

CERTIFICATIONS

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998, AND PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

1. The undersigned Marco Tronchetti Provera, in his capacity as Executive Vice Chairman and Chief Executive Officer, and Francesco Tanzi, in his capacity as Corporate Financial Reporting Manager of Pirelli & C. S.p.A. hereby certify pursuant to, *inter alia*, Article 154-bis, clauses 3 and 4, of Legislative Decree 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for preparation of the consolidated financial statements, during the period January 1, 2020 – December 31, 2020.

2. In this regard it should be noted that the adequacy of the administrative and accounting procedures for preparation of the consolidated financial statements for the year ended December 31, 2020 was determined on the basis of an assessment of the internal control system. This assessment was based on a specific process defined in accordance with the criteria laid down in the "Internal Control – Integrated Framework" guidelines issued by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), which is a reference framework generally accepted at the international level.

3. We also certify that:

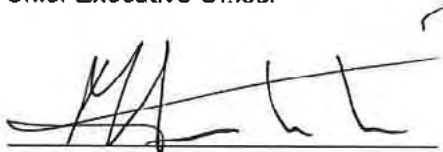
3.1. the consolidated financial statements:

- a. were prepared in accordance with the applicable international accounting standards recognised in the European Union under the terms of Regulation (EC) 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b. correspond to the information in the account ledgers and books;
- c. give a true and fair view of the assets, liabilities, income, expenses and financial position of the reporting entity and of the Group of companies included in the scope of consolidation.

- 3.2. The report on operations includes a reliable analysis of the performance and results of operations, and of the situation of the reporting entity and of the Group of companies included in the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

March 31, 2021

The Executive Vice Chairman and
Chief Executive Officer



(Marco Tronchetti Provera)

The Corporate Financial Reporting Manager



(Francesco Tanzi)

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF
LEGISLATIVE DECREE 39/2010 AND ARTICLE 10 OF REGULATION (EU) 537/2014
CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020**



PIRELLI & C SPA

**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF
LEGISLATIVE DECREE 39/2010 AND
ARTICLE 10 OF REGULATION (EU) 537/2014**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020



Independent auditor's report

in accordance with article 14 of Legislative Decree 39/2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of Pirelli & C SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Pirelli & C SpA and its subsidiaries (Pirelli group), which comprise the statement of financial position as of 31 December 2020, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Pirelli group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in section Auditor's Responsibilities for the Audit of the Consolidated Financial Statements of this report. We are independent of Pirelli & C SpA (the Company) based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

How our audit addressed the key audit matter

Recoverability of brands with indefinite useful life and goodwill*Note 10 “Intangible assets”*

As of 31 December 2020 the indefinite-lived intangible assets Pirelli brand and goodwill amount to € 2,270 million and € 1,884 million, respectively.

Recoverability of the carrying amount of Pirelli brand and goodwill were tested for impairment at the year-end, in accordance with IAS36 – Impairment of Assets.

The recoverable amount of Pirelli brand is measured using its fair value less cost to sell, based on an income approach. This requires the use of estimates for revenue projections, implied royalty rates and discount rate.

The recoverable amount of goodwill, entirely allocated to the the group of cash generating units (“CGU”) “Consumer segment”, which represents the sole sector of activity of Pirelli group, is measured using its value in use, calculated based on the expected future cash flows of the Consumer segment.

The recoverable amount of Pirelli Brand is compared with its carrying amount. The recoverable amount of the Consumer segment is compared with the carrying amount of segment assets and liabilities, including brand and goodwill.

Considering the magnitude of the carrying amounts and the subjective judgment in some of the assumptions used for the calculation of the recoverable amounts, the impairment test of Pirelli brand and goodwill represented a key matter in the audit of the consolidated financial statements.

We have performed an understanding and evaluation of the internal controls in place over the impairment testing of brand and goodwill. We have tested the operating effectiveness of such controls.

We have performed, with the support of PwC experts, the following audit procedures:

- assessment over the adequacy of the impairment testing process in accordance with the requirement of the accounting standard;
- assessment of the key assumptions used when determining the fair value of Pirelli brand taking into account the uncertainties related to COVID-19 pandemic, with focus to revenue projections , implied royalty rates and discount rate, including benchmarking e sensitivity analysis;
- assessment of the allocation of goodwill to the group of cash generating units – CGU;
- assessment of the key assumptions used when determining the value in use of the Consumer segment, to which the goodwill is allocated, taking into account the uncertainties related to COVID-19 pandemic, with focus to expected growth rate and discount rate, including benchmarking e sensitivity analysis;
- testing of the accuracy of the carrying amounts of assets and liabilities directly attributable to the Consumer segment;
- testing the mathematical accuracy of the calculation model used.

We have tested the accuracy and completeness of the disclosure presented in the notes to the consolidated financial statements.



Key Audit Matters**How our audit addressed the key audit matter**

Revenue recognition

Note 3 “Adopted Accounting Standards”

Revenue recognition, in accordance with the accounting standard IFRS15 - “Revenue from contracts with customers”, considering the magnitude and the high volume of sales transactions carried out through a global distribution network, different sales channels and logistic platforms, represented a key matter in the audit of the consolidated financial statements.

We have carried out our procedures to verifying existence, completeness, accuracy and cut off of sales transactions.

For the main revenue streams identified using the requirements of the accounting standard IFRS15, we have performed an understanding and evaluation of the internal controls over the revenue recognition process and a validation of relevant controls.

We have tested the proper recognition of revenue through testing samples of sales transactions, obtaining appropriate supporting evidence with specific attention to key contractual terms regulating the various performance obligations.

We have performed external confirmation procedures over accounts receivable balances with the objective of validating trade receivable balances recorded in the consolidated accounts.

We have tested samples of sales returns transactions, credit notes and year-end accruals.

We have tested the accuracy and completeness of the disclosure presented in the notes to the consolidated financial statements.



Key Audit Matters

How our audit addressed the key audit matter

Accounting for the bond convertible into Pirelli & C. SpA ordinary shares

Note 23 "Borrowings from banks and other financial institutions" – Note 20 "Equity" and Consolidated statement of changes in equity at 31/12/2020

On 22 December 2020 Pirelli & C. SpA issued a zero coupon convertible bond amounting to € 500 million, with a maturity date on 22 December 2025. The bond is convertible at the discretion of the bondholders into new ordinary shares of the Company at a initial conversion price per share of € 6.235, before any anti dilutive adjustments as described in the terms and conditions of the bond. The convertible bond is a compound financial instrument consisting of (i) a five year bond at market rates and (ii) a written call option in favour of the bondholders, represented by their right to convert the bond into ordinary shares of the Company at a pre-established conversion price.

In accordance with the applicable accounting standards, the parent company Pirelli & C SpA has accounted for separately the two components of the convertible bond; the net proceed of the bond of € 493 million has been recorded against the fair value of the five year bond financial debt, net of transaction costs, and the fair value of the written call option, net of transaction costs, classified as equity, for € 452 million and € 41 million respectively.

Considering the magnitude of the transaction and the complexity of the measurement at fair value of the five year bond and written call option, the accounting for this transaction represented a key matter in the audit of the consolidated financial statements.

We have performed an understanding of the entire transaction and the internal controls in place over the proper accounting in line with the applicable accounting standards.

We have performed, with the support of PwC experts, the following audit procedures:

- assessment over the adequacy in relation to recognition, measurement and presentation of the transaction in accordance with the requirements of the applicable accounting standards;
- assessment of the key assumptions used in the valuation techniques when determining the fair value of the five year bond and of the written call option over the new shares of Pirelli & C SpA, , including independent and sensitivity analysis;
- testing the mathematical accuracy of the calculation model used.

We have reviewed the accuracy and completeness of the disclosure presented in the notes to the consolidated financial statements.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the group ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management intends either to liquidate Pirelli & C SpA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the group financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists



related to events or conditions that may cast significant doubt on the group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;

- we evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Pirelli & C SpA at the general meeting held on 1 August 2017 to perform the audit of the Company consolidated and separate financial statements for the years ending 31 December 2017 through 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree 58/1998

Management of Pirelli & C SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Pirelli group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/1998, with the consolidated financial statements of the Pirelli group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Pirelli group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of our knowledge and understanding of the group obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob Regulation implementing Legislative Decree 254/2016

Management of Pirelli & C SpA is responsible for the preparation of the non-financial disclosure in accordance with Legislative Decree 254/2016. We have verified that the non-financial disclosure was approved by the board of directors.

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016, the non-financial disclosure is subject to separate audit reporting by our firm.

Milan, 2 April 2021

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998, AND PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

1. The undersigned Marco Tronchetti Provera, in his capacity as Executive Vice Chairman and Chief Executive Officer, and Francesco Tanzi, in his capacity as Corporate Financial Reporting Manager of Pirelli & C. S.p.A. hereby certify pursuant to, *inter alia*, Article 154-bis, clauses 3 and 4, of Legislative Decree 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for preparation of the separate financial statements, during the period January 1, 2020 – December 31, 2020.

2. In this regard it should be noted that the adequacy of the administrative and accounting procedures for preparation of the separate financial statements for the year ended December 31, 2020 was determined on the basis of an assessment of the internal control system. This assessment was based on a specific process defined in accordance with the criteria laid down in the "Internal Control – Integrated Framework" guidelines issued by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), which is a reference framework generally accepted at the international level.

3. We also certify that:

3.1 the separate financial statements:

- a. were prepared in accordance with the applicable international accounting standards recognised in the European Union under the terms of Regulation (EC) 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b. correspond to the information in the account ledgers and books;
- c. give a true and fair view of the assets, liabilities, income, expenses and financial position of the reporting entity and of the Group of companies included in the scope of consolidation.

3.2 The report on operations includes a reliable analysis of the performance and results of operations, and of the situation of the reporting entity, together with a description of the principal risks and uncertainties to which they are exposed.


March 31, 2021

The Executive Vice Chairman and
Chief Executive Officer



(Marco Tronchetti Provera)

The Corporate Financial Reporting Manager



(Francesco Tanzi)

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE
DECREE 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) 537/2014
SEPARATE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020**



PIRELLI & C SPA

**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE
DECREE 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF
REGULATION (EU) 537/2014**

SEPARATE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020



Independent auditor's report

in accordance with article 14 of Legislative Decree 39/2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of Pirelli & C SpA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Pirelli & C SpA (the "Company"), which comprise the statement of financial position as of 31 December 2020, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in section Auditor's Responsibilities for the Audit of the Separate Financial Statements of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matter**How our audit addressed the key audit matter**

Recoverability of brands with indefinite useful life

Note 9 “Intangible assets”

As of 31 December 2020 the indefinite-lived intangible asset Pirelli brand amounts to € 2,270 million.

Recoverability of the carrying amount of Pirelli brand was tested for impairment at the year-end, in accordance with IAS36 – Impairment of Assets.

The recoverable amount of Pirelli brand is measured using its fair value less cost to sell, based on an income approach. This requires the use of estimates for revenue projections, implied royalty rates and discount rate.

The recoverable amount of Pirelli brand is compared with its carrying amount.

Considering the magnitude of the carrying amount and the subjective judgment in some of the assumptions used for the calculation of the fair value less cost to sell, the impairment test of Pirelli brand represented a key matter in the audit of the separate financial statements.

We have performed an understanding and evaluation of the internal controls in place over the impairment testing of the Pirelli brand. We have tested the operating effectiveness of such controls.

We have performed, with the support of PwC experts, the following audit procedures:

- assessment over the adequacy of the impairment testing process in accordance with the requirement of the accounting standard;
- assessment of the key assumptions used when determining the fair value of Pirelli brand, taking into account the uncertainties related to COVID-19 pandemic, with focus on revenue projections, implied royalty rates and discount rate, including benchmarking e sensitivity analysis;
- testing the mathematical accuracy of the calculation model used.

We have assessed the accuracy and completeness of the disclosure presented in the notes to the separate financial statements.



Key Audit Matter

How our audit addressed the key audit matter

Recoverability of the carrying amount of the investment held in Pirelli Tyre SpA

Note 10 "Investments in subsidiaries"

As of 31 December 2020 the carrying amount of the investment held in Pirelli Tyre SpA is € 4,528 million.

Considering the existence of impairment indicators, the Company has tested for impairment the recoverability of the carrying amount, measured at cost, of the investment held in Pirelli Tyre SpA, in accordance with IAS36 – Impairment of Assets.

The recoverable amount of Pirelli Tyre SpA was measured using its value in use, calculated based on future cash flows of the "Consumer segment", properly adjusted to consider the different perimeter of the investment held in Pirelli Tyre SpA.

Considering the magnitude of the carrying amount of the investment and the subjective judgment in some of the assumptions used for the calculation of the value in use, the impairment test of the carrying amount of the investment in Pirelli Tyre SpA represented a key matter in the audit of the separate financial statements.

We have performed an understanding and evaluation of the internal controls in place over the impairment testing of the investment. We have tested the operating effectiveness of such controls.

We have performed, with the support of PwC experts, the following audit procedures:

- assessment over the adequacy of the impairment testing process in accordance with the requirement of the applicable accounting standard;
- assessment of the key assumptions used when determining the value in use of Pirelli Tyre SpA, taking into account the uncertainties related to COVID-19 pandemic, with focus to growth rate and discount rate, including benchmarking e sensitivity analysis;
- testing the mathematical accuracy of the calculation model used.

We have assessed the accuracy and completeness of the disclosure presented in the notes to the separate financial statements.



Key Audit Matter**How our audit addressed the key audit matter**

Accounting for the bond convertible into Pirelli & C. SpA ordinary shares

Note 19 "Borrowings from banks and other financial institutions" – Note 18 "Equity" and Statement of changes in equity at 31/12/2020

On 22 December 2020 Pirelli & C. SpA issued a zero coupon convertible bond amounting to € 500 million, with a maturity date on 22 December 2025. The bond is convertible at the discretion of the bondholders into new ordinary shares of the Company at a initial conversion price per share of € 6.235, before any anti dilutive adjustments as described in the terms and conditions of the bond. The convertible bond is a compound financial instrument consisting of (i) a five year bond at market rates and (ii) a written call option in favour of the bondholders, represented by their right to convert the bond into ordinary shares of the Company at a pre-established conversion price.

In accordance with the applicable accounting standards, Pirelli & C SpA has accounted for separately the two components of the convertible bond; the net proceed of the bond of € 493 million has been recorded against the fair value of the five year bond financial debt, net of transaction costs, and the fair value of the written call option, net of transaction costs, classified as equity, for € 452 million and € 41 million respectively.

Considering the magnitude of the transaction and the complexity of the measurement at fair value of the five year bond and written call option, the accounting for this transaction represented a key matter in the audit of the separate financial statements.

We have performed an understanding of the entire transaction and the internal controls in place over the proper accounting in line with the applicable accounting standards.

We have performed, with the support of PwC experts, the following audit procedures:

- assessment over the adequacy in relation to recognition, measurement and presentation of the transaction in accordance with the requirements of the applicable accounting standards;
- assessment of the key assumptions used in the valuation techniques when determining the fair value of the five year bond and of the written call option over the new shares of Pirelli & C SpA, , including independent and sensitivity analysis;
- testing the mathematical accuracy of the calculation model used.

We have reviewed the accuracy and completeness of the disclosure presented in the notes to the separate financial statements.



Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company ability to continue as a going concern and, in preparing the separate financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the separate financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control;



- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Pirelli & C SpA at the general meeting held on 1 August 2017 to perform the audit of the Company consolidated and separate financial statements for the years ending 31 December 2017 through 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree 58/1998

Management of Pirelli & C SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Pirelli & C SpA as of 31 December 2020, including their consistency with the relevant separate financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/1998, with the separate financial statements of the Company as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the separate financial statements of the Company as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Milan, 2 April 2021

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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	Principle 2 – Business should ensure that they are not, albeit indirectly, complicit in human rights abuses.	Disclosure 410: Security Practices Disclosure 412: Human Rights Assessment Disclosure 414: Supplier Social Assessment	
LABOUR STANDARDS	Principle 3 – Businesses should uphold the freedom of association of workers and recognise the right to collective bargaining.	Disclosure 402: Labour/Management Relations Disclosure 403: Occupational Health and Safety Disclosure 407: Freedom of Association and Collective Bargaining Disclosure 410: Security Practices Disclosure 102-11: Precautionary Principle or Approach Disclosure 102-41: Collective Bargaining Agreements	
	Principle 4 – Business should uphold the elimination of all forms of forced and compulsory labour.	Disclosure 409: Forced or Compulsory Labor Disclosure 410: Security Practices	Disclosure 412: Human Rights Assessment
	Principle 5 – Business should uphold the effective elimination of child labour.	Disclosure 408: Child Labor Disclosure 410: Security Practices	Disclosure 412: Human Rights Assessment
	Principle 6 – Business should uphold the elimination of discrimination in respect of employment and occupation.	Disclosure 401: Employment Disclosure 404: Training and Education Disclosure 405: Diversity and Equal Opportunity Disclosure 406: Non-Discrimination Disclosure 410: Security Practices Disclosure 102-8: Information on Employees and other Workers	Disclosure 202: Market Presence Disclosure 401: Employment Disclosure 412: Human Rights Assessment Disclosure 414: Supplier Social Assessment Disclosure 102-41: Collective Bargaining Agreements
ENVIRONMENT	Principle 7 – Businesses should support a precautionary approach to environmental challenges.	Disclosure 102-11: Precautionary Principle or Approach Disclosure 201: Economic Performance	Disclosure 301: Materials Disclosure 302: Energy Disclosure 303: Water Disclosure 304: Biodiversity Disclosure 305: Emissions Disclosure 306: Effluents and Waste Disclosure 307: Environmental Compliance
	Principle 8 – Business should undertake initiatives to promote greater environmental responsibility.	Disclosure 301: Materials Disclosure 302: Energy Disclosure 303: Water and Effluents Disclosure 304: Biodiversity Disclosure 305: Emissions Disclosure 306: Effluents and Waste Disclosure 307: Environmental Compliance Disclosure 308: Supplier Environmental Assessment Disclosure 103-2: Grievance Mechanism	Disclosure 201: Economic Performance
	Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.	Disclosure 301: Materials Disclosure 302: Energy Disclosure 303: Water and Effluents Disclosure 305: Emissions	
ANTI-CORRUPTION	Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	Disclosure 205: Anti-Corruption Disclosure 419: Socioeconomic Compliance Disclosure 102-16: Values, Principles, Standards, and Norms of Behavior Disclosure 102-17: Mechanism for Advice and Concerned about Ethics	Disclosure 205: Anti-Corruption Disclosure 419: Socioeconomic Compliance Disclosure 102-16: Values, Principles, Standards, and Norms of Behavior Disclosure 102-17: Mechanism for Advice and Concerned about Ethics

SDGs SUMMARY TABLE

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1 - NO POVERTY	Company Initiatives for the External Community (Solidarity p. 152)
2 - ZERO HUNGER	Company Initiatives for the External Community (Solidarity p. 152)
3 - GOOD HEALTH AND WELL-BEING	Welfare and Initiatives for the Internal Community (pp. 136-137) Occupational Health, Safety and Hygiene (pp. 140-146) Company Initiatives for the External Community (Road Safety pp. 152-153, Sport and Social Responsibility pp. 154, Health pp. 154-155) Target: → Accident Frequency Index: ≤ 0.15 by 2022 and ≤ 0.1 by 2025
4 - QUALITY EDUCATION	Training (pp. 133-136) Company Initiatives for the External Community (Training pp. 152-154, Culture and Social Value pp. 155) Target: → Training: training on new digital competences
5 - GENDER EQUALITY	Diversity Management (pp. 127-131)
6 - CLEAN WATER AND SANITATION	Water Management (pp. 113-114) Target: → Specific water withdrawal: -43% by 2025 compared to 2015
7 - AFFORDABLE AND CLEAN ENERGY	Joining the Task Force on Climate-Related Financial Disclosures (TCFD) (pp. 100-102) Energy Management (pp. 107-109) Management of Greenhouse Gas Emissions and Carbon Action Plan (pp. 109-112) Target: → Specific Energy Consumption: -10% by 2025 compared to 2019 → Renewable Electricity: 100% by 2025 → Group Carbon Neutrality by 2030
8 - DECENT WORK AND ECONOMIC GROWTH	Our Suppliers (pp. 90-97) Internal Community (pp. 123-146)
9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE	Company Initiatives for the External Community (Training pp. 153-154) Target: → For new product segments, by 2025: > 40% renewable materials, > 3% recycled materials e < 40% fossil-based materials; by 2030: > 60% renewable materials, > 7% recycled materials e < 30% fossil-based materials
10 - REDUCED INEQUALITIES	Diversity Management (pp. 131-135)
11 - SUSTAINABLE CITIES AND COMMUNITIES	Main International Commitments for Sustainability (WBCSD pp. 150-151) Company Initiatives for the External Community (Road Safety pp. 152-153, Solidarity pp. 154) Target: → Absolute CO ₂ Emissions: -25% by 2025 compared to 2015 → Group Carbon Neutrality by 2030 → Eco & Safety Performance Revenues: > 71% on total car tyres revenues e > 78% on High Value revenues by 2022 → Raw Materials Suppliers Absolute CO ₂ Emissions: -8.6% by 2025 compared to 2018 → Product performance by 2022: → car (vs 2015): rolling resistance -10%, wet grip +7%, wear rate -12%, noise -4% → moto (vs 2015): rolling resistance -15%, wet grip +21%, mileage +4% → velo (vs 2017): rolling resistance -25%, wet grip +10%, braking +5% → Product performance by 2025: → car (vs 2015): rolling resistance -14%, wet grip +9%, wear rate -18%, noise -4% → moto (vs 2015): rolling resistance -20%, wet grip +25%, mileage +13% → velo (vs 2017): rolling resistance -25%, wet grip +15%, braking +10%
12 - RESPONSIBLE CONSUMPTION AND PRODUCTION	Joining the Task Force on Climate-Related Financial Disclosures (TCFD) (pp. 100-102) Energy Management (pp. 107-109) Management of Greenhouse Gas Emissions and Carbon Action Plan (pp. 113-116) Water Management (pp. 113-114) Waste Management (pp. 115-116) Company Initiatives for the External Community (Environmental Initiatives p. 155) Target: → Specific Energy Consumption: -10% by 2025 compared to 2019 → Absolute CO ₂ Emissions: -25% by 2025 compared to 2015 → Renewable Electricity: 100% by 2025 → Group Carbon Neutrality by 2030 → Water Specific Withdrawal: -43% by 2025 compared to 2015 → Waste Recovery: ≥ 98% by 2025

SUSTAINABLE DEVELOPMENT GOALS (SDGs)	PARAGRAPHS DESCRIBING THE GROUP'S ACTIVITIES IN SUPPORT OF THE SDGs AND RELEVANT TARGETS (FROM SUSTAINABILITY PLAN 2020-2022 WITH VISION 2025 AND 2030)
13 - CLIMATE ACTION	<p>CDP Supply Chain (pp. 97) Joining the Task Force on Climate-Related Financial Disclosures (TCFD) (pp. 100-102) Management of Greenhouse Gas Emissions and Carbon Action Plan (pp. 109-112) Main International Commitments for Sustainability (International Commitments against Climate Change pp. 151-152)</p> <p>Targets:</p> <ul style="list-style-type: none"> → Specific Energy Consumption: -10% by 2025 compared to 2019 → Absolute CO₂ Emissions: -25% by 2025 compared to 2015 → Renewable Electricity: 100% by 2025 → Group Carbon Neutrality by 2030 → Eco & Safety Performance Revenues: > 71% on total car tyres revenues e > 78% on High Value revenues by 2022 → Product performance by 2022: <ul style="list-style-type: none"> → car (vs 2015): rolling resistance -10%, wet grip +7%, wear rate -12%, noise -4% → moto (vs 2015): rolling resistance -15%, wet grip +21%, mileage +4% → velo (vs 2017): rolling resistance -25%, wet grip +10%, braking +5% → Product performance by 2025: <ul style="list-style-type: none"> → car (vs 2015): rolling resistance -14%, wet grip +9%, wear rate -18%, noise -4% → moto (vs 2015): rolling resistance -20%, wet grip +25%, mileage +13% → velo (vs 2017): rolling resistance -25%, wet grip +15%, braking +10%
14 - LIFE BELOW WATER	Water Management (pp. 113-114)
15- LIFE ON LAND	Sustainability of the Natural Rubber Supply Chain (pp. 93-95) Company Initiatives for the External Community (Environmental Initiatives p. 155)
16- PEACE, JUSTICE AND STRONG INSTITUTIONS	Programs of Compliance 231, Anti-corruption, Privacy and Antitrust (pp. 79-80)
17 - PARTNERSHIPS FOR THE GOALS	Sustainability of the Natural Rubber Supply Chain (pp. 93-95) Main International Commitments for Sustainability (WBCSD pp. 150-151) Company Initiatives for the External Community (Road Safety pp. 152-153)

Please note that in March 2021 the Company will be presenting the new Industrial Plan and the related long-term strategic sustainability targets. Contextually, the Plan will be published on the institutional website www.pirelli.com.

CORRELATION TABLE WITH TOPICS LISTED IN ART. 2, D. LGS 254/2016

	TOPICS FROM D. LGS 254/2016	REFERENCE PARAGRAPH	PAGE NUMBER
ENVIRONMENTAL ASPECTS	Use of Energy Resources (from renewables and non-renewables)	<ul style="list-style-type: none"> • Risks Related To Environmental Issues • Energy Management 	62, 107-109
	Use of Water Resources	<ul style="list-style-type: none"> • Risks Related To Environmental Issues • Water Management 	62, 113-114
	Greenhouse Gas Emissions and Air-Polluting Emissions	<ul style="list-style-type: none"> • Risks Related To Climate Change • Joining the Task Force on Climate-Related Financial Disclosures (TCFD) • Management Of Greenhouse Gas Emissions and Carbon Action Plan • Solvents • NO_x Emissions • Other Emissions and Environmental Aspects 	61, 100-102, 109-112, 116-118
SOCIAL ASPECTS	Health and Safety	<ul style="list-style-type: none"> • Coronavirus risk (COVID -19) • Employee Health and Safety Risks • Occupational Health, Safety and Hygiene 	60, 62-63, 140-146
	Training and Development	<ul style="list-style-type: none"> • Risks associated with Human Resources • Development • Training 	62, 132-136
	Welfare	<ul style="list-style-type: none"> • Welfare and Initiatives for the Internal Community 	136-137
	Dialogue with Employees	<ul style="list-style-type: none"> • Litigation Risks • Listening: Group Opinion Survey • Industrial Relations 	63, 136-138
	Actions for Gender Equality	<ul style="list-style-type: none"> • Diversity Management • Diversity Policies 	127-131, 164-165
	Respect for Human Rights: Measures Taken and Prevention	<ul style="list-style-type: none"> • Risks relative to Corporate Social and Environmental Responsibility, and Business Ethics • Human Rights Governance • Diversity Management 	65, 122-123, 127-131
GOVERNANCE ASPECTS	Fight against Active and Passive Corruption	<ul style="list-style-type: none"> • Risks relative to Corporate Social and Environmental Responsibility, and Business Ethics • Programs of Compliance 231, Anti-corruption, Privacy and Antitrust 	65, 79-80

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL DISCLOSURE IN ACCORDANCE WITH ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE 254/2016 AND WITH ARTICLE 5 OF CONSOB REGULATION 20267 ADOPTEDBY RESOLUTION OF JANUARY 2018



PIRELLI & C SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL DISCLOSURE IN ACCORDANCE WITH
ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE 254/2016
AND WITH ARTICLE 5 OF CONSOB REGULATION 20267
ADOPTEDBY RESOLUTION OF JANUARY 2018**

FOR THE YEAR ENDED 31 DECEMBER 2020



Independent auditor's report on the consolidated non-financial disclosure

in accordance with article 3, paragraph 10, of Legislative Decree 254/2016 and with article 5 of CONSOB Regulation 20267 of January 2018

To the board of directors of Pirelli & C SpA

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016 (the Decree) and with article 5 of CONSOB Regulation 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial disclosure of Pirelli & C SpA and its subsidiaries (Pirelli group) as of and for the year ended 31 December 2020, prepared in accordance with article 4 of the Decree, and included in section Report on Responsible Management of the Value Chain annual report 2020 of Pirelli group, approved by the board of directors of Pirelli & C SpA on 31 March 2021 (the NFD).

Responsibility of the directors and of the board of statutory auditors for the NFD

The directors are responsible for the preparation of the NFD in accordance with article 3 and 4 of the Decree and with the Sustainability Reporting Standards, issued by Global Reporting Initiative in 2016 and updated up to 2019 (GRI Standards), and with the process suggested in AA1000APS (AccountAbility Principles Standards).

The directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFD is free from material misstatement, whether due to fraud or unintentional errors.

The directors are responsible for identifying the content of the NFD, within the matters mentioned in article 3, paragraph 1 of the Decree, considering the activities and characteristics of the group and to the extent necessary to ensure the understanding of the group activities, its trends, results and related impacts.

The directors are responsible for defining the business and organisational model of the group and, with reference to the matters identified and reported in the NFD, for the policies adopted by the group and for the identification and management of risks generated or faced by the group.

The board of statutory auditors is responsible for overseeing, in accordance with the law, the compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's independence and quality control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board of Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, privacy and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for the compliance with ethical and professional standard and with applicable laws and regulations.

Auditor's responsibility

We are responsible for expressing, on the basis of the work performed, a conclusion, regarding the compliance of the NFD with the Decree, with the GRI Standards and with the process suggested in AA1000APS. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB), for limited assurance engagements. The standard requires that we plan and perform procedures in order to obtain limited assurance that the NFD does not contain material errors. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (reasonable assurance engagement) and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFD are based on our professional judgement and consisted of interviews, primarily with company personnel responsible for the preparation of the NFD, analysis of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters reported in the NFD relating to the activities and characteristics of the group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree, with the reporting standard adopted and considering AA1000SES (Stakeholder Engagement Standard);
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess the compliance with the Decree;
3. comparison of the financial information reported in the NFD with the information reported in the group consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated or faced by the group, with reference to the matters specified in article 3 of the Decree.

With reference to such matters, we have carried out some validation procedures on the information presented in the NFD and other audit procedures as described under point 6 a) below;

5. understanding of the processes underlying the preparation, collection and management of the



significant qualitative and quantitative information presented in the NFD. In particular, we have held meetings and interviews with management of Pirelli & C SpA, and with management of Pirelli Tyre Co, Ltd and Limited Liability Company “Industrial Complex Kirov Tyre” and we performed limited analysis of documentary evidence and validation procedures, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFD;

6. analysis of policies and procedures in place and of the coherence of the sustainability management model compared to UNI ISO 26000 principles, among which: governance, human rights, relationship and work conditions, and environment.

Moreover, for significant information, considering the activities and characteristics of the group:

- at group level,
 - a) with reference to the qualitative information included in the NFD, and in particular for the business model, the policies adopted and the main risks, we carried out interviews and obtained supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures and limited tests, to assess, on a sample basis, the proper consolidation of the information;
- for the industrial sites located in Yanzhou (China) and Kirov (Russia), which were selected on the basis of their activities, their contribution to the performance indicators at consolidated level and their locations, we carried out site visits during which we met local management and gathered supporting documentation regarding the compliance with procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFD of Pirelli Group as of and for the year ended 31 December 2020 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree, with the GRI Standards and with the principles of inclusivity, materiality and responsiveness of AA1000APS, as described in the Methodological note of the Report on Responsible Management of the Value Chain.

Milan, 2 April 2021

Signed by

Paolo Caccini
(Partner)

Signed by

Paolo Bersani
(Authorized signatory)

This report has been translated from the Italian original solely for the convenience of international readers.