modified by the Board of Directors on April 3, 2020 as indicated above.

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

In particular, it is noted that Board of Directors' resolution of 14 February 2019 approved the amendments relating to the maximum number of offices deemed to be compatible with the effective performance of the role of Company director; with regard to this, Shareholders interested in submitting slates of candidates are invited to consult the relevant document published on the Company's website at the address www.pirelli.com, in the Corporate governance section.

Furthermore, in order to ensure gender balance in the composition of the Board of Directors, it is noted that Law no. 160 of 27 December 2019, effective from 1 January 2020, introduced a new regulation relative to gender quotas for the composition of listed companies' corporate bodies, establishing that such companies must guarantee, within their Company Bylaws, that for at least six consecutive mandates two fifths of Directors and of Statutory Auditors actually elected represent the least represented gender, without prejudice to the allocation criterion of at least one fifth laid down in article 2 of Law 120/2011, for the first renewal after the first day of trading.

In this respect, it should be noted that the current Bylaws establish that slates containing three or more candidates must contain candidates of a different gender at least to the minimum extent required by the laws and/or regulations in force at the time; it should also be noted that the Board of Directors has asked the extraordinary shareholders' meeting to amend the Company Bylaws and, in particular, in order to better determine the composition of slates in light of the new regulations and ensure gender balance and incorporate some indications made by Consob⁶¹, to specify in art. 10 that slates that contain a number of candidates equal to three must include candidates of different genders, while the slates containing a number of candidates equal to or higher than four must include a number of candidates of the less represented gender at least matching the minimum laid down in statutory and/or regulatory provisions as in force at the time, in accordance with that stated in the notice of call of the Shareholders' Meeting⁶².

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

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

The Board of Directors also invites the Shareholders to take into account the results of the self-evaluation process for the 2019 financial year in relation to the size, composition and performance of the administrative body carried out by the same Board of Directors with the assistance of a leading

consulting firm specialised in this area (Spencer Stuart) (the "**Self-evaluation Process**")⁶³, from which some areas of closer appreciation have emerged and, with reference to the composition of the Board of Directors, in particular, the diversified structure of the Board of Directors and a greater number of independent directors.

Now, therefore, the Board of Directors,

- in view of the provisions of the Company Bylaws in relation to the composition and procedure for the appointment of the Board of Directors;
- in view of the legislative changes in relation to gender quotas;
- in view of the outcomes of the Self-Evaluation Process, and of the guidelines adopted by the Board of Directors related to the composition of the administrative body;

invites the Shareholders' Meeting:

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

ARTICLE 10 OF THE COMPANY BYLAWS

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

10.2 The Board of Directors is appointed on the basis of slates presented by the shareholders pursuant to the following paragraphs hereof, in which the candidates are listed by consecutive number.

10.3 The slates presented by the shareholders, which must be undersigned by the parties submitting them, must be filed at the Company's registered office, and be available at least twenty five days before the date set for the shareholders' meeting that is required to decide upon the appointment of the members of the Board of Directors. They are made available to the public at the registered office, on the Company website and in the other ways specified by Consob regulations at least 21 days before the date of the general meeting.

10.4 Each shareholder may present or take part in the presentation of only one slate and each candidate may appear on only one slate on penalty of losing the right to be elected.

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

⁶¹ Consob Resolution no. 1/20 of 30 January 2020.

⁶² For more information, see the Shareholders' Meeting Notice of Call, which will be made available to the public on the Website according to law.

⁶³ For more details, please see the Report on the Corporate Governance and Share Ownership under the Annual Report.

shares needed for the presentation of slates within the term specified for their publication by the Company.

10.6 Together with each slate, statements must be filed in which the individual candidates agree to their nomination and attest, under their own liability, that there are no grounds for their ineligibility or incompatibility, and that they meet any requisites prescribed for the positions. Together with such statements, a curriculum vitae must be filed for each candidate, including their relevant personal and professional data and mentioning the offices held in management and supervisory bodies of other companies and their satisfaction of the requisites of independence prescribed for directors of listed companies by the law or by the governance code endorsed by the Company. In order to ensure gender balance, slates that contain a number of candidates equal to or more than three must contain a number of candidates of the less represented gender at least matching the minimum laid down in statutory and/or regulatory provisions as in force at the time, in accordance with what will be stated in the notice of the Shareholders' Meeting. Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.

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

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

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

- a) four-fifths of the directors to be elected are chosen from the slate which obtains the highest number of votes cast by the shareholders, in the order in which they are listed on the slate; in the event of a fractional number, it is rounded-down to the nearest whole number;
- b) the remaining directors are chosen from the other slates; to this end, the votes obtained by the various slates are divided by whole progressive numbers from one up to the number of directors to be elected. The quotients thus obtained are assigned to the candidates on each slate in the order they are respectively listed thereon. On the basis of the quotients assigned, the candidates on the various slates are ranked in a single list in decreasing order. Those who have obtained the highest quotient are elected.

If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected a director or that has elected the lowest number of directors is elected. If none of such slates has as yet elected a director or they have all elected the same number of directors, the candidate from the slate which obtained the highest number of votes is elected. If the different slates obtain the same number of votes and their candidates are assigned the same quotients, a new vote is held by the entire shareholders' meeting and the candidate who obtains the simple majority of the votes is elected.

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

10.10 The appointment of the Board of Directors must take place in compliance with the rules on gender balance in force at the time. If applying the slate voting procedure fails to secure the minimum number of directors of the less represented gender that is required by the statutory and/or

regulatory rules in force at the time, the appointed candidate of the more represented gender indicated at the last place on the slate that attracts most votes shall be substituted by the non-appointed candidate of the less represented gender, drawn from the same slate on the basis of their progressive order of presentation, and so on, slate by slate (solely with regard to slates with a number of candidates equal to or more than three), until the minimum number of directors of the less represented gender is reached. If at the end, said procedure does not secure the result just indicated, the substitution will be made through a resolution of the Shareholders' Meeting voted by a relative majority, subject to the nomination of persons of the less represented gender.

10.11 If the application of the slate voting system does not ensure the appointment of the minimum number of independent Directors required by the law and/or regulation, the appointed non-independent candidate indicated with the higher progressive number in the slate which has obtained the higher number of votes is replaced by the non-appointed independent candidate included in the same slate on the basis of the progressive order of the presentation and so on, slate by slate, until the minimum number of independent Directors shall be appointed, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time.

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

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

10.14 In the event a Director cease to comply with the independence requirements, this does not cause his/her ceasing to be a Director provided that the Directors in office complying with legal independence requirements are a number at least equal to the minimum number requested by laws and/or regulations.

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

10.16 The Board of Directors shall appoint a Secretary, who needs not to be a director.

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

(item 3 on the agenda)

Prospectus drafted by the Directors in accordance with Art. 125-ter of Legislative Decree No. 58 of 24 February 1998 and subsequent amendments and additions, approved by the Board of Directors on 2 March 2020, and amended on 3 April 2020.

A. Approval of the 2020 remuneration policy

Dear Shareholders,

pursuant to art.123-ter of the Consolidated Law on Finance (“**TUF**”), as amended and supplemented by art. 3 of Italian Legislative Decree no. 49 of 10 May 2019 (“**Decree**”)⁶⁴, we have also called you to submit to your vote the first section (“**Policy**”) of the Report on the remuneration policy and on the compensation paid (“**Remuneration Report**”) which outlines the remuneration policy for members of administrative and controlling bodies, General Managers and Key managers and to which Pirelli refers in order to define the remuneration of the Senior Managers and Executives of Pirelli.

The Policy submitted for your vote takes into account the regulatory provisions adopted by Consob, provided by art.123-ter TUF, as amended and supplemented by art. 3 of the Decree, and by art. 84-*quater* of the Issuers’ Regulation, as well as on the basis of Scheme 7-*bis* of Annex 3A to the Issuers’ Regulation, introduced by Consob with resolution no. 18049 of 23 December 2011⁶⁵.

Considering the launch of the Strategic Plan for the period 2020-2022, the Policy takes also into account the resolutions adopted by the Board of Directors regarding the early closure of the 2018-2020 Long-Term Incentive Plan, with effect from 31 December 2019, subject to approval of the Policy by the Shareholders’ Meeting (without any payment, not even pro-quota, of the three-year incentive), as well as the adoption of the 2020-2022 Long-Term Incentive Plan linked to the objectives of the 2020-2022 Strategic Plan, subject to the approval of the Shareholders’ Meeting, in the part where it is provided that the incentive shall be determined on the basis of a total shareholder return objective, and the resolutions adopted by the Board of Directors on 3 April 2020 disclosed to the market and better described in the Policy.

As provided by art.123-ter TUF, the first section of the Remuneration Report that we submit to you outlines:

- a. the remuneration Policy for Directors, General Managers and Key managers and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, for members of the controlling bodies, to which Pirelli refers to define the remuneration of the Senior Managers and Executives;
- b. the procedures used for the adoption and implementation of this Policy.

In accordance with TUF, the Shareholders’ Meeting is asked

to express its vote on the first section of the Remuneration Report.

B. advisory vote on the remuneration paid in 2019

Dear Shareholders,

pursuant to art.123-ter of the Consolidated Law on Finance (“**TUF**”), as amended and supplemented by art. 3 of Italian Legislative Decree no. 49 of 10 May 2019 (“**Decree**”)⁶⁶, we have also called you to submit to your consultative vote the second section (“**Compensation Report**”) of the Report on the remuneration policy and the compensation paid (“**Remuneration Report**”) which provides, by name, for the members of the administrative and control bodies, for the General Manager Operations, and, in aggregate form, for the Key managers, a summary of the remuneration paid in implementation of the remuneration policy adopted by the Group in 2019, highlighting its consistency with the same.

The Compensation Report submitted for your vote takes into account the regulatory provisions adopted by Consob, provided by art. 123-ter TUF, art. 84-*quater* of the Issuers’ Regulations, as well as on the basis of Scheme 7-*bis* of Annex 3 A of the Issuers’ Regulations, introduced by Consob resolution no. 18049 of 23 December 2011⁶⁷.

Pursuant to art. 123-ter TUF, the second section of the Remuneration Report that we submit to you illustrates, by name, for the members of the administrative and controlling bodies, the General Manager Operations, and, in aggregate form, for the Key managers:

- a. the items of which the remuneration is composed, including payments provided in case of termination of the office or employment relationship;
- b. the sums paid in the 2019 financial year for any reason and in any form by the Company and its subsidiaries or affiliates, indicating any components of said payments that are referable to activities undertaken in years preceding the year of reference and also highlighting the payments to be made in one or more subsequent years for activity undertaken in the reference year, providing, if applicable, estimates for the components that cannot be objectively quantified in the year of reference.

The external auditor verifies that the directors have prepared the Report on Compensation Paid.

In accordance with TUF, the Shareholders’ Meeting is asked to express a consultative vote on the second section of the Remuneration Report.

64 The Decree incorporates into the Italian legal system, Directive (EU) 2017/828, the “Shareholders Right II Directive”, which amends Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

65 As at the date of approval of this Policy, Consob has not adopted the amendments to the information to be included in the first section of the Report and to the characteristics of the Policy in implementation of Art. 123-ter, paragraph 7, TUF and in compliance with Article 9-bis of Directive 2007/36/EC, as well as in compliance with the provisions of paragraph 3 of recommendation 2004/913/EC and paragraph 5 of recommendation 2009/385/EC.

66 The Decree incorporates into the Italian legal system, Directive (EU) 2017/828, the “Shareholders Right II Directive”, which amends Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

67 As at the date of approval of the Remuneration Report, Consob has not adopted the amendments to the information to be included in the second section of the Report, pursuant to art. 123-ter, paragraph 8, TUF in accordance with the provisions of art. 9-ter of Directive 2007/36/EC.

THREE-YEAR MONETARY INCENTIVE PLAN (2020-2022) FOR PIRELLI'S GROUP MANAGEMENT. RELATED AND SUBSEQUENT RESOLUTIONS.

(item 4 on the agenda)

Prospectus drafted by the Directors in accordance with Art. 125-ter of Legislative Decree No. 58 of 24 February 1998 and subsequent amendments and additions, approved by the Board of Directors on 2 March 2020.

Dear Shareholders,

at the meeting held on 19 February 2020, the Board of Directors approved (i) the closure, effective as of 31 December 2019, of the 2018-2020 Long-Term Incentive Plan, without any payment, even pro-quota, of the three-year incentive and (ii) the adoption of a new three-year monetary incentive Plan for the three-year period 2020-2022 for the Management of the Pirelli Group ("**LTI Plan**"), related to the objectives of the 2020/2022 Strategic Plan presented on the same date. The LTI Plan was also approved pursuant to Article 2389 of the Italian Civil Code, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, in relation to the persons for whom such opinion is required. Pursuant to Article 114-bis of the Consolidated Law on Finance ("**TUF**"), the LTI Plan is subject to the approval of the Shareholders' Meeting, in the part where it is provided that the incentive is determined on the basis of a relative Total Shareholder Return objectives, calculated with respect to an index made up of selected "Tier 1" peers in the Tyre sector.

Moreover, pursuant to Article 123-ter TUF, as amended and supplemented by Article 3 of Italian Legislative Decree No. 49 of 10 May 2019, the LTI Plan is included in the 2020 Remuneration Policy adopted by Pirelli ("**Policy**"), which will be submitted for approval to the Shareholders' Meeting.

The main information on the LTI Plan are set out below, while for a more analytical description you are invited to read the Information Document prepared pursuant to Article 84-bis, paragraph 1, of Consob Resolution No. 11971 of 14 May 1999 ("**Issuers' Regulations**"), which is also available to the public at the registered offices of Pirelli & C. S.p.A. (in Milan, Viale Piero e Alberto Pirelli 25) and on the website www.pirelli.com as well as at Borsa Italiana S.p.A. (Milan, Piazza degli Affari 6) together with this Report.

REASONS FOR ADOPTING THE PLAN⁶⁸

In line with national and international best practices, the Policy is tailored to Pirelli's objective of attracting, motivating and retaining resources with the professional attributes required to pursue the Group's objectives. Moreover, it aims to achieve the long-term interests through the multi-year variable components, encouraging the achievement of strategic objectives and the sustainable growth of the company and bringing Management's interests into line with those of the Shareholders.

In light of the above and considering the launch of the Strategic Plan for the period 2020-2022, the Board of Directors of Pirelli & C. has therefore resolved to adopt a Long-Term Incentive Plan related to the objectives contained in the 2020-2022 Strategic Plan.

At the same time, the Board of Directors resolved to close the 2018-2020 Long-Term Incentive Plan early, effective as of 31 December 2019, without any payment, even pro-rata, of the three-year incentive provided for therein.

BENEFICIARIES OF THE PLAN⁶⁹

The LTI Plan is extended to all Top Management and, except for specific cases, to all Management, as well as to those who became part of it and/or were promoted to an Executive position, due to internal career growth, during the three year period. In this case, their inclusion is subject to participation in the LTI Plan for at least one full financial year and the incentive percentages are scaled to the number of months of actual participation in the LTI Plan.

In particular, among others, the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera, the General Manager of Operations Andrea Casaluci, and Key managers ("**KM**") are participants in the LTI Plan.

PERFORMANCE OBJECTIVES AND BONUS CALCULATION⁷⁰

The structure of the remuneration of Management, as better described in the Policy to which reference is made for further details, has three main elements:

- gross annual base salary (GAS);
- STI annual variable component (MBO): designed to reward the beneficiary's performance in the short term; it is set as a percentage of the base salary, increasing in relation to the role held by the beneficiary. This percentage can range, if the target objectives are met, from a minimum of 20% for Executives (executives of Pirelli's Italian companies or employees of foreign Group companies with a position or role comparable to that of an Italian executive) up to a maximum of 125% for Directors holding special offices to whom specific duties are also delegated;
- medium-long term variable component (LTI): made up of the incentive of the LTI Plan, intended to reward the Group's performance over the period 2020-2022, and the above-mentioned deferral and mark-up component of the STI (MBO).

As for the STI (MBO) incentive, the LTI incentive is also set as a percentage of the base salary with increasing percentages in relation to the role held and taking into account the reference benchmarks of each figure. This percentage may range, if the target objectives are achieved, from a minimum of 45% for Executives to a maximum of 210% for Directors holding special offices to whom specific duties are also delegated. There is a limit to the maximum achievable LTI incentive.

⁶⁸ Information required by Article 114-bis, paragraph 1, letter a), TUF.

⁶⁹ Information required by Article 114-bis, paragraph 1, letters b) and b-bis), TUF.

⁷⁰ Information required by Article 114-bis, paragraph 1, letter c), TUF.

The LTI plan, which is monetary and does not include the assignment of shares or options on shares, is subject to the achievement of three-year objectives and determined as a percentage of the gross annual base salary/GAS received by the beneficiary at the date on which his/her participation in the Plan was established.

The new LTI Plan is characterized by a “rolling” structure: every year a new LTI plan is launched based on the objectives for the following three years, ensuring management loyalty and the correct focus on performance targets. The date of the eventual first payment (if the 2020-2022 results are achieved) is April 2023 and, from then on, April of each subsequent year if the results of the three-year period are achieved.

The 2020-2022 LTI Plan provides for three types of objectives, all independent of each other, and their weights:

- objective represented by the cumulative Group Net Cash Flow (before dividends), with a weight at target level of 40% of the total LTI bonus;
- Total Shareholder Return (“**TSR**”) objective related to a panel of selected Tier 1 peers, with a weight at target level of 40%. The document made available at the Shareholders' Meeting provides more detailed information on the application of the Total Shareholder Return objective;
- the remaining 20% is calculated on the basis of Sustainability indicators in relation to Pirelli's positioning in two indices of equal weight: (i) Dow Jones Sustainability World Index ATX Auto Component sector and (ii) CDP Ranking.

For all three objectives (cumulative Group Net Cash Flow, relative TSR and Sustainability) there is a minimum value (access threshold) to which is associated payment of a pro-quota bonus that is 75% of the pro-quota achievable on target.

In reference to each objective, if the minimum value (or access threshold) set is not achieved, the beneficiary accrues no right to the payment of the related pro-quota bonus.

For intermediate results between the minimum value (access threshold) and the target value or between the target value and the maximum value, performance will be calculated by linear interpolation, with the exception of the Sustainability objective, which will be calculated in just three steps: entry level, target and maximum, without considering the intermediate performances.

BONUS PERIOD

If the objectives are achieved, the medium-long term incentive (LTI Bonus) will be paid to the beneficiaries of the LTI Plan in the first half of 2023, provided that the participants have not terminated their office and/or employment relationship as at 31 December 2022. Subsequently, the LTI Bonus will be paid in the first half of the year following the end of each three-year cycle, under the same conditions.

If the office and/or employment relationship has been terminated for any reason (without prejudice to the following) before the end of the three-year period, the beneficiary's participation in the LTI Plan shall cease and, as a result, no LTI Bonus nor pro-quota bonus will be paid. For Directors holding special offices to whom specific duties are delegated who cease to hold office due to completion of their term of office and who are not subsequently appointed even as directors, the pro-rata payment of the LTI Bonus is envisaged.

PLAN DURATION AND AMENDMENTS

The LTI Plan, referring to the years 2020-2022, provides for a “rolling” mechanism structured on three-year performance periods (cycles) that start each year, with the definition of performance indicators and related objectives.

The “rolling” mechanism allows: (i) to align, for each new cycle, the performance indicators with market changes and the strategic objectives of the company which could be revised from year to year, (ii) on completion of the first three-year period (with the exception of the first three-year cycle 2020-2022 which provides for payment on a three-year basis) and on achievement of the performance objectives to which each cycle is related, to pay part of the incentive on an annual basis.

SPECIAL FUND TO ENCOURAGE WORKERS' PARTICIPATION IN ENTERPRISES⁷¹

The LTI Plan does not receive any support from the Special Fund to encourage workers' participation in enterprises, referred to in Article 4, paragraph 112 of Law No. 350 of 24 December 2003.

The LTI Plan is to be considered "of particular importance" as it is addressed, inter alia, to the Executive Vice Chairman and Chief Executive Officer, the General Manager Operations and KM as they have regular access to inside information and have the power to make decisions that may affect the Group's development and future prospects.

Considering that the LTI Plan is monetary, as it does not provide for the assignment of shares or stock options on shares, but only a cash incentive partly linked to the performance of Pirelli & C.'s ordinary shares, the Information Document prepared in accordance with current regulations does not contain the information required for mechanisms that consider the assignment of shares or stock options.

Dear Shareholders,

on the basis of the above, we hereby ask you to:

1. approve - pursuant to Article 114-*bis* of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented - after the closure, effective as of 31 December 2019, of the 2018-2020 Long-Term Incentive Plan, without any payment, even pro-quota, of the three-year incentive provided for therein - the adoption of a three-year monetary incentive plan for 2020-2022 (LTI Plan) for the Management of the Pirelli Group, regarding the part where it is also based on the performance of Pirelli shares, in the terms set out in this Report and as better described in the Information Document (prepared pursuant to Article 84-*bis*, paragraph 1, of the Issuers' Regulations). The LTI Plan states, inter alia, that a quota of the LTI bonus will be determined on the basis of a relative Total Shareholder Return objective, calculated with respect to an index made up of selected Tier 1 peers in the Tyre sector;
2. grant the Board of Directors with all the powers necessary to define starting from the next financial year, for the three-year period 2021-2023, and subsequently from year to year, the performance indicators and related objectives, and submit to the Shareholders' Meeting the new performance indicators for the three-year period ending in 2023 and subsequent years only if the plan has the characteristics set out in Article 114-*bis* TUF (compensation plans based on financial instruments).

THE "DIRECTORS AND OFFICERS LIABILITY INSURANCE" POLICY, RELATED AND CONSEQUENT RESOLUTIONS.

(item 5 on the agenda)

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

Dear Shareholders,

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

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

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

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

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

with a limited number of exclusions.

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

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

⁷¹ Information required by Article 114-*bis*, paragraph 1, letter d) of the TUF.

In summary

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

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

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

With regard to everything considered hitherto, we invite you to authorise the Board of Directors to renew the D&O insurance policy, in accordance with the terms and conditions illustrated above and, therefore, to approve the following

RESOLUTION

"The Ordinary Shareholders' Meeting, having acknowledged the proposal from the Directors;

RESOLVED

- a) to authorise the Board of Directors to proceed with the renewal of the Directors & Officers Liability insurance policy, in accordance with the terms and conditions illustrated above;
- b) to grant to the Board of Directors and, acting on its behalf, the Vice Chairman and Chief Executive Officer, the fullest powers necessary to renew the D&O policy and, in any case, to implement the above resolution, including through the use of representatives;
- c) to assign to the Board of Directors – until the expiry of the relative mandate, that is, on the approval of the financial statements at 31 December 2022 – the task of proceeding with further renewals of the Directors & Officers Liability insurance policy, in accordance with the terms and conditions prevailing on the insurance market during the course of the mandate and always in line with the remuneration policy adopted by the Company."

AMENDMENT OF ARTICLES 6 (SHARE CAPITAL), 9 (SHAREHOLDERS' MEETING), 10, 11, 12 AND 13 (MANAGEMENT OF THE COMPANY), 16 (BOARD OF STATUTORY AUDITORS) OF THE COMPANY BYLAWS. RELATED AND CONSEQUENT RESOLUTIONS.

(Sole item on the agenda of the extraordinary session)

Explanatory report on the sole item on the agenda of the extraordinary session drawn up by Directors pursuant to article 72, first paragraph, of Consob Regulation no. 11971 of 14 May 1999, as subsequently amended.

Amendment of articles 6 (Share Capital), 9 (Shareholders' Meeting), 10, 11, 12 and 13 (Management of the Company), 16 (Board of Statutory Auditors) of the company Bylaws. Related and consequent resolutions.

1) THE REASONS FOR THE PROPOSED AMENDMENTS TO THE COMPANY BYLAWS

Dear Shareholders,

The extraordinary session of the Shareholders' Meeting has been called to submit to you the proposal to resolve on some amendments to the Bylaws of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Company**"), mainly linked to the need to adapt the text of the Bylaws to the recent new regulations on gender balance in the administrative body and supervisory body of listed companies introduced by the 2019 draft budget law and subsequent Law no. 160 of 27 December 2019, published in the Official Journal of 30 December 2019 (the "**Budget Law**").

On this occasion, further updates and – according to the Board of Directors – improvements were also made to the text, aimed at providing greater clarity, a systematic approach and completeness to the document. In particular, it is proposed: (i) to attribute specific emphasis to the figure of Vice Chairman (in line with the governance structure the Company chose after its listing on the stock market in October 2017) and (ii) to clarify in the Bylaws the power of directors to resolve on the issuing of non-convertible bonds, as already permitted by legislation.

The following paragraphs set out in detail the scope of the aforementioned amendments to the individual articles of the Bylaws.

ARTICLE 6 (SHARE CAPITAL) The amendments proposed with the introduction of a new paragraph (sixth) seek to emphasise in the bylaw text, by means of reference to the law, the power already attributed by law to the directors to issue bonds of any type (provided that they cannot be converted into Company shares).

ARTICLE 9 (SHAREHOLDERS' MEETING) The provision under which, if the Chairman is absent or unable to perform his/her duty, he/she be substituted in order by the Vice Chairman or Chief Executive Officer has been incorporated into article 9.

ARTICLES 10, 11, 12 AND 13 (MANAGEMENT OF THE COMPANY)

ARTICLE 10: As is known, Law no. 120 of 12 July 2011 (i) introduced gender quotas for the composition of the corporate bodies of listed companies, establishing that said companies must ensure, for at least three consecutive terms of office, compliance with a division criteria relating to the composition of corporate bodies, on the basis of which the less represented gender "obtains" at least one third of the elected Directors and Statutory Auditors; and (ii) established that during the first term of office after the law came into effect (i.e. 12 August 2012) the less represented gender shall number at least one fifth of the elected Directors and Statutory Auditors.

Thereafter, the matter was the subject of two recent legislative initiatives, both essentially aimed at postponing the effects of Law 120/2011, and in particular:

- on the one hand, the law converting, with amendments, Decree Law 124/2019 (the “Conversion Law”), published in the Official Journal on 24 December 2019, on urgent tax measures and for requirements that cannot be postponed, which intends to establish an extension to the time limit of the current quota of one third, extending its validity for another three terms of office (therefore for a total of six overall terms of office); and
- on the other, the Budget Law, which introduces a new quota for the less represented gender of two fifths of the body (i.e. 40%) and that applies for six consecutive terms of office (i.e. for 18 years) starting from the first renewal of the corporate body after its entry into force (1 January 2020).

It is specified that the Conversion Law and the Budget Law – which, as mentioned, on this point contain different provisions – have equal rank and, therefore, the Budget Law, as it came later, rescinds the Conversion Law.

In particular, pursuant to the amended articles 147-ter, paragraph 1-ter and 148, paragraph 1-bis, of Legislative Decree no. 58 of 24 February 1998 (“CLF”), as amended by the referenced Budget Law, the Bylaws must (i) establish that, for six consecutive terms of office, the less represented gender shall make up at least two fifths of the directors and standing auditors; (ii) govern the procedures for compiling the slates and cases of substitution during the term of office in order to ensure compliance with the aforementioned criterion. Without prejudice to the division criterion of at least one fifth laid down in article 2 of Law 120/2011, for the first renewal after the first day of trading.

The aforementioned articles also define a structured and progressive system of penalties where the composition of the corporate body resulting from the election does not comply with the division criterion laid down.

In order to incorporate the preceding legislative changes, amendments are proposed for art. 10 (and article 16 for the Board of Statutory Auditors) merely to align with the amended art. 147-ter of the CLF. Specifically, on the basis of Consob Decision no. 1/20 of 30 January 2020, it has been clarified that slates that contain a number of candidates equal to three must include candidates of different genders (one of which will necessarily be higher in number than the other), while slates containing a number of candidates equal to or higher than four must contain candidates of different genders at least matching the minimum laid down in statutory and/or regulatory provisions as in force at the time, in accordance with what is stated in the Shareholders’ Meeting call notice.

The Shareholders’ Meeting call notice, as now, will therefore each time contain the necessary indications to shareholders for the submission of slates of candidates in compliance with the Bylaws and provisions of the law. It seems appropriate to maintain the reference to the call notice to avoid introducing overly complex clauses into the company Bylaws in order to ensure compliance with the division criteria and to avoid subsequent amendments to the text of the Bylaws if the provisions that govern the matter should change.

In addition (new fifteenth paragraph with subsequent renumbering of subsequent paragraphs), a provision was also included under which the Board of Directors (at its first meeting after renewal) shall appoint the Chairman if the Shareholders’ Meeting has not made this appointment. In line with what is proposed in art 9. (shareholders’ meeting) the same mechanism used to replace the Chairman if he/she is absent or unable to perform his/her duties is also proposed for the chairmanship of the meetings of the Board of Directors.

ARTICLE 11: Making use of the powers provided by law, it is proposed to extend the duties attributed to the Board of Directors for cases of incorporation into Pirelli or demergers in favour of Pirelli of companies in which Pirelli itself owns at least 90 per cent of the shares or quotas and to reduce the share capital in the case of the withdrawal of the shareholder in the cases permitted by law, in order to simplify the approval procedure for some transactions without however compromising the relative information systems established by law to protect shareholders.

The Board of Directors is also explicitly attributed the power to appoint or dismiss General Managers, Deputy General Managers, Directors and Deputy Directors, determining their powers and duties, with the Board itself having the right to refer the appointment and dismissal of Directors and Deputy Directors to the Chief Executive Officers and General Managers.

ARTICLE 12: Alongside a merely formal amendment (“*The Chairman (or the person acting in his place) shall give advance notice of the matters to be discussed...*”), it is proposed to extend the duty of issuing copies or extracts of board minutes not drafted by a notary also to the Secretary of the meeting (in addition to the Chairman).

ARTICLE 13: The proposed amendments to art. 13 (as mentioned above for articles 9 and 10 in particular) also establish that the Vice Chairman (if appointed), like the Chairman and Chief Executive Officer, may represent the Company to third parties.

ARTICLE 16 (BOARD OF STATUTORY AUDITORS)

Article 16: Referring to the considerations made in relation to the proposed amendment to art. 10 on gender quotas, the provision that establishes the minimum quota of the less represented gender for the Board of Statutory Auditors in compliance with the amended art. 148 of the CLF has been aligned with art. 16. Specifically, slates containing three or more candidates must include a number of candidates of different gender that at least satisfies the minimum required by law and/or any regulations in force at the time, as specified in the notice of call issued for the Meeting.

Taking into account all of the above, it is proposed, in the terms set out below, to make the amendments to articles 6, 9, 10, 11, 12, 13 and 16 of the Company Bylaws of Pirelli.

2) COMPARISON OF THE ARTICLES OF THE BYLAWS FOR WHICH AMENDMENT IS REQUESTED

The comparison of the current text of the articles of the Bylaws for which amendment is proposed with the text submitted for your approval is contained in the following resolution proposal.

3) ASSESSMENTS OF THE BOARD OF DIRECTORS ON ANY RECURRENCE OF THE RIGHT TO WITHDRAW

The Board of Directors is of the view that the bylaw amendments described above do not result in the right to withdraw for Shareholders under art. 2437 of the Italian Civil Code.

4) RESOLUTION PROPOSAL

On the basis of the foregoing, the Board of Directors submits for your approval the following resolution proposals:
“the extraordinary shareholders’ meeting of Pirelli & C. S.p.A.,

- having examined the Directors’ Report outlining the proposed amendments of articles 6 (Share Capital), 9 (Shareholders’ Meeting), 10, 11, 12, 13 (Management of the Company) and 16 (Board of Statutory Auditors) of the company Bylaws

RESOLVED

- 1) to amend articles 6 (Share Capital), 9 (Shareholders’ Meeting), 10, 11, 12, 13 (Management of the Company) and 16 (Board of Statutory Auditors) of the Company Bylaws of Pirelli as follows:

CURRENT TEXT	
SHARE CAPITAL	
Article 6	
<p>6.1 All shares are nominal. The issue of share certificates is excluded, given that the Company is subject to the procedure of obligatory dematerialization of its financial instruments.</p> <p>6.2 The statutory provisions on representation, capacity, circulation of the capital contribution relating to securities traded on regulated markets shall apply to the shares constituting the share capital.</p> <p>6.3 Any introduction or removal of restrictions on the circulation of shares does not award the right of withdrawal to shareholders who do not take part in the approval of the relating resolution.</p> <p>6.4 In case of joint ownership of shares, the rights of the joint owners shall be exercised by a common representative. The ownership of a share determines acceptance of the by-laws.</p> <p>6.5 The Company may issue, pursuant to applicable law, special shares with different rights also with respect to sharing of losses, establishing their content in the resolution of issuance.</p>	
SHAREHOLDERS' MEETINGS	
Article 9	
<p>9.1 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 Meeting.</p> <p>9.2 The Chairman shall be assisted by a Secretary who is to be appointed with the favourable vote of the majority of the capital represented at the meeting and need not be a shareholder; there is no need to appoint a Secretary when a notary public is designated to draw up the minutes of the meeting.</p> <p>9.3 The Chairman of the shareholders' meeting shall chair the meeting and govern its proceedings in compliance with the law and these By-laws. To this end, the Chairman shall, amongst other things: verify that the meeting is duly constituted; ascertain the identity of those present and their right to attend, including by proxy; ascertain the legal quorum for passing resolutions; direct the business, including by establishing a different order for the discussion of the items listed on the agenda in the notice convening the meeting. The Chairman also adopts suitable measures to ensure orderly discussions and voting, determining the related procedures and checking the results.</p> <p>9.4 The resolutions of shareholders' meetings shall be recorded in the minutes that must be signed by the Chairman of the meeting and by the Secretary or the notary public.</p> <p>9.5 The minutes of extraordinary shareholders' meetings must be drawn up by a notary public appointed by the Chairman of the meeting.</p> <p>9.6 Any copies of and extracts from minutes that have not been drawn up by a notary public shall be certified as true copies by the Chairman of the Board of Directors.</p>	

PROPOSED TEXT

SHARE CAPITAL

Article 6

- 6.1 All shares are nominal. The issue of share certificates is excluded, given that the Company is subject to the procedure of obligatory dematerialization of its financial instruments.
- 6.2 The statutory provisions on representation, capacity, circulation of the capital contribution relating to securities traded on regulated markets shall apply to the shares constituting the share capital.
- 6.3 Any introduction or removal of restrictions on the circulation of shares does not award the right of withdrawal to shareholders who do not take part in the approval of the relating resolution.
- 6.4 In case of joint ownership of shares, the rights of the joint owners shall be exercised by a common representative. The ownership of a share determines acceptance of the by-laws.
- 6.5 The Company may issue, pursuant to applicable law, special shares with different rights also with respect to sharing of losses, establishing their content in the resolution of issuance.
- 6.6 The issue of bonds is resolved by the directors in accordance with and pursuant to law.**

SHAREHOLDERS' MEETINGS

Article 9

- 9.1 Ordinary and extraordinary shareholders' meetings shall be chaired by the Chairman of the Board of Directors, or, in case the Chairman is absent or unable to perform his/her duties, **in turn by the Vice Chairman or** by the CEO. In the absence **or inability** to perform their duty by all of the aforementioned individuals, the meeting shall be chaired by another person elected with the favourable vote of the majority of the capital represented at the meeting.
- 9.2 The Chairman shall be assisted by a Secretary who is to be appointed with the favourable vote of the majority of the capital represented at the meeting and need not be a shareholder; there is no need to appoint a Secretary when a notary public is designated to draw up the minutes of the meeting.
- 9.3 The Chairman of the shareholders' meeting shall chair the meeting and govern its proceedings in compliance with the law and these By-laws. To this end, the Chairman shall, amongst other things: verify that the meeting is duly constituted; ascertain the identity of those present and their right to attend, including by proxy; ascertain the legal quorum for passing resolutions; direct the business, including by establishing a different order for the discussion of the items listed on the agenda in the notice convening the meeting. The Chairman also adopts suitable measures to ensure orderly discussions and voting, determining the related procedures and checking the results.
- 9.4 The resolutions of shareholders' meetings shall be recorded in the minutes that must be signed by the Chairman of the meeting and by the Secretary or the notary public.
- 9.5 The minutes of extraordinary shareholders' meetings must be drawn up by a notary public appointed by the Chairman of the meeting.
- 9.6 Any copies of and extracts from minutes that have not been drawn up by a notary public shall be certified as true copies by the Chairman of the Board of Directors.

MANAGEMENT OF THE COMPANY

Article 10

- 10.1 The Company shall be managed by a Board of Directors composed of up to fifteen members who shall remain in office for three financial years and may be re-elected.
- 10.2 The Board of Directors is appointed on the basis of slates presented by the shareholders pursuant to the following paragraphs hereof, in which the candidates are listed by consecutive number.
The slates presented by shareholders, signed by those submitting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Meeting called to resolve on the appointment of Board members. They are made available to the public at the registered office, on the Company website and in the other ways specified by Consob regulations at least 21 days before the date of the general meeting.
- 10.4 Each shareholder may present or contribute to the presentation of just one slate and each candidate may be included in just one slate, subject otherwise to becoming ineligible.
- 10.5 Only shareholders who, alone or together with other shareholders, hold a total number of shares representing at least 1 percent of the share capital entitled to vote at the ordinary shareholders' meeting or the minor percentage, according to the regulations issued by Commissione Nazionale per le Società e la Borsa, are entitled to submit slates, subject to their proving ownership of the number of shares needed for the presentation of slates within the term specified for their publication by the Company.
- 10.6 Each slate filed must be accompanied by acceptances of nomination and declarations from each candidate confirming, under their own responsibility, that there are no reasons making them ineligible for or incompatible with the role, and that they satisfy any requirements established for the role concerned. Together with such statements, a curriculum vitae must be filed for each candidate, including their relevant personal and professional data and mentioning the offices held in management and supervisory bodies of other companies and their satisfaction of the requisites of independence prescribed for directors of listed companies by the law or by the governance code endorsed by the Company. In order to ensure gender balance, slates containing a number of candidates equal to or higher than three must contain a number of candidates of the less represented gender at least matching the minimum laid down in statutory and/or regulatory provisions as in force at the time, in accordance with what will be stated in the notice of the Shareholders' Meeting. Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.
- 10.7 Any slates submitted without complying with the foregoing provisions shall be disregarded.
- 10.8 Each person entitled to vote may vote for only one slate.
- 10.9 (A) The Board of Directors is elected as specified below:
- four-fifths of the directors to be elected are chosen from the slate which obtains the highest number of votes cast by the shareholders, in the order in which they are listed on the slate; in the event of a fractional number, it is rounded-down to the nearest whole number;
 - the remaining directors are chosen from the other slates; to this end, the votes obtained by the various slates are divided by whole progressive numbers from one up to the number of directors to be elected. The quotients thus obtained are assigned to the candidates on each slate in the order they are respectively listed thereon. On the basis of the quotients assigned, the candidates on the various slates are ranked in a single list in decreasing order. Those who have obtained the highest quotient are elected.
Should several candidates obtain the same quotient, the candidate elected will be drawn from the slate that has not yet elected a director or that has elected the smallest number of directors.
If none of such slates has as yet elected a director or they have all elected the same number of directors, the candidate from the slate which obtained the highest number of votes is elected. If the different slates obtain the same number of votes and their candidates are assigned the same quotients, a new vote is held by the entire shareholders' meeting and the candidate who obtains the simple majority of the votes is elected.
- (B) If only one slate is presented, all directors shall be elected from the only slate that was presented.
- 10.10 The appointment of the Board of Directors must take place in compliance with the rules on gender balance in force at the time. Should application of the slate voting mechanism not ensure the minimum number of directors belonging to the less represented gender set out by laws and/or regulations in force at the time, the candidate belonging to the most represented gender and elected, indicated in twelfth place 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. Lastly, if the above procedure does not ensure the result specified above, the replacement shall be made by resolution of the Shareholders' Meeting, adopted by the relative majority of the votes expressed, following presentation of the candidacies of persons belonging to the less represented gender.
- 10.11 Should application of the slate voting mechanism not obtain the minimum number of independent directors envisaged by the laws and/or regulations in force, the non-independent candidate elected indicated with the highest progressive number in the slate that obtained the largest number of votes shall be replaced by the first independent candidate not already elected from that slate following the sequential order of presentation, and so on for each slate until the minimum number of independent directors has been obtained, in all cases in compliance with the laws and/or regulations governing gender balance in force at the time.
- 10.12 When appointing directors who, for whatsoever reason were not appointed under the voting procedure established herein, the shareholders' meeting shall vote on the basis of the majorities required by law, without prejudice, whatever the circumstances, to the requirements of independence set forth by these By-Laws and to the compliance with the gender balance as provided by law and/or regulation in force at the time.
- 10.13 If one or more vacancies occur on the Board during the course of the financial year, the procedure established in article 2386 of the Italian Civil Code shall be followed, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time. Whenever the majority of the members of the Board of Directors elected by the Shareholders' Meeting leaves office for any cause or reason whatsoever, the remaining Directors will be deemed to have resigned and their resignation will become effective the moment a shareholders' meeting convened on an urgent basis elects a new Board of Directors.
- 10.14 Loss of the independence requirements by a director is not a cause of removal if the number of directors still in possession of the legal independence requirements is not lower than the minimum specified by the laws and/or regulations in force.
- 10.15 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.
- 10.16 The Board of Directors shall appoint a Secretary, who needs not to be a director.
- 10.17 Until the shareholders' meeting resolves otherwise, the directors shall not be subject to the prohibition contemplated in article 2390 of the Italian Civil Code.

MANAGEMENT OF THE COMPANY

Article 10

- 10.1 The Company shall be managed by a Board of Directors composed of up to fifteen members who shall remain in office for three financial years and may be re-elected.
- 10.2 The Board of Directors is appointed on the basis of slates presented by the shareholders pursuant to the following paragraphs hereof, in which the candidates are listed by consecutive number.
The slates presented by shareholders, signed by those submitting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Meeting called to resolve on the appointment of Board members. They are made available to the public at the registered office, on the Company website and in the other ways specified by Consob regulations at least 21 days before the date of the general meeting.
- 10.4 Each shareholder may present or contribute to the presentation of just one slate and each candidate may be included in just one slate, subject otherwise to becoming ineligible.
- 10.5 Only shareholders who, alone or together with other shareholders, hold a total number of shares representing at least 1 percent of the share capital entitled to vote at the ordinary shareholders' meeting or the minor percentage, according to the regulations issued by Commissione Nazionale per le Società e la Borsa, are entitled to submit slates, subject to their proving ownership of the number of shares needed for the presentation of slates within the term specified for their publication by the Company.
- 10.6 Each slate filed must be accompanied by acceptances of nomination and declarations from each candidate confirming, under their own responsibility, that there are no reasons making them ineligible for or incompatible with the role, and that they satisfy any requirements established for the role concerned. Together with such statements, a curriculum vitae must be filed for each candidate, including their relevant personal and professional data and mentioning the offices held in management and supervisory bodies of other companies and their satisfaction of the requisites of independence prescribed for directors of listed companies by the law or by the governance code endorsed by the Company. In order to ensure gender balance, slates that contain a number of candidates equal to **or higher than** three must include candidates of different genders, **while the slates containing a number of candidates equal to or higher than four must contain a number of candidates of the less represented gender** at least matching the minimum laid down in statutory and/or regulatory provisions as in force at the time, in accordance with what will be stated in the notice of the Shareholders' Meeting. Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.
- 10.7 Any slates submitted without complying with the foregoing provisions shall be disregarded.
- 10.8 Each person entitled to vote may vote for only one slate.
- 10.9 (A) The Board of Directors is elected as specified below:
a) four-fifths of the directors to be elected are chosen from the slate which obtains the highest number of votes cast by the shareholders, in the order in which they are listed on the slate; in the event of a fractional number, it is rounded-down to the nearest whole number;
b) the remaining directors are chosen from the other slates; to this end, the votes obtained by the various slates are divided by whole progressive numbers from one up to the number of directors to be elected. The quotients thus obtained are assigned to the candidates on each slate in the order they are respectively listed thereon. On the basis of the quotients assigned, the candidates on the various slates are ranked in a single list in decreasing order. Those who have obtained the highest quotient are elected.
Should several candidates obtain the same quotient, the candidate elected will be drawn from the slate that has not yet elected a director or that has elected the smallest number of directors.
If none of such slates has as yet elected a director or they have all elected the same number of directors, the candidate from the slate which obtained the highest number of votes is elected. If the different slates obtain the same number of votes and their candidates are assigned the same quotients, a new vote is held by the entire shareholders' meeting and the candidate who obtains the simple majority of the votes is elected.
(B) If only one slate is presented, all directors shall be elected from the only slate that was presented.
- 10.10 The appointment of the Board of Directors must take place in compliance with the rules on gender balance in force at the time. If applying the slate voting procedure fails to secure the minimum number of directors of the less represented gender that is required by the statutory and/or regulatory rules in force at the time, the last appointed candidate of the more represented gender indicated on the slate that attracts most votes shall be substituted by the non-appointed candidate of the less represented gender, drawn from the same slate on the basis of their progressive order of presentation, and so on, slate by slate (solely with regard to slates with a number of candidates equal to or more than three), until the minimum number of directors of the less represented gender is reached. If at the end, said procedure does not secure the result just indicated, the substitution will be made through a resolution of the shareholders' meeting voted by a relative majority, subject to the nomination of persons of the less represented gender.
- 10.11 Should application of the slate voting mechanism not obtain the minimum number of independent directors envisaged by the laws and/or regulations in force, the non-independent candidate elected indicated with the highest progressive number in the slate that obtained the largest number of votes shall be replaced by the first independent candidate not already elected from that slate following the sequential order of presentation, and so on for each slate until the minimum number of independent directors has been obtained, in all cases in compliance with the laws and/or regulations governing gender balance in force at the time.
- 10.12 When appointing directors who, for whatsoever reason were not appointed under the voting procedure established herein, the shareholders' meeting shall vote on the basis of the majorities required by law, without prejudice, whatever the circumstances, to the requirements of independence set forth by these By-Laws and to the compliance with the gender balance as provided by law and/or regulation in force at the time.
- 10.13 If one or more vacancies occur on the Board during the course of the financial year, the procedure established in article 2386 of the Italian Civil Code shall be followed, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time. Whenever the majority of the members of the Board of Directors elected by the Shareholders' Meeting leaves office for any cause or reason whatsoever, the remaining Directors will be deemed to have resigned and their resignation will become effective the moment a shareholders' meeting convened on an urgent basis elects a new Board of Directors.
- 10.14 Loss of the independence requirements by a director is not a cause of removal if the number of directors still in possession of the legal independence requirements is not lower than the minimum specified by the laws and/or regulations in force.
- 10.15 At its first meeting, the Board of Directors shall appoint a Chairman, if the shareholders' meeting has not already done so, and if necessary, a Vice Chairman.**
- 10.16** In case of absence or impediment of the Chairman to perform his/her duties, **in turn, the Vice Chairman or** the CEO shall act in his/her stead; should ~~he/she~~ they be absent or could not attend the board, another director, elected by the majority of the attendees may act in **his/her**their stead.
- 10.4617** The Board of Directors shall appoint a Secretary, who needs not to be a director.
- 10.4718** Until the shareholders' meeting resolves otherwise, the directors shall not be subject to the prohibition contemplated in article 2390 of the Italian Civil Code.

Article 11

- 11.1 The Board of Directors shall conduct the management of the company and is accordingly vested with the broadest powers of administration, except for those remitted by law or by these By-laws to the authority of the shareholders' meeting.
- 11.2 Within the limits established by law, the Board of Directors shall be authorized to decide on the amendment of the By-laws to conform with statutory provisions, the relocation of the Company's registered office within Italy, and the opening and closing of secondary headquarters, subsidiaries, technical and administrative, branches, management offices, agencies and satellite offices, in Italy and abroad.
- 11.3 In case of urgent matters, transactions with related parties of greater or lesser importance, as defined in the Procedure for related-party transactions adopted by the Board of Directors of the Company, which do not pertain to the shareholders' meeting and need not be approved thereby, may be entered into also by derogating from the respective authorization processes required in the Procedure, as long as this happens at the terms laid down therein.
- 11.4 The Board of Directors and the Board of Statutory Auditors shall be kept informed, also by corporate bodies with delegated powers, on the activities carried out, the general performance of operations and their foreseeable development, and the transactions of material economic, financial and equity-related significance concluded by the Company or its subsidiaries; in particular, said corporate bodies with delegated powers shall report on transactions in which they have an interest, directly or on behalf of third parties, or that are influenced by the party that performs management and coordination activities, if any. Such reports shall be made promptly, on a quarterly basis at the least, in a written memorandum.
- 11.5 For the ordinary management of the Company, the Board of Directors delegates management powers to a director who shall be the CEO, with legal representation of the Company for the powers delegated.
- 11.6 The Board of Directors may establish one or more committees with consulting and propositional functions, also for purposes of adjusting the corporate governance structure in line with the recommendations issued from time to time by the pertinent authorities.
- 11.7 The Board of Directors shall appoint - with the consent of the Board of Statutory Auditors - the manager responsible for preparing the Company's financial reports. His office shall expire at the same time as that of the Board of Directors that appointed him/her, unless annulment for good cause, with the consent of the Board of Statutory Auditors.
- 11.8 The manager responsible for preparing the Company's financial reports must be an expert on administration, finances and auditing of companies and satisfy the integrity qualifications required to be a directors. Failing of such qualifications shall determine the termination of the office to be resolved by the Board of Directors within thirty days since the acknowledgement of the defect.

Article 12

- 12.1 The Board shall meet, at the invitation of the Chairman or whoever acts in his/her stead, at the Company's registered office or at any other venue stated in the letter of convocation, whenever he/she deems it appropriate in the best interests of the Company or receives a written request to do so from the CEO or one-fifth of the directors in office.
- 12.2 The meeting of the Board of Directors can also be convened by the Board of Statutory Auditors, or by a single Statutory auditor, subject to prior notice given to the Chairman of the Board of Directors.
- 12.3 The Chairman shall give advance notice of the matters to be discussed at Board meetings and arrange for adequate information on the questions to be examined to be provided to all the directors, taking account of the circumstances of each case.
- 12.4 Board meetings shall be called by letter, telegram, fax or e-mail, to be sent to each director and standing member of the Board of Statutory Auditors at least five days prior (or in urgent cases, with at least six hours' notice) to the date scheduled for the meeting.
- 12.5 Even when a Board meeting is not formally called, resolutions of the Board of Directors shall nevertheless be valid if adopted in the presence of all the Board members in office and all the standing members of the Board of Statutory Auditors.
- 12.6 Board meetings may, if the Chairman or whoever acts in his/her stead verifies the necessity, be attended by means of telecommunications systems that permit all attendees to participate in the discussion and obtain information on an equal basis.
- 12.7 The meetings of the Board of Directors shall be considered held at the place in which the Chairman and the Secretary shall be simultaneously located.
- 12.8 Resolutions of the Board of Directors shall only be valid if adopted in the presence of the majority of Board members and by majority vote.
- 12.9 Resolutions of the Board of Directors, including those adopted at meetings held via telecommunications, must be recorded in a specific minutes book and signed by the Chairman and the Secretary of the meeting. Any copies of and extracts from minutes that have not been drawn up by a notary public shall be certified as true copies by the Chairman.

Article 13

- 13.1 The legal representation of the company vis-à-vis third parties and in court proceedings shall pertain severally to the Chairman of the Board of Directors and, within the limits of the powers granted by the Board of Directors, to the CEO, if appointed.
- 13.2 Each of the aforementioned shall in any event be vested with all powers to bring legal actions and file petitions before any judicial authority and at all levels of jurisdiction, including in appeal and Supreme Court proceedings, to file statements and charges in criminal cases, to sue on behalf of the Company in criminal proceedings, to bring legal proceedings and file petitions before all administrative jurisdictions, to intervene and protect the company's interests in any proceedings and claims concerning the company and to grant the mandates and powers of attorney required for such purpose.
- 13.3 The Board of Directors and, within the limits of the powers granted to them by said Board, the Chairman of the Board and, if appointed, and the CEO shall be authorized to grant the power to represent the Company vis-à-vis third parties and in court proceedings to managers and staff in general and, when necessary, to third parties.

Article 11

- 11.1 The Board of Directors shall conduct the management of the company and is accordingly vested with the broadest powers of administration, except for those remitted by law or by these By-laws to the authority of the shareholders' meeting.
- 11.2 Within the limits established by law, the Board of Directors shall resolve on the incorporation into Pirelli & C. S.p.A. or demerger in favour of Pirelli & C. S.p.A. of the companies in which Pirelli & C. S.p.A. owns at least the 90 percent of the shares or quotas, on the reduction of the share capital in the event of withdrawal of the shareholder in the cases permitted by law, on the amendment of the By-laws to conform with statutory provisions, the relocation of the Company's registered office within Italy, and the opening and closing of secondary headquarters, subsidiaries, technical and administrative, branches, management offices, agencies and satellite offices, in Italy and abroad.**
- 11.3 In case of urgent matters, transactions with related parties of greater or lesser importance, as defined in the Procedure for related-party transactions adopted by the Board of Directors of the Company, which do not pertain to the shareholders' meeting and need not be approved thereby, may be entered into also by derogating from the respective authorization processes required in the Procedure, as long as this happens at the terms laid down therein.
- 11.4 The Board of Directors and the Board of Statutory Auditors shall be kept informed, also by corporate bodies with delegated powers, on the activities carried out, the general performance of operations and their foreseeable development, and the transactions of material economic, financial and equity-related significance concluded by the Company or its subsidiaries; in particular, said corporate bodies with delegated powers shall report on transactions in which they have an interest, directly or on behalf of third parties, or that are influenced by the party that performs management and coordination activities, if any. Such reports shall be made promptly, on a quarterly basis at the least, in a written memorandum.
- 11.5 For the ordinary management of the Company, the Board of Directors delegates management powers to a director who shall be the CEO, with legal representation of the Company for the powers delegated.
- 11.6 The Board of Directors may establish one or more committees with consulting and propositional functions, also for purposes of adjusting the corporate governance structure in line with the recommendations issued from time to time by the pertinent authorities.
- 11.7 The Board of Directors shall appoint - with the consent of the Board of Statutory Auditors - the manager responsible for preparing the Company's financial reports. His office shall expire at the same time as that of the Board of Directors that appointed him/her, unless annulment for good cause, with the consent of the Board of Statutory Auditors.
- 11.8 The manager responsible for preparing the Company's financial reports must be an expert on administration, finances and auditing of companies and satisfy the integrity qualifications required to be a directors. Failing of such qualifications shall determine the termination of the office to be resolved by the Board of Directors within thirty days since the acknowledgement of the defect.
- 11.9 The Board of Directors can appoint and revoke General Managers, Deputy General Managers, Directors and Deputy Directors, determining their powers and competences. The appointment and dismissal of Directors and Deputy Directors may be granted by the Board of Directors to Chief Executive Officers and General Managers.**

Article 12

- 12.1 The Board shall meet, at the invitation of the Chairman or whoever acts in his/her stead, at the Company's registered office or at any other venue stated in the letter of convocation, whenever he/she deems it appropriate in the best interests of the Company or receives a written request to do so from the CEO or one-fifth of the directors in office.
- 12.2 The meeting of the Board of Directors can also be convened by the Board of Statutory Auditors, or by a single Statutory auditor, subject to prior notice given to the Chairman of the Board of Directors.
- 12.3 The Chairman (**or the person acting in his place**) shall give advance notice of the matters to be discussed at Board meetings and arrange for adequate information on the questions to be examined to be provided to all the directors, taking account of the circumstances of each case.
- 12.4 Board meetings shall be called by letter, telegram, fax or e-mail, to be sent to each director and standing member of the Board of Statutory Auditors at least five days prior (or in urgent cases, with at least six hours' notice) to the date scheduled for the meeting.
- 12.5 Even when a Board meeting is not formally called, resolutions of the Board of Directors shall nevertheless be valid if adopted in the presence of all the Board members in office and all the standing members of the Board of Statutory Auditors.
- 12.6 Board meetings may, if the Chairman or whoever acts in his/her stead verifies the necessity, be attended by means of telecommunications systems that permit all attendees to participate in the discussion and obtain information on an equal basis.
- 12.7 The meetings of the Board of Directors shall be considered held at the place in which the Chairman and the Secretary shall be simultaneously located.
- 12.8 Resolutions of the Board of Directors shall only be valid if adopted in the presence of the majority of Board members and by majority vote.
- 12.9 Resolutions of the Board of Directors, including those adopted at meetings held via telecommunications, must be recorded in a specific minutes book and signed by the Chairman and the Secretary of the meeting. Any copies of and extracts from minutes that have not been drawn up by a notary public shall be certified as true copies by the Chairman **or by the Secretary**.

Article 13

- 13.1 The legal representation of the company vis-à-vis third parties and in court proceedings shall pertain severally to the Chairman of the Board of Directors and, within the limits of the powers granted by the Board of Directors, **to the Vice Chairman and to the CEO, if appointed.**
- 13.2 Each of the aforementioned shall in any event be vested with all powers to bring legal actions and file petitions before any judicial authority and at all levels of jurisdiction, including in appeal and Supreme Court proceedings, to file statements and charges in criminal cases, to sue on behalf of the Company in criminal proceedings, to bring legal proceedings and file petitions before all administrative jurisdictions, to intervene and protect the company's interests in any proceedings and claims concerning the company and to grant the mandates and powers of attorney required for such purpose.
- 13.3 The Board of Directors and, within the limits of the powers granted to them by said Board, the Chairman of the Board and, **if appointed, the Vice Chairman and the CEO** shall be authorized to grant the power to represent the Company vis-à-vis third parties and in court proceedings to managers and staff in general and, when necessary, to third parties.

BOARD OF STATUTORY AUDITORS

Article 16

- 16.1 The Board of Statutory Auditors shall be composed of five effective and three alternate auditors, who must be in possession of the requisites established under applicable laws and regulations; to this end, it shall be borne in mind that the fields and sectors of business closely connected with those of the Company are those stated in the Company's purpose, with particular reference to companies or corporations operating in the financial, industrial, banking, insurance and real estate sectors and in the services field in general.
- 16.2 The ordinary shareholders' meeting shall elect the Board of Statutory Auditors and determine its remuneration. The minority shareholders shall be entitled to appoint one effective auditor and one alternate auditor.
- 16.3 The Board of Statutory Auditors shall be appointed in compliance with applicable laws and regulations and with the exception of the provisions of paragraph 17 of this article 16, on the basis of slates presented by the shareholders in which candidates are listed by consecutive number.
- 16.4 Each slate shall contain a number of candidates which does not exceed the number of members to be appointed.
- 16.5 Shareholders who, alone or together with other shareholders, represent at least 1 percent of the shares with voting rights in the ordinary shareholders' meeting or the minor percentage, according to the regulations issued by Commissione Nazionale per le Società e la Borsa for the submission of slates for the appointment of the Board of Directors shall be entitled to submit slates.
- 16.6 Each shareholder may present or take part in the presentation of only one slate.
The slates of candidates, signed by those presenting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Meeting called to appoint the members of the Board of Statutory Auditors, unless more time is allowed for the presentation of candidates in the cases envisaged by law and/or the regulations. They are made available to the public at the registered office, on the Company website and in the other ways specified by Commissione Nazionale per la Società e la Borsa regulations at least 21 days before the date of the general meeting.
Without limitation to any further documentation required by applicable rules, including any regulatory provisions, a personal and professional curriculum including also the offices held in management and supervisory bodies of other companies, of the individuals standing for election must accompany the slates together with the statements in which the individual candidates agree to:
→ their nomination
→ declare, under their own liability, that there are no grounds for their ineligibility or incompatibility, and that they meet the requisites prescribed by law, by these By-laws and by regulation for the position.
Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.
- 16.8 Any slates submitted without complying with the foregoing provisions shall be disregarded.
- 16.9 Each candidate may appear on only one slate, on penalty of losing the right to be elected.
- 16.10 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 from time to time 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 auditors.
- 16.11 Each person entitled to vote may vote for only one slate.
- 16.12 The Board of Statutory Auditors shall be elected as specified below:
- four effective members and two alternate members shall be chosen from the slate which obtains the highest number of votes (known as the majority slate), in the consecutive order in which they are listed thereon;
 - the remaining standing member and the other alternate member shall be chosen from the slate which obtains the highest number of votes cast by the shareholders after the first slate (known as the minority slate), in the consecutive order in which they are listed thereon; if several slates obtain the same number of votes, a new vote between said slates will be cast by all those entitled to vote attending the meeting, and the candidates on the slate which obtains the simple majority of the votes will be elected.
- 16.13 The chair of the Board of Statutory Auditors shall pertain to the standing member listed as the first candidate on the minority slate.
- 16.14 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 laws and/or regulations in force at the time, the candidate belonging to the most represented gender and elected, indicated with the highest progressive number of each section from the slate that obtained the largest number of votes, is replaced by the first candidate belonging to the less represented gender not already elected from the same section of that slate, pursuant to the sequential order of presentation.
- 16.15 The position of a standing auditor which falls vacant due to his/her death, forfeiture or resignation shall be filled by the first alternate auditor chosen from the same slate as the former. 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, 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 laws and/or regulations in force at the time; 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.
- 16.16 When the shareholders' meeting is required, pursuant to the provisions of the foregoing paragraph or to the law, to appoint the standing and/or alternate members needed to complete the Board of Statutory Auditors, it shall proceed as follows: if auditors elected from the majority slate have to be replaced, the appointment shall be made by relative majority vote without slate constraints, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time; if, however, auditors elected from the minority slate have to be replaced, the shareholders' meeting shall replace them by relative majority vote, selecting them where possible from amongst the candidates listed on the slate on which the auditor to be replaced appeared and in any event in accordance with the principle of necessary representation of minorities to which this By-Laws ensure the right to take part to the appointment of the Board of Statutory Auditors, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time. 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.
- 16.17 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.
- 16.18 When appointing auditors who, for whatsoever reason, were not appointed under the procedures established herein, the shareholders' meeting shall vote on the basis of the majorities required by law, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time.
- 16.19 Outgoing members of the Board of Statutory Auditors may be re-elected to office.
- 16.20 Meetings of the Board of Statutory Auditors may, if the Chairman or whoever acts in his/her stead verifies the necessity, be attended by means of telecommunications systems that permit all attendees to participate in the discussion and obtain information on an equal basis.

BOARD OF STATUTORY AUDITORS

Article 16

- 16.1 The Board of Statutory Auditors shall be composed of five effective and three alternate auditors, who must be in possession of the requisites established under applicable laws and regulations; to this end, it shall be borne in mind that the fields and sectors of business closely connected with those of the Company are those stated in the Company's purpose, with particular reference to companies or corporations operating in the financial, industrial, banking, insurance and real estate sectors and in the services field in general.
- 16.2 The ordinary shareholders' meeting shall elect the Board of Statutory Auditors and determine its remuneration. The minority shareholders shall be entitled to appoint one effective auditor and one alternate auditor.
- 16.3 The Board of Statutory Auditors shall be appointed in compliance with applicable laws and regulations and with the exception of the provisions of paragraph 17 of this article 16, on the basis of slates presented by the shareholders in which candidates are listed by consecutive number.
- 16.4 Each slate shall contain a number of candidates which does not exceed the number of members to be appointed.
- 16.5 Shareholders who, alone or together with other shareholders, represent at least 1 percent of the shares with voting rights in the ordinary shareholders' meeting or the minor percentage, according to the regulations issued by Commissione Nazionale per le Società e la Borsa for the submission of slates for the appointment of the Board of Directors shall be entitled to submit slates.
- 16.6 Each shareholder may present or take part in the presentation of only one slate.
- 16.7 The slates of candidates, signed by those presenting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Meeting called to appoint the members of the Board of Statutory Auditors, unless more time is allowed for the presentation of candidates in the cases envisaged by law and/or the regulations. They are made available to the public at the registered office, on the Company website and in the other ways specified by Commissione Nazionale per la Società e la Borsa regulations at least 21 days before the date of the general meeting.
Without limitation to any further documentation required by applicable rules, including any regulatory provisions, a personal and professional curriculum including also the offices held in management and supervisory bodies of other companies, of the individuals standing for election must accompany the slates together with the statements in which the individual candidates agree to:
- their nomination
 - declare, under their own liability, that there are no grounds for their ineligibility or incompatibility, and that they meet the requisites prescribed by law, by these By-laws and by regulation for the position.
- Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.
- 16.8 Any slates submitted without complying with the foregoing provisions shall be disregarded.
- 16.9 Each candidate may appear on only one slate, on penalty of losing the right to be elected.
- 16.10 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 current provisions relating to gender balance, in order to ensure gender balance, slates that - taking account of both sections - present a number of candidates equal to or exceeding three, must include candidates of each gender at least to the minimum extent required by law and / or pro tempore regulations in force, as specified in the notice of call of the shareholders' meeting, both in the section for standing statutory auditors and in the section for alternates.**
- 16.11 Each person entitled to vote may vote for only one slate.
- 16.12 The Board of Statutory Auditors shall be elected as specified below:
- a) four effective members and two alternate members shall be chosen from the slate which obtains the highest number of votes (known as the majority slate), in the consecutive order in which they are listed thereon;
 - b) the remaining standing member and the other alternate member shall be chosen from the slate which obtains the highest number of votes cast by the shareholders after the first slate (known as the minority slate), in the consecutive order in which they are listed thereon; if several slates obtain the same number of votes, a new vote between said slates will be cast by all those entitled to vote attending the meeting, and the candidates on the slate which obtains the simple majority of the votes will be elected.
- 16.13 The chair of the Board of Statutory Auditors shall pertain to the standing member listed as the first candidate on the minority slate.
- 16.14 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 laws and/or regulations in force at the time, the candidate belonging to the most represented gender and elected, indicated with the highest progressive number of each section from the slate that obtained the largest number of votes, is replaced by the first candidate belonging to the less represented gender not already elected from the same section of that slate, pursuant to the sequential order of presentation.
- 16.15 The position of a standing auditor which falls vacant due to his/her death, forfeiture or resignation shall be filled by the first alternate auditor chosen from the same slate as the former. 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. In the event of the replacement of the Chairman of the Board of Statutory Auditors, the chair shall pertain to the statutory auditor of the same slate as the outgoing Chairman, following the order contained in the slate, subject in all cases to observance of the requirements in law and/or in the Company By-laws for holding that office and to compliance with gender balance as provided by law and/or regulation currently in force; if it proves impossible to effect substitutions and replacements under the foregoing procedures, a shareholders' meeting shall be called to complete the Board of Statutory Auditors which shall adopt resolutions by relative majority vote.
- 16.16 When the shareholders' meeting is required, pursuant to the provisions of the foregoing paragraph or to the law, to appoint the standing and/or alternate members needed to complete the Board of Statutory Auditors, it shall proceed as follows: if auditors elected from the majority slate have to be replaced, the appointment shall be made by relative majority vote without slate constraints, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time; if, however, auditors elected from the minority slate have to be replaced, the shareholders' meeting shall replace them by relative majority vote, selecting them where possible from amongst the candidates listed on the slate on which the auditor to be replaced appeared and in any event in accordance with the principle of necessary representation of minorities to which this By-Laws ensure the right to take part to the appointment of the Board of Statutory Auditors, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time. 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.
- 16.17 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.
- 16.18 When appointing auditors who, for whatsoever reason, were not appointed under the procedures established herein, the shareholders' meeting shall vote on the basis of the majorities required by law, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time.
- 16.19 Outgoing members of the Board of Statutory Auditors may be re-elected to office.
- 16.20 Meetings of the Board of Statutory Auditors may, if the Chairman or whoever acts in his/her stead verifies the necessity, be attended by means of telecommunications systems that permit all attendees to participate in the discussion and obtain information on an equal basis.

2) to grant the Board of Directors – and on its behalf the Executive Vice Chairman and Chief Executive Officer in office – all the broadest powers and all the necessary authority to implement the aforementioned resolutions and to fulfil every act and/or formality necessary for the same to be recorded in the Companies Register, accepting and introducing formal or non-substantial amendments, additions or deletions that may be required by the competent authorities.”

The Board of Directors
Milan, 2 March 2020

