

RESOLUTIONS

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

Dear Shareholders,

The year ended December 31, 2018 closed with a profit of Euro 262,362,043.00.

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, the Board of Directors proposes the distribution of a dividend, gross of withholding taxes, of Euro 0.177 for each of the 1,000,000,000 outstanding ordinary shares and the carry-forward of the remaining profit of Euro 85,362,043.

The abovementioned proposal is in line with the dividend policy adopted by the Company in context of the Initial Public Offering, which, starting from the approval of the financial statements as at and for the year ended December 31, 2018, provides for a distribution of, on average, 40% of consolidated net income over the period 2017-2020.

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

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"The Shareholders' Meeting,

- having examined the annual report at December 31, 2018;
- having acknowledged 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, 2018, as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, showing a profit of Euro 262,362,043.00;
- b) to distribute to shareholders a dividend, gross of withholding taxes, of Euro 0.177 for each of the 1,000,000,000 outstanding ordinary shares, for a total of Euro 177,000,000.00;
- c) to carry forward the remaining profit of Euro 85,362,043.00;
- d) to authorise the Directors to allocate to profits carried forward the balance of the rounding that may be determined at the time of payment of the dividend.

The dividend for the year 2018 will be paid as from May 22, 2019, with ex dividend date on May 20, 2019 (record date May 21, 2019)."

APPOINTMENT OF A MEMBER OF THE BOARD OF DIRECTORS AND THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

- On 30 July 2018, the Chairman of the Board of Directors Ren Jianxin resigned from all the positions he held on the Board of Directors of the Company based on his announced resignations from the position of Chairman of China National Chemical Corporation – the company that indirectly controls Pirelli & C. S.p.A. – due to reaching the age limit;
- on 07 August 2018, the Board of Directors, upon a proposal by the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera, decided, in accordance with Art. 2386 of the Italian Civil Code, with the approval of the Board of Statutory Auditors, upon the nomination for co-optation as a member of the Board of Directors of Ning Gaoning and his subsequent nomination as Chairman of the Board of Directors, to replace Ren Jianxin.

Ning Gaoning – who stated he does not fulfil the independence requirements in accordance with Legislative Decree 58/1998 ("Consolidated Finance Act") and the Italian Stock Exchange Self-governance Code in his position as, inter alia, Chairman of China National Chemical Corporation – has been qualified by the Board of Directors as a non-executive director and has been tasked with the legal representation of the Company in accordance with the Articles of Association⁵⁴.

The Board of Directors also appointed Ning Gaoning as a member of the Appointments and Succession Committee, also to replace Ren Jianxin.

In co-opting the new Director, the Board of Directors in particular took into account: (i) the professional and skills profile of Ning Gaoning; (ii) the number of positions held thereby in other companies or entities; and (iii) the fact that the current membership of the Board of Directors of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Company**") complies with the current regulations concerning gender balance and the presence of the independent Directors on the Board⁵⁵.

In accordance with Art. 2386, paragraph 1 of the Italian Civil Code, the Chairmanship and Directorship of Ning Gaoning expire at this Shareholders' Meeting, which was therefore called upon to decide upon the confirmation of the co-opted Director (or the appointment of a new member of the Board of Directors) and the appointment

⁵⁴ Art. 13.1 of the Articles of Association provides as follows: "The representation of the Company to third parties and to the Courts falls separately to the Chairman of the Board of Directors and, within the limits to the powers granted hereto by the Board of Directors, to the Chief Executive Officer (Art. 11.5 of the Articles of Association provides that powers for the ordinary management of the Company are granted to the Chief Executive Officer).

⁵⁵ For further details, please see the Report on Corporate Governance and Ownership Structure contained in the 2018 financial statements dossier, available on the Company website at www.pirelli.com.

of the Chairman of the Board of Directors⁵⁶.

In that regard, it was noted that the Ordinary Shareholders' Meeting, held on 01 August 2017, as part of the Company's re-flotation on the Stock Exchange (the "**IPO**"), passed the renewal of the Pirelli Board of Directors, determining the number of members at fourteen and setting the mandate thereof at three financial years, which will expire at the meeting called upon to approve the Company financial statements as at 31 December 2019⁵⁷. During the aforementioned Shareholders' Meeting of 01 August 2017, the controlling shareholder of the Company undertook to ensure that after flotation on the Stock Exchange, the "minorities" would have been able to appoint another independent Director. As a result, on 15 May 2018, at the first useful opportunity, the Shareholders' Meeting approved the increase in the number of members of the Board of Directors to 15 and appointed as another independent Director Mr Giovanni Lo Storto⁵⁸.

The current membership of the Board of Directors reflects what represented during the IPO process and the current Shareholders' Agreements⁵⁹, in accordance with which the Pirelli Board of Directors is expected to consist of 15 members, 8 of whom are independent⁶⁰.

It should be noted that, for the purposes of adopting the decisions of the Shareholders' Meeting, the statutory procedure of the list vote does not apply, as there is no full renewal of the Board of Directors. Therefore, as provided for in Art. 10 of the Articles of Association, for the appointment of Directors not appointed for any reason in accordance with the list vote procedure, the Shareholders' Meeting makes a decision with a legal majority.

It is also recalled that:

- each member of the Board of Directors is paid a gross annual salary for the position of €60,000, in addition to any further salary set by the Board of Directors in accordance with Art. 2389, paragraph 3 of the Italian Civil Code or in the event of participation in Board Committees⁶¹;
- the term of the new Director will expire at the same time as those currently in office, therefore on the date of the Shareholders' Meeting called upon to approve the Company financial statements as at 31 December 2019.

⁵⁶ Art. 2380-bis, paragraph 5 of the Italian Civil Code provides as follows: "The Board of Directors shall choose a Chairman from the members thereof should the Chairman not be appointed by the Shareholders' Meeting".

⁵⁷ The appointment takes effect as of 31 August 2018.

⁵⁸ The Company Articles of Association (Article 10.1) provides as follows: "The company is administered by a Board of Directors consisting of up to fifteen members who shall remain in office for three financial years and may be re-elected."

⁵⁹ The Shareholders' Agreement can be accessed at the following Company web address: <https://corporate.pirelli.com/corporate/it-it/governance/patti>.

⁶⁰ As at the date of this Report, the Pirelli Board of Directors consists of the following fifteen Directors: Ning Gaoning (Chairman), Marco Tronchetti Provera (Executive Vice Chairman and Chief Executive Officer), Yang Xingqiang, Bai Xiping, Giorgio Luca Bruno, Laura Cicali (independent), Domenico De Sole (independent), Ze'ev Goldberg, Tao Haisu (independent), Marisa Pappalardo (independent), Cristina Scocchia (independent), Giovanni Tronchetti Provera, Fan Xiaohua (independent), Wei Yintao (independent) and Giovanni Lo Storto (independent).

⁶¹ See: Remuneration Report for the 2018 financial year contained in the 2018 Annual Report.

BOARD OF DIRECTORS DECISION PROPOSALS

Given the above, the Board of Directors wishes to propose to you the following decisions:

- A) to confirm as fifteen the number of members of the Board of Directors of Pirelli & C. S.p.A. and to confirm the appointment as member of the Board of Directors of Mr Ning Gaoning, born in Binzhou (People's Republic of China) on 09 November 1958, who will remain in office until the date of the Shareholder's Meeting called upon to approve the Company financial statements closed on 31 December 2019,**

and, if the Shareholders' Meeting approves the proposal referred to in point A) above

- B) to appoint the member of the Board of Directors Ning Gaoning as Chairman of the Board of Directors of Pirelli & C. S.p.A..**

Shareholders are informed that the Meeting will be called upon to rule on the decision proposals referred to in points A) and B) above in separate votes.

The updated *curriculum vitae* of Director Ning Gaoning is available on the Company website at www.pirelli.com.

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CONSULTATION ON THE PIRELLI GROUP REMUNERATION POLICY

Dear Shareholders,

In accordance with Art. 123-ter. paragraphs 3 and 6 of the Consolidated Finance Act (“TUF”), we have called upon you to submit to your advisory vote section 1 of the Remuneration Report, explaining the Remuneration Policy on the members of the governing bodies, the General Managers and Executives with strategic responsibilities to which Pirelli refers for the definition of the remuneration of the *Senior Managers* and *Executives* of Pirelli.

The Policy submitted to your vote has been drafted on the basis of last year’s Policy and relevant practical experience and takes into account the regulatory provisions adopted by Consob, as well the 2018 adoption of a new *Long-Term Incentive Cash Plan* for the period 2018-2020 (“**LTI Plan**”) – as approved by last year’s Shareholders’ Meeting, which, inter alia, provided that part of the incentive be determined on the basis of *Total Shareholder Return* objectives calculated as *Pirelli performance* and with respect to an index consisting of selected “peers” in the Tyre sector – to support the new 2017-2020 Industrial Plan, disclosed to the market upon the flotation on 04 October 2017.

As provided for in Art.123-ter of the TUF, the Remuneration Report submitted for your vote is divided into two distinct sections:

- I. Section 1 explains:
 - a. the Policy for the remuneration of the Directors, General Managers and Executives with strategic responsibilities, to which Pirelli also refers to define the remuneration of *Senior Managers* and *Executives*;
 - b. the procedures used to adopt and implement the said Policy.

- II. Section 2, on behalf of the members of the governing and audit bodies, for the *Operations* General Manager, and, in aggregated form, for Executives with strategic responsibilities explains:

- a. the items making up the remuneration, including payments to be made in the event of severance of employment or termination of the working relationship;
- b. the salary paid in the 2018 financial year for any reason and in any form by the Company and its subsidiaries and affiliates, indicating any components of the said salary that refer to work carried out in financial years prior to the year in question, and also highlighting the salaries to be paid in one or more subsequent financial years for work carried out in the year in question, which may indicate an estimated value for components that cannot be objectively quantified during the year in question.

As provided for by the Consolidated Finance Act, we request that you express your advisory vote on the part of the remuneration report referred to in section 1.