



# Report on the Corporate Governance and Share Ownership of Pirelli & C. S.p.A.

pursuant to article 123-*bis* TUF



# Glossary

**Annual General Meeting:** the shareholders' meeting called to approve the financial statements as of 31 December 2021.

**Camfin:** Camfin S.p.A., a company established under Italian law controlled by Marco Tronchetti Provera through MTP&C, with registered offices in Milan, Via Larga no. 2, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 00795290154.

**ChemChina:** China National Chemical Corporation Limited, a company established under Chinese law, directly controlled by Sinochem Holdings with registered offices at 62 West Beisihuan Road, Haidian district, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 100000000038808.

**CNRC:** China National Tire & Rubber Corporation Ltd., a company established under Chinese law directly controlled by ChemChina, with registered offices at 62 West Beisihuan Road, Haidian district, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 100000000008065.

**Civil Code:** the Italian Civil Code.

**Corporate Governance Code:** the edition of the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee, in effect as of 1 January 2021, with information to be reported in the Reports to be published in the course of 2022.

**Board of Directors:** the Board of Directors of Pirelli & C. S.p.A.

**Consob:** the National Commission for Companies and the Stock Exchange.

**Report Date:** indicates 17 March 2022, the date on which the Board of Directors approved this Report.

**First Trading Day:** 4 October 2017, being the date on which the shares of the Company were admitted to trading on the MTA - now Euronext Milan (EXM) - market organised and managed by Borsa Italiana S.p.A.

**Year:** the financial year to which this Report relates.

**Group:** collectively Pirelli and its subsidiaries, as defined in art. 2359 of the Civil Code and art. 93 TUF.

**IPO:** the procedure for the listing of Pirelli shares completed in October 2017 with the start of trading on the MTA.

**Longmarch:** Longmarch Holding S.à.r.l., a limited liability company under Luxembourg law, with its registered office at 14, Rue Edward Steichen, 2540, Luxembourg (Grand Duchy of Luxembourg).

**Marco Polo:** Marco Polo International Italy S.p.A., a company established under Italian law with registered offices at via San Primo 4, Milan, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 09052130961; the company was terminated following the full demerger from Marco Polo, to the benefit of MPI Italy, among others, with effect from 8 August 2018.

**MPI Italy:** Marco Polo International Italy S.r.l., a company established under Italian law indirectly controlled by Sinochem Holdings through Chemchina, with registered offices at via San Primo 4, Milan, Tax Code, VAT and Milan Companies Register number 10449990968.

**MTP&C:** Marco Tronchetti Provera & C. S.p.A., a company established under Italian law with registered offices at via Bicocca degli Arcimboldi 3, Milan, with Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 11963760159.

**Shareholders' Agreement:** the agreement signed on 1 August 2019 by ChemChina, CNRC, SRF, SPV HK 1, SPV HK 2, SPV Lux, MPI Italy, MTP&C, with effect from 28 April 2020. The essential content of the Shareholders' Agreement, to which reference is made for further information, is available on the Website ([www.pirelli.com](http://www.pirelli.com)).

**PFQY:** PFQY S.r.l., a company established under Italian law controlled by SRF, with registered offices at via San Primo 4, Milan, with Tax Code, VAT and Milano-Monza Brianza-Lodi Companies Register number 11324920963.

**Pirelli:** Pirelli & C. S.p.A., a company established under Italian law with registered offices at viale Piero e Alberto Pirelli 25, Milan, with Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 00860340157.

**Pirelli International:** Pirelli International plc (now Pirelli International Limited), a company established under British law controlled by Pirelli, with registered offices in Derby Road, Burton on Trent (United Kingdom), registered with the Companies House of England and Wales, number 04108548.

**Pirelli Tyre:** Pirelli Tyre S.p.A., a company established under Italian law controlled by Pirelli, with registered offices at viale Piero e Alberto Pirelli 25, Milan, Milan-Monza Brianza-Lodi Companies Register number 07211330159.

**Pirelli International Treasury:** Pirelli International Treasury S.p.A., a company established under Italian law controlled by Pirelli, with registered offices at viale Piero e Alberto Pirelli 25, Milan, with Milan-Monza Brianza-Lodi Companies Register number 10523850963.

**Board Regulations:** the Regulations, adopted by the Board of Directors of Pirelli & C. S.p.A. on 22 June 2020, which govern the methods of organisation and internal functioning of the Board itself, in line with the recommendations of the Corporate Governance Code.

**Issuers' Regulation:** the Regulation approved by Consob

resolution 11971/1999 (as amended) on the subject of issuers.

**Related Parties Regulation:** the Regulation issued by Consob by way of resolution no. 17221 of 12 March 2010 on related-party transactions, as subsequently amended.

**Report:** this report on corporate governance and the ownership structure prepared pursuant to art. 123-*bis* TUF.

**NFD Report:** constitutes the Consolidated Non-Financial Disclosure pursuant to Legislative Decree no. 254 of 30 December 2016, reported in the chapter “Report on Responsible Management of the Value Chain”.

**Remuneration Report:** the report prepared pursuant to art. 123-*ter* TUF.

**Sinochem Holdings:** Sinochem Holdings Corporation Ltd., a Chinese state-owned enterprise (SOE), under the supervision of the State-owned Assets Supervision and Administrative Commission of the State Council (SASAC) of the People's Republic of China, with its registered office at Xiong'an New District (People's Republic of China), No. 001, Enterprise Headquarters Zone, Start-up Area, Hebei District, registered with the State Administration of Industry and Commerce of the People's Republic of China under no. 91133100MA0GBL5F38. Sinochem Holdings – including through ChemChina and other subsidiaries of ChemChina, including MPI Italy – indirectly controls the Company pursuant to art. 93 of the Consolidated Law on Finance (TUF).

**Website:** the institutional website of Pirelli containing *inter alia* information about the Company, can be found at the Internet domain [www.pirelli.com](http://www.pirelli.com).

**Company:** Pirelli & C.

**SPV HK1:** CNRC International Limited, limited company under Hong Kong law (People's Republic of China) indirectly controlled by Sinochem Holdings through ChemChina, with registered offices at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton Rd TST KLN, Hong Kong (People's Republic of China), Hong Kong Companies Register number 2222516.

**SPV HK2:** CNRC International Holding (HK) Limited, limited company formed under the laws of Hong Kong (People's Republic of China) indirectly controlled by Sinochem Holdings through ChemChina, with registered offices at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China), Hong Kong Companies Register number 2228664.

**SPV Lux:** Fourteen Sundew S.à.r.l., a limited liability company (société à responsabilité limitée) under Luxembourg law indirectly controlled by Sinochem Holdings through ChemChina, with registered offices at rue Robert Stümper 7A, L-2557, Luxembourg (Grand Duchy of Luxembourg), with Luxembourg Companies and Commerce Register number B-195473.

**SRF:** Silk Road Fund Co., Ltd., a company established under

Chinese law with registered offices at F210-F211, Winland International Finance Center Tower B, 7 Financial Street, Xicheng, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 100000000045300(4-1).

**Articles:** the Articles of Association of Pirelli & C., available on the Website.

**TUF:** Legislative decree 58 of 24 February 1998, as subsequently amended (the Consolidated Law on Finance).

## Introduction

The Report presents the corporate governance system adopted by the Company. This system is consistent with the principles contained in the Corporate Governance Code adopted by the Company.

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

## 1. Company Profile

Pirelli, with its 30,700 employees and revenues of around Euro 5.3 billion in 2021, ranks among the principal global manufacturers of tyres and supplier of ancillary services, being the only operator in the sector exclusively specialised in the Consumer segment (tyres for cars, motorcycles and bicycles), with a globally-recognised brand. The Company has a distinctive positioning with regard to High Value tyres, which are manufactured to achieve the highest levels of performance, safety, quietness and road grip, with significant input from technology and/or customisation (i.e.  $\geq 18''$ , Specialities, Super Specialities and Premium Motorcycle tyres). In addition, the Company currently holds a leadership position in the Car Prestige tyres segment, and in the radial segment of the motorcycle tyre replacement market. Pirelli is also a leader in Europe, China and Brazil in the Car  $\geq 18''$  tyre market in the replacement channel. For a profile of the issuer see also the Company's website. In its leadership of the Company, Pirelli's Board of Directors pursues the objective of sustainable success by:

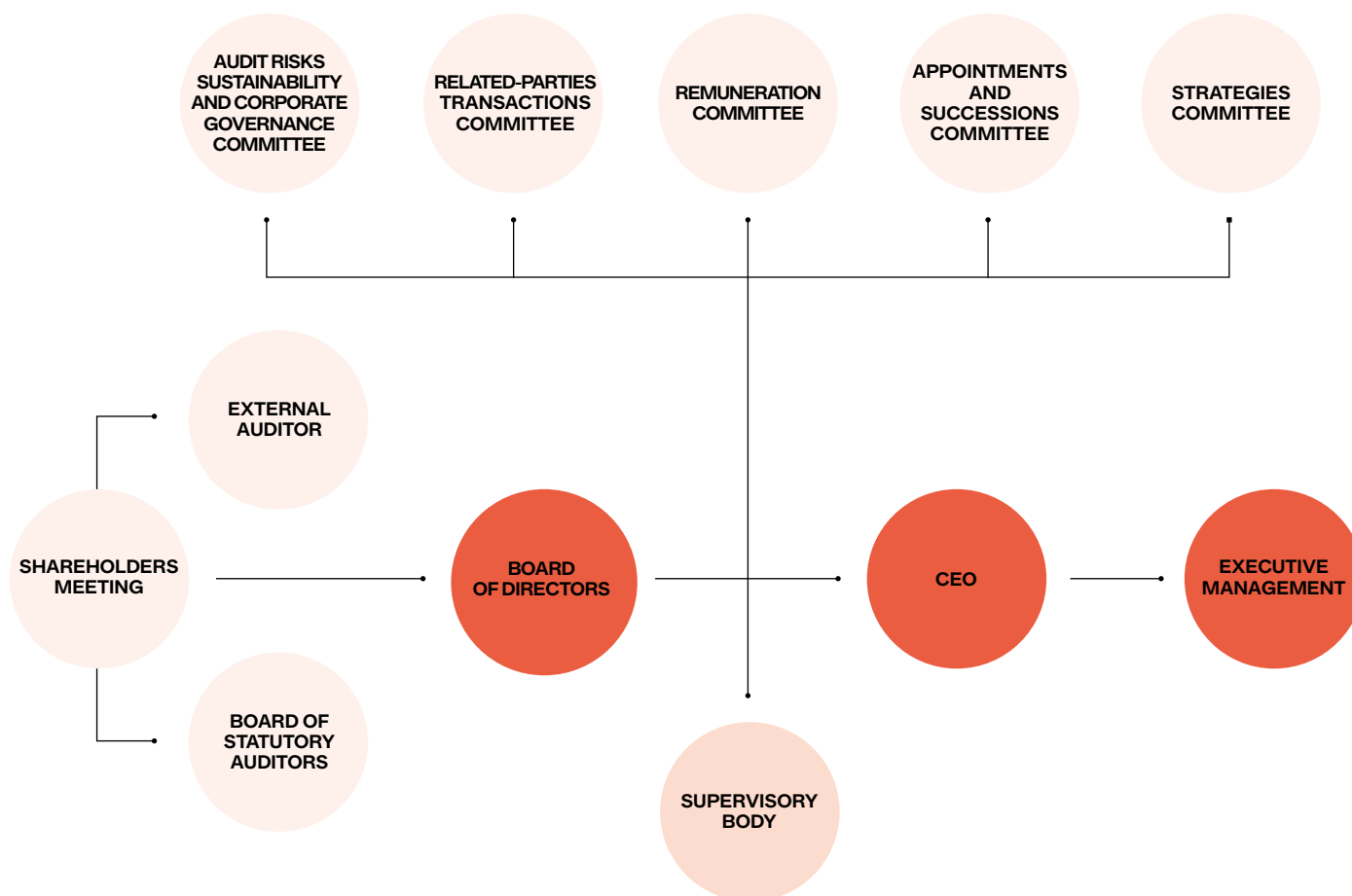
- drawing up a sustainability plan which integrates the Company's strategic plans (for more details, see the NFD Report);
- including, as part of its Remuneration Policy, ESG indicators for measuring the Company's management performance in its medium/long-term remuneration plans (for more details see the Remuneration Report);
- appointing a director responsible of sustainability topics (for more details see paragraph 9.7);

- periodically assessing, on an ongoing basis, the risks associated with business activities so as to create long-term value for the benefit of shareholders (for more details see paragraph 9);
- adopting a specific policy for dialogue with shareholders and stakeholders in the financial market in which the Company operates (for further details see paragraph 14.1);
- setting up a Board Committee and supporting it in evaluating and making decisions in relation to the internal control and risk management system, as well as analysing sustainability issues that are important for long-term value creation (for further details see paragraph 9.2)<sup>72</sup>.

For the sake of completeness, it should be noted that, pursuant to the Corporate Governance Code, the Company falls within the definition of “companies with concentrated ownership” and “large company”. The Company did not use any flexibility options when applying the Corporate Governance Code.

### 1.1. MODEL OF CORPORATE GOVERNANCE

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



The statutory auditing of the accounts is entrusted to PricewaterhouseCoopers S.p.A., an auditing firm included in the register of accounting auditors.

72 The Company’s Board of Directors had already envisaged the support from a specific Board Committee for the issues referred to in this point prior to the publication of the Corporate Governance Code and, therefore, did not deem it necessary to set up a new specific Committee.

## 2. Information on the ownership structure

### 2.1. STRUCTURE OF SHARE CAPITAL

On the Report Date, the issued share capital of Pirelli amounts to Euro 1,904,374,935.66 fully paid, and is represented by 1,000,000,000 ordinary shares without nominal value. Each share grants the right to one vote. There are no other categories of shares.

The extraordinary shareholders' meeting of 24 March 2021 resolved to increase the share capital for cash for payment, in a divisible manner, with exclusion of the option rights pursuant to art. 2441, subsection 5 of the Italian Civil Code, for a total maximum amount, including any premium, of Euro 500,000,000.00, to service the conversion of the "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025", to be paid up in one or more tranches by the issue of ordinary shares of the Company with regular dividend entitlement, for a maximum amount of Euro 500,000,000.00, exclusively to service the bond issued by the Company named "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025", in accordance with the criteria determined by the related Regulation, without prejudice to the fact that the final deadline for subscription of the newly issued shares is established as 31 December 2025 and that if, as of that date, the share capital increase has not been fully subscribed it will in any case be intended as increased by an amount equal to the subscriptions collected and as of that date, with the specific authorisation for the directors to issue the new shares as they are subscribed. No parts of shares will be issued or delivered and no cash payment or adjustment will be made in lieu of said parts.

The conversion price of the bonds is Euro 6.235.<sup>73</sup> Additionally, the Articles do not provide for the possibility of increased voting rights or the issue of shares with multiple voting rights.

### 2.2. SIGNIFICANT SHAREHOLDINGS OF CAPITAL

The Company is indirectly controlled, pursuant to art. 93 of the TUF, by Sinochem Holdings<sup>74</sup> through ChemChina which, in turn, indirectly holds the shareholding through CNRC and other subsidiaries of the latter, including MPI Italy, which directly holds the shareholding.

Based on the communications received by the Company as at the Report Date pursuant to art. 120 TUF, or from other information available to the Company, the major direct and

indirect shareholdings of Pirelli capital are indicated in [Table 1](#), appended to this Report.

### 2.3. MANAGEMENT AND COORDINATION ACTIVITIES

In its meeting on 31 August 2017, the Board of Directors noted that, as of the First Trading Day, Pirelli is not subject to any of the activities typically involved in management and coordination by direct or indirect controlling shareholders or other companies or entities. These include but are not limited to:

- Pirelli conducts relations with customers and suppliers in full autonomy without any external interference;
- Pirelli prepares the strategic, industrial, financial and/or budget plans of the Company or the Group independently;
- Pirelli is not subject to any group regulations;
- no organisational-functional link exists between Pirelli on the one hand and MPI Italy and the companies that control it on the other;
- MPI Italy, CNRC, ChemChina and/or Sinochem Holdings have not carried out any deeds, adopted any resolutions or made any communications that might cause reasonable belief that the decisions of Pirelli are in some way imposed or required by MPI Italy, CNRC, ChemChina and/or Sinochem Holdings;
- MPI Italy, CNRC, ChemChina and/or Sinochem Holdings do not centralise treasury management activities or other financial support or coordination functions;
- MPI Italy, CNRC, ChemChina and/or Sinochem Holdings do not issue directives or instructions – and in any case would not coordinate initiatives – concerning the financial and borrowing decisions of Pirelli;
- MPI Italy, CNRC, ChemChina and/or Sinochem Holdings do not issue directives regarding any special transactions carried out by Pirelli including, for example, the listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers, spin-offs etc.;
- MPI Italy, CNRC, ChemChina and/or Sinochem Holdings do not make any crucial decisions regarding the operating strategies of Pirelli or formulate group strategic guidelines.

The Board of Directors has periodically reiterated these assessments, most recently at its meeting of 17 March 2022.

Conversely, Pirelli exercises direction and coordination of numerous subsidiaries, having made the relevant publication where necessary.

### 2.4. RESTRICTIONS ON THE TRANSFER OF SECURITIES: SECURITIES THAT CARRY SPECIAL RIGHTS; EMPLOYEE SHARE OWNERSHIP: THE MECHANISM FOR EXERCISING VOTING RIGHTS; RESTRICTIONS ON VOTING RIGHTS

The Articles do not impose any restrictions on the transferability of the shares issued by the Company.

No securities have been issued that carry special rights of control, nor the Company has adopted the option to increase voting rights.

<sup>73</sup> Subject to adjustments and except in cases where the conversion price has to be calculated differently than what is indicated in the Bond Regulations.

<sup>74</sup> On 10 September 2021, as part of the joint restructuring announced by Sinochem Group Co., Ltd. ("Sinochem Group") and ChemChina, the companies Sinochem Group and ChemChina came under the shared control of Sinochem Holdings Corporation Ltd. ("Sinochem Holdings"), which from that date became the "ultimate parent company" of ChemChina (and therefore also of Pirelli).



With regard to the shares owned by employees, there are no specific procedures or restrictions governing the exercise of their voting rights.

There are no mechanisms that restrict the voting rights of shareholders, except for the terms and conditions governing the exercise of the right to attend and vote at Shareholders' Meetings, as discussed in the next paragraph 15 of the Report.

## 2.5. SHAREHOLDERS' AGREEMENTS

For more information on the provisions contained in the shareholders' agreements referred to herein, please refer to the relevant extracts available on the Website, published pursuant to Article 130 of the Issuers' Regulation.

Below is a brief summary of these agreements.

### 2.5.1. SHAREHOLDERS' AGREEMENT

The agreement (expiring on 28 April 2023) was entered into on 1 August 2019 between ChemChina, CNRC, SPV HK1, SPV HK2, SPV LUX, MPI Italy, SRF, MTP&C and Camfin (the **"Shareholders' Agreement"**) and came into effect on 28 April 2020.

By signing the Shareholders' Agreement, the parties (i) reaffirmed the stability of the partnership between ChemChina/CNRC, SRF and Camfin/ MTP&C, in line with the governance principles previously expressed in the shareholders' agreement signed on 28 July 2017, which aims to preserve Pirelli's entrepreneurial culture by leveraging the long-term retention of management, and is inspired by the best international practice of listed companies; (ii) confirmed the role of ChemChina and Camfin/MTP&C as stable Pirelli shareholders with the latter maintaining the shareholding currently held in Pirelli at a level of more than 10% of the relative capital for the entire duration of the Shareholders' Agreement; (iii) confirmed the central role played by Marco Tronchetti Provera, in his capacity as the Company's Executive Vice Chairman and Chief Executive Officer: (a) in his leadership of Pirelli's top management, ensuring the continuity of Pirelli's managerial culture; and (b) in the appointment of his successor, with the implementation of the succession procedure that must be completed by the end of October 2022 and, therefore, a few months before the renewal of Pirelli's Board of Directors scheduled for spring 2023.

The Shareholders' Agreement contains certain provisions regarding the composition of the Board of Directors and Committees, which are described in paragraphs 4.3 and 6 below.

As of the Report Date, MPI Italy, Camfin (following the Contribution described in paragraph 2.5.3 below) and PFQY (the latter following the SPV Lux Assignment described in the following paragraph) contributed approximately 60% of Pirelli's share capital to the agreement.

### 2.5.2. ACTING IN CONCERT

As part of a broader reorganisation of the chain of control of

MPI Italy, as per the previous shareholder agreements signed by the parties<sup>75</sup> – which, *inter alia*, entailed the exclusion of SPV HK2 from said chain of control (the **"Reorganisation"**) – the partial non-proportional and asymmetrical split of MPI Italy in favour of PFQY was finalised on 29 September 2020. As a result, PFQY was assigned, *inter alia*, 90,212,508 Pirelli shares, making up 9.02% of the share capital (the **"SPV Lux Allocation"**). Following the above-mentioned split:

- the Equity Investment Agreement for Co-Involvement and Investment in Acquisition of Pirelli (the **"Investment Agreement"**), the Supplemental Agreement to the Investment Agreement, as amended on 28 April 2020, and the Second Supplemental Agreement to the Investment Agreement entered into on 5 June 2015, 28 July 2017 and 7 August 2018 respectively between CNRC, ChemChina and SRF no longer have any effect, since the co-participation – of ChemChina and CNRC on one hand, and SRF on the other – in Marco Polo has ceased to exist and, as such, SRF became a direct shareholder of Pirelli & C. S.p.A. through PFQY;
- the parties updated the essential information pursuant to art. 130 of the Issuers' Regulation relating to the Revised Acting-in-Concert Agreement entered into on 28 April 2020 by CNRC and SRF, which superseded and replaced the Acting-in-Concert Agreement entered into by the same parties on 28 July 2017, which contains shareholders' agreements relating to pursuant to which SRF assumed a lock-up commitment and a commitment to vote at Pirelli Shareholders' Meetings in accordance with CNRC's voting instructions, in relation to a number of Pirelli shares deriving from the SPV Lux Assignment making up 5% of Pirelli's share capital.

On 29 March 2021, SRF and CNRC signed the "Amended and Restated Acting-in-concert agreement", which supersedes and replaces the previous "Revised Acting-in-concert agreement" signed by the parties on 28 April 2020, so that the shareholders' agreements can take in account the resolutions passed by the Shareholders' Meeting of Pirelli & C. S.p.A. on 24 March 2021 regarding the convertibility of the bond called "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025".

### 2.5.3. THE LONGMARCH AGREEMENT

On 13 May 2020, Camfin and Longmarch finalised the signing of an agreement (**"2020 Investment Agreement"**) which contains, among other things, some shareholders' agreements relating to a potential equity investment, pursuant to art. 119 of the Issuers' Regulation, consisting of a "repurchase agreement" entered into by Longmarch and ICBC Standard Bank Plc (**"Repurchase Agreement"**) regarding Longmarch's right to repurchase a total number of 76,788,672 of Pirelli shares, corresponding to approximately 7.68% of Pirelli's share capital (**"Pirelli Shares Subject to the Repurchase Right"**).

<sup>75</sup> See previous Report on the corporate governance and share ownership for the year 2020 available on the Website.

It should be noted that, Camfin and Longmarch entered into a further agreement on 30 June 2021, amending the 2020 Investment Agreement, which relates to Longmarch's entry into Camfin's share ownership structure ("**2021 Investment Agreement**"), by virtue of which the share capital increase resolved by Camfin (reserved for Longmarch and fully subscribed by the latter through the contribution of 40,000,000 Pirelli shares – the "**Contribution**") was completed on 7 October 2021. Following the Contribution: (i) Camfin's shareholding in Pirelli amounts to approximately 14.1% of Pirelli's share capital, in addition to a potential shareholding of approximately 4.6% held through financial instruments known as "call spreads"; and (ii) Longmarch holds a shareholding in Pirelli of approximately 3.68%. It should be noted that, with the signing of the 2021 Investment Agreement, the commitments previously undertaken by Longmarch under the 2020 Investment Agreement in relation to its shareholding in Pirelli of approximately 3.68% remain in place and, in particular, to exercise its voting rights at the Pirelli Shareholders' Meeting in accordance with the outcome of the discussions concluded between the Parties and, in the event of disagreement, in accordance with the voting instructions provided by Camfin.

Furthermore, except with Camfin's prior written consent, Longmarch has committed not to transfer or assign the Repurchase Agreement (including its related rights) or any Pirelli Shares Subject to the Repurchase Right for a period of three years from the date of signing the Longmarch Agreement.

As expressly stipulated in the 2020 Investment Agreement, as amended by the 2021 Investment Agreement, the provisions therein (i) do not regulate, nor influence, nor have any impact whatsoever on Pirelli's governance, and (ii) shall in no way be deemed to be connected with or related to, nor have any effect and/or influence whatsoever on the Renewal of the Shareholders' Agreement referred to in paragraph 2.5.1 above.

## 2.6. CHANGE OF CONTROL CLAUSES

The most significant contracts containing clauses of this type are summarised below.

### 2.6.1. SYNDICATED LONG TERM LOAN

On 13 June 2017 Pirelli, on the one hand, and Banca IMI S.p.A., J.P. Morgan Limited and The Bank of Tokyo-Mitsubishi UFJ, Ltd., in their roles as mandated lead arrangers, bookrunners, underwriters and global coordinators signed a mandate letter regarding the grant of an unsecured loan to Pirelli and Pirelli International (the "**Beneficiaries**") originally for a maximum amount of Euro 4,200,000,000 (the "**New Loan**").

The New Loan agreement signed on 27 June 2017 (as subsequently amended) states, *inter alia*, that the Beneficiaries shall repay early the part of the New Loan made available by each lender should certain events occur, including changes in the control structure of Pirelli.

In particular, this change of control clause may be invoked

solely in one of the following circumstances: (i) ChemChina ceases to hold, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, more than 25% of Pirelli post IPO; or (ii) ChemChina ceases to be, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, the relative majority holder of the voting rights in Pirelli (i.e. ceases to hold more voting rights than other parties that act individually or together); or (iii) any other party (or parties acting together) appoints or removes the majority of the Board of Directors.

Any takeover by Camfin (or another company directly or indirectly controlled by Marco Tronchetti Provera or his close family members) as the parent company of Pirelli would not represent a change of control on condition that certain requirements are met, including the requirement for Marco Tronchetti Provera or a person designated by him to be the Chairman and the CEO of that company and CEO of Pirelli.

### 2.6.2. PT EVOLUZIONE TYRES JOINT VENTURE

On 24 April 2012, Pirelli Tyre and PT Astra Otoparts tbk, an Indonesian company, signed a Joint Venture Agreement in relation to PT Evoluzione Tyres, an Indonesian company incorporated on 6 June 2012 and operating in the production of motorcycle tyres in the plant of Subang, West Java.

Pursuant to this contract, in the event of a change in the ownership structure of one of the shareholders that is deemed to be a change of control event, a put&call procedure could be activated that, in the extreme case, might lead to the acquisition by Pirelli Tyre of the entire equity investment held by PT Astra Otoparts tbk in PT Evoluzione Tyres, with the consequent termination of the joint venture agreement.

### 2.6.3. SUPPLY CONTRACT WITH BEKAERT

The Company has a contract for the supply of steelcord with Bekaert, to which the Company sold the steelcord business unit in 2014, also in consideration of the contractual peculiarities connected with the sale transaction.

The contract with Bekaert includes a change of control clause whereby Bekaert has the right, *inter alia*, to withdraw within 90 days after becoming aware of a situation in which a third party acquires control of Pirelli.

### 2.6.4. EMTN PROGRAMME AND NOTES ISSUED IN 2018<sup>6</sup>

On 21 December 2017, in order to ensure the constant optimisation of the financial structure of the Company, the Board of Directors (i) approved an EMTN programme (Euro Medium Term Note Programme) for the issue of non-convertible, senior unsecured bonds for a maximum amount of Euro 2 billion and (ii) in the context of that programme, authorised the issue by 31 January 2019 of one or more bonds

76 For completeness, it is noted that in the context of the company's refinancing strategy the Board approved a new EMTN (Euro Medium Term Note) program for the issue of senior non-convertible unsecured to a maximum value of Euro 2 billion replacing the previous EMTN, currently being finalised.



to be placed with institutional investors for a maximum total amount of Euro 1 billion. This resolution was subsequently supplemented on 22 June 2018, increasing the existing authorisation by a further Euro 800 million - bringing the total amount to a maximum of Euro 1.8 billion - and extending its time horizon to 31 December 2019 (inclusive).

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

In particular, the change of control clause may only be invoked in one of the following circumstances, except in specific cases permitted under the EMTN Programme: (i) ChemChina ceases to hold, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, more than 25% of Pirelli; or (ii) ChemChina ceases to be, directly or indirectly, individually or together with Camfin or another company controlled by Marco Tronchetti Provera or his close family members, the relative majority holder of the voting rights in Pirelli (i.e. ceases to hold more voting rights than other parties that act individually or together); or (iii) any other party (or parties acting together) appoints or removes the majority of the Board of Directors.

Any takeover by Camfin (or another company directly or indirectly controlled by Marco Tronchetti Provera or his close family members) as the parent company of Pirelli, in place of ChemChina, would not give rise to a change of control on condition that certain requirements are met, including the requirement for Marco Tronchetti Provera or a person designated by him to be the CEO of both that company and Pirelli.

Under the EMTN Programme, on 25 January 2018, Pirelli issued a new, unrated 5-year fixed-rate bond guaranteed by Pirelli Tyre for an original total nominal amount of Euro 600 million (an amount that has now reduced to EUR 553 million following the Company's buybacks on the market) called "*Pirelli & C. S.p.A. €600,000,000 1.375% Guaranteed Notes due 2023*". This security is listed on the Luxembourg Stock Exchange.

The above-mentioned Change of Control clause applies to the new note.

For the sake of completeness, on 26 March 2018 Pirelli issued an unrated variable-rate bond secured by Pirelli Tyre for a total nominal amount of Euro 200 million due in September 2020 called "*Pirelli & C. S.p.A. €200,000,000 Floating Rate Notes due 2020*". This bond was repaid in full at maturity.

#### 2.6.5. SCHULDSCHHEIN: MULTITRANCHE LOAN FOR A TOTAL OF EURO 525,000,000

On 26 July 2018 Pirelli concluded a "schuldschein" loan - guaranteed by Pirelli Tyre - for a total of Euro 525 million (as subsequently amended, the "**Schuldschein**"), divided as follows: (i) Euro 82 million maturing in 2021 (fully repaid in advance in January 2021); (ii) Euro 423 million maturing in

2023; and (iii) Euro 20 million maturing in 2025.

The Schuldschein prescribes, *inter alia*, that Pirelli must repay the loan in advance, if certain events occur, including the case of a change in the control structures of Pirelli, according to terms and conditions that are the same as those of the EMTN Programme.

#### 2.6.6. 2019 BILATERAL LOAN WITH INTESA SANPAOLO

On 22 January 2019, the Board of Directors authorised Pirelli to enter into a medium-long term variable-rate loan guaranteed by Pirelli Tyre, in the amount of Euro 600 million, with Intesa Sanpaolo S.p.A. as the lending bank, and Banca IMI S.p.A. as the agent bank and organising bank (the "**Transaction**").

The loan agreement (as subsequently amended) signed on 24 January 2019 in relation to the Transaction prescribes, *inter alia*, that Pirelli must repay the Transaction early should certain events occur, including changes in the control structure of Pirelli.

Specifically, the change of control clause may only be activated in the case in which a subject or subjects acting in concert (and without prejudice to specific cases permitted under the loan agreement) other than ChemChina, Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or his close family members) and/or their subsidiaries and/or any person or persons acting in concert with one of them should (a) hold a relative majority of votes in Pirelli; and (b) appoint or remove the majority of the members of the Board of Directors of Pirelli.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his close family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, by virtue of contractual agreement, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.7. LICENCE AGREEMENT WITH AEOLUS

On 28 June 2016, Pirelli Tyre concluded an agreement (subsequently amended on 31 January 2019) with Aeolus Tyre Co. Ltd, to licence patents and know-how for the production and sale of industrial tyres that expires on 31 December 2030, with automatic renewal unless cancelled by the parties. Pursuant to the agreement, either party has the right to terminate the agreement in advance, by notice to the other party, if CNRC should cease to be, directly or indirectly, the single largest shareholder of Pirelli.

#### 2.6.8. BILATERAL LOAN WITH MEDIOBANCA

On 1 August 2019, the Board of Directors approved the stipulation by Pirelli of a two-year variable rate loan of Euro 125 million with Mediobanca - Banca di Credito Finanziario S.p.A. (the "**Loan**").

The loan agreement signed on 2 August 2019 stipulates, *inter alia*, that the Pirelli must repay the Loan early should certain events occur, including changes in the control structure of Pirelli.

Specifically, the change of control clause may only be triggered (except for the specific cases permitted under the loan agreement) where an entity, or entities, acting in concert, other than ChemChina, Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or his close family members) and/or their subsidiaries and/or any person or persons acting in concert with one of them (a) hold a relative majority of votes in Pirelli; and (b) appoint or remove the majority of the members of Pirelli's Board of Directors.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his close family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.9. EUR 800 MILLION "SUSTAINABLE" CREDIT LINE

On 31 March 2020, Pirelli signed a new credit line in the amount of Euro 800 million, guaranteed by Pirelli Tyre, with a pool of leading Italian and international banks, with a maturity of five years. The new bank facility is entirely sustainable, i.e. it is subject to economic and environmental sustainability targets.

The New Loan agreement states, *inter alia*, that Pirelli shall be required to make early repayment of the part made available by each lender should certain events occur, including changes in Pirelli's control structure.

Specifically, the change of control clause may only be triggered (except for the specific cases permitted under the loan agreement) where an entity or entities acting in concert, other than ChemChina, Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting in concert with one of them (a) hold a relative majority of votes in Pirelli; and (b) appoint or remove the majority of the members of Pirelli's Board of Directors.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.10. EQUITY-LINKED BOND CALLED "EUR 500 MILLION SENIOR UNSECURED GUARANTEED EQUITY-LINKED BONDS DUE 2025"

On 22 December 2020, Pirelli completed the placement reserved for institutional investors of an equity-linked bond with a nominal amount of EUR 500,000,000, maturing on 22 December 2025, called "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025" guaranteed by Pirelli Tyre. The bonds were admitted for trading on the Vienna MTF – a multilateral trading facility managed by the Vienna Stock Exchange.

As resolved by the Shareholders' Meeting on 24 March 2021, the bonds, which are non-interest-bearing, will be able to be converted into ordinary shares of Pirelli subject to the approval by the latter's extraordinary Shareholders' Meeting of a capital increase, with the exclusion of option rights pursuant to art. 2441, paragraph 5, of the Italian Civil Code, to be reserved exclusively to service the conversion of said bonds.

The rules of the loan contained in the Trust Deed, including the Terms & Conditions (the "**Regulations**") provide, *inter alia*, that during the period of time set out in the Regulations, each bondholder shall be granted, at their choice, if a certified Company change of control should occur or if the free float of the Company's ordinary shares (calculated as specified in the Regulations) should drop below a pre-set threshold and should remain there for a certain number of open market days from the first day on which it has dropped below such level (so called free float event), alternatively: (i) the right to request early reimbursement at the bonds' nominal value, by exercising a put option; or (ii) acknowledgement of a new conversion price (if applicable even regulated based on the so-called cash settlement amount mechanism), lower than the original and based on the time between the event and the bonds expiring; all based on terms and procedures established in the Regulations.

In particular, the change of control can only be triggered (except in specific cases permitted under the Regulation) if any entity, other than ChemChina, Sinochem Group, SRF, Camfin, MTP&C (or any other company controlled by Mr Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting in concert with some of them, acquires the absolute majority of the shares with voting rights following a public offering to the shareholders, such that they hold or control the absolute majority of the voting rights in Pirelli; or if any person or persons acting in concert with any of them, other than ChemChina, Sinochem Group, SRF or Camfin, MTP&C, or any other company controlled by Mr Marco Tronchetti Provera or his family members, and/or by their subsidiaries and/or by any person or persons acting in concert with the latter, holds/controls the absolute majority of the voting rights of Pirelli.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.11. 2021 BILATERAL LOAN WITH INTESA SANPAOLO

On 11 November 2021, the Board of Directors authorised Pirelli to enter into a medium-long term variable-rate loan of Euro 400 million with Intesa Sanpaolo S.p.A. (as the lending bank). The new credit line is secured by Pirelli Tyre and subject to predetermined economic and environmental sustainability targets.

The loan agreement signed on 23 December 2021 stipulates, *inter alia*, that the Pirelli must repay the credit line early should

certain events occur, including changes in Pirelli's control structure.

In particular, the change of control can only be triggered (except in specific cases permitted under the loan agreement) if any entity, other than ChemChina, Sinochem Group, SRF, Camfin, MTP&C (or any other company controlled by Mr. Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting in concert with some of them, becomes the owner, in aggregate, of more than 50% of the voting rights granted by the Company shares.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

#### 2.6.12. MULTICURRENCY TERM AND REVOLVING LOAN 2022

On 11 November 2021, the Board of Directors also authorised Pirelli and Pirelli International Treasury to enter into a new medium/long-term unsecured variable-rate loan, divided into two credit lines guaranteed by Pirelli Tyre: one 'Term' and one 'Revolving', based on predetermined economic and environmental sustainability objectives, for a total amount no greater than Euro 1.6 billion, with a pool of lending banks.

On 21 February 2022, the respective loan agreement was signed with Unicredit S.p.A. as the agent bank, and a further 15 national and international lending banks; the agreement provides – *inter alia* – that Pirelli and Pirelli International Treasury shall be required to repay in advance the portion of the loan made available by each lender should certain events occur, including a change in Pirelli's control structure under terms and conditions which are the same as those set out in the bilateral loan signed with Intesa Sanpaolo on 23 December 2021

\* \* \*

For the sake of completeness, it should be specified that, in addition to the foregoing, as is common in the commercial context, some companies in the Pirelli Group have entered into contracts containing a change of control clause relating only to the shareholding that Pirelli holds in them, directly or indirectly. It should also be noted that, under the terms of certain local loans, any change of control of Pirelli could potentially trigger, in the absence of appropriate liability management initiatives, the early repayment of the respective amount disbursed locally and – in certain remote circumstances – may have a "cascading" effect on the central loan agreements, entailing the requirement to make early repayment of the respective amounts disbursed at Group level by virtue of the usual cross default/acceleration clauses provided therein.

#### 2.7. CLAUSES IN THE ARTICLES ABOUT PUBLIC OFFERS

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

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

With regard to the financial year ending 31 December 2021, please refer to section 2.1 for details of the capital increase resolved by the Shareholders' Meeting of 24 March 2021, to fund the conversion of a bond loan, when the Board of Directors – and, on its behalf its legal representatives *pro tempore*, including separately – was authorised to carry out the share capital increase determining, *inter alia*, in compliance with the provisions of the Regulations: (i) the exact issue price of the shares, and, in turn, the determination of the issue price; (ii) the exact number of shares to be issued, and, therefore, the exact exchange ratio, as necessary for the precise application of the provisions and criteria of the Regulations; it being understood that, should the share capital increase referred to above not be fully subscribed on 31 December 2025, the share capital shall be deemed to be increased by an amount equal to the subscriptions received.

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

## 3. Compliance

Pirelli adheres to the Corporate Governance Code, published on 31 January 2020, which is available to the public on the website of the Corporate Governance Committee, at the following link: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020-eng.en.pdf>.

The Company also took into account in the Report the collection of useful Q&As for the application of the Corporate Governance Code; these were published by the Corporate Governance Committee on 4 November 2020.

During the Year, the Company examined – with the support of the Audit, Risks, Sustainability and Corporate Governance Committee – the content of the Corporate Governance Code, assessing the potential impact on Pirelli's corporate governance system and identifying the areas of specific interest and possible actions to adapt its corporate practices. The outcome of this analysis demonstrated compliance with the principles and recommendations of the Corporate Governance Code.

The Report has essentially been prepared using the Borsa Italiana format.

On the Report Date, Pirelli is not subject to any non-Italian laws that might influence the corporate governance structure of the Company.



## 4. Board of Directors

### 4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors plays a central role in the guidance and management of the Company, and the pursuit of its sustainability success. Pursuant to art. 11 of the Articles, the Board of Directors manages the business and, for this purpose, exercises all the widest powers of management, except for those reserved by law or the Articles to the Shareholders' Meeting. Specifically, the Board of Directors:

- guides the Company in examining and approving the strategic, industrial and financial plans of the Company itself and of the Pirelli Group to achieve sustainable success, and monitor their implementation; for further details see section 4.4.3 of the Report regarding matters reserved for the exclusive competence of the Board of Directors (criteria for identifying operations of strategic importance);
- establishes the nature and level of risk compatible with the Company's strategic objectives (for further details see section 9 of the Report);
- adopts and sets the corporate governance guidelines and rules for the Company and Group companies (for further details see section 4.4.3 of the Report);
- ensures the correct management of corporate information through a structured compendium of rules and procedures for the internal management and external disclosure of documents and information concerning the Company, particularly regarding inside information (for further details see section 5 of the Report);
- promotes the most appropriate forms of dialogue with shareholders and other stakeholders relevant to the Company (for more details see section 14.1 of the Report).

### 4.2. APPOINTMENT AND REPLACEMENT OF DIRECTORS

Appointment: 22 June 2020  
Expiration date: 2022 Financial Statement approval

**Directors:** 15  
**Executive Director:** 2  
**Independent Directors:** 8

**Board committees:** 5

Strategies Committee - Appointments and Successions Committee - Related-Parties Transactions Committee - Remuneration Committee - Audit, Risks, Sustainability and Corporate Governance Committee

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

#### 4.2.1. APPOINTMENT AND REPLACEMENT

Pursuant to art. 10 of the Articles, the Company is managed by a Board of Directors made up of a maximum of fifteen members, who remain in office for three years and who may be re-elected.

The Board of Directors is appointed on the basis of slates presented by the shareholders, in which the candidates must each be listed with a sequence number. The Articles do not allow the outgoing Board of Directors to submit a slate for the appointment of directors.

The slates presented by shareholders, signed by those submitting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Shareholders' Meeting called to resolve in that regard. These slates are made available to the public at the registered offices, on the Website and in other ways prescribed by Consob regulation, at least twenty-one days prior to the date of the Meeting.

Each shareholder may present or contribute to the presentation of just one slate and each candidate may be included in just one slate, subject otherwise to becoming ineligible.

Shareholders are only entitled to present slates if, alone or together with other shareholders, they own shares in total representing at least 1% of the share capital entitled to vote at an Ordinary Meeting, or any lower amount specified in the applicable regulations, with the obligation to evidence their ownership of the number of shares needed for the presentation of slates by the deadline envisaged for the publication of such slates by the Company.

Each slate filed must be accompanied by acceptances of nomination and declarations from each candidate confirming, under their own responsibility, that there are no reasons making them ineligible for or incompatible with

the role, and that they satisfy any requirements established for the role concerned. These declarations must be accompanied by the *curriculum vitae* of each candidate, describing their personal and professional characteristics, indicating the administration and control appointments held by them in other companies and confirming their satisfaction of the independence requirements envisaged for the directors of listed companies by law or by the code of conduct adopted by the Company. In order to ensure gender balance, slates that contain three candidates must include candidates of different genders, whilst slates containing a number of candidates equal to or higher than four must contain a number of candidates of different gender at least matching the minimum laid down in current regulations, in accordance with the content of the notice of the Shareholders' Meeting. Any changes arising prior to the actual date of the Meeting must be promptly notified to the Company.

Any slates presented that do not comply with the above instructions will be treated as if not presented.

Each party entitled to vote may only vote for one slate.

The Board of Directors is appointed as follows:

- a) four-fifths of the directors to be elected are drawn from the slate that obtains the majority of the votes expressed by the shareholders, rounded down to the nearest whole number in the case of a fractional number;
- b) the remaining directors are drawn from the other slates, using the quotient method described in the Articles.

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 those slates has elected a director yet or all of them have elected the same number of directors, the candidate elected will be drawn from the slate that obtains the largest number of votes. In the event of a voting tie, again with more than one candidate obtaining the same quotient, the Shareholders' Meeting will vote again and the candidate who receives the largest number of votes will be elected.

If only one slate is presented, all the directors will be elected from that slate.

Should application of the slate voting mechanism not ensure the minimum number of directors belonging to the less represented gender set out by applicable law, the candidate belonging to the most represented gender and elected, indicated in the slate that obtained the largest number of votes, shall be replaced by the first candidate belonging to the less represented gender not already elected, drawn from that slate pursuant to the sequential order of presentation and so on, for each slate (solely for slates that contain three or more candidates) until the minimum number of directors belonging to the less represented gender has been obtained. If the above procedure does not ensure the result specified above, the replacement shall be made by resolution of the Shareholders' Meeting, adopted by the relative majority of the

votes expressed, following presentation of the candidacies of persons belonging to the less represented gender.

Should application of the slate voting mechanism not obtain the minimum number of independent directors envisaged by applicable law, the non-independent candidate elected indicated with the highest progressive number in the slate that obtained the largest number of votes shall be replaced by the first independent candidate not already elected from that slate following the sequential order of presentation, and so on for each slate until the minimum number of independent directors has been obtained, in all cases in compliance with the applicable law governing gender balance.

Loss of the independence requirements by a director is not a cause of removal if the number of directors still in possession of the legal independence requirements is not lower than the minimum specified by the laws and/or regulations in force.

For the appointment of directors who, for any reason, were not appointed in accordance with the slate voting mechanism, the Shareholders' Meeting shall adopt resolutions with the majorities required by law, without prejudice in all cases to compliance with the independence and gender balance requirements.

Should one or more directors cease to hold office during the financial year, they shall be replaced pursuant to art. 2386 of the Civil Code, without prejudice in any event to respect for the legislation on gender balance and the independence of the directors.

#### 4.3. COMPOSITION

The Board of Directors in office at the Report Date was appointed by the Shareholders' Meeting on 22 June 2020 and reflects the terms of the Shareholders' Agreement.

The Board of Directors is composed of 15 members. In particular:

- Chairman Ning Gaoning, Marco Tronchetti Provera (Executive Vice Chairman and Chief Executive Officer), Yang Xingqiang, Bai Xinping, Tao Haisu, Zhang Haitao, Domenico De Sole, Marisa Pappalardo, Giovanni Tronchetti Provera, Fan Xiaohua and Wei Yintao were appointed based on the slate submitted by MPI Italy S.r.l. together with Camfin, which obtained approximately 87% of the share capital votes represented at the Shareholders' Meeting;
- Directors Giovanni Lo Storto, Roberto Diacetti and Paola Boromei were appointed based on a slate submitted by a group of asset management companies and institutional investors that gained approximately 13% of the share capital votes represented at the Shareholders' Meeting;
- Director Giorgio Luca Bruno (Deputy-CEO) was appointed – at the proposal of the Board of Directors – by the Shareholders' Meeting of 15 June 2021, obtaining around 84% of the share capital votes represented at the Meeting.

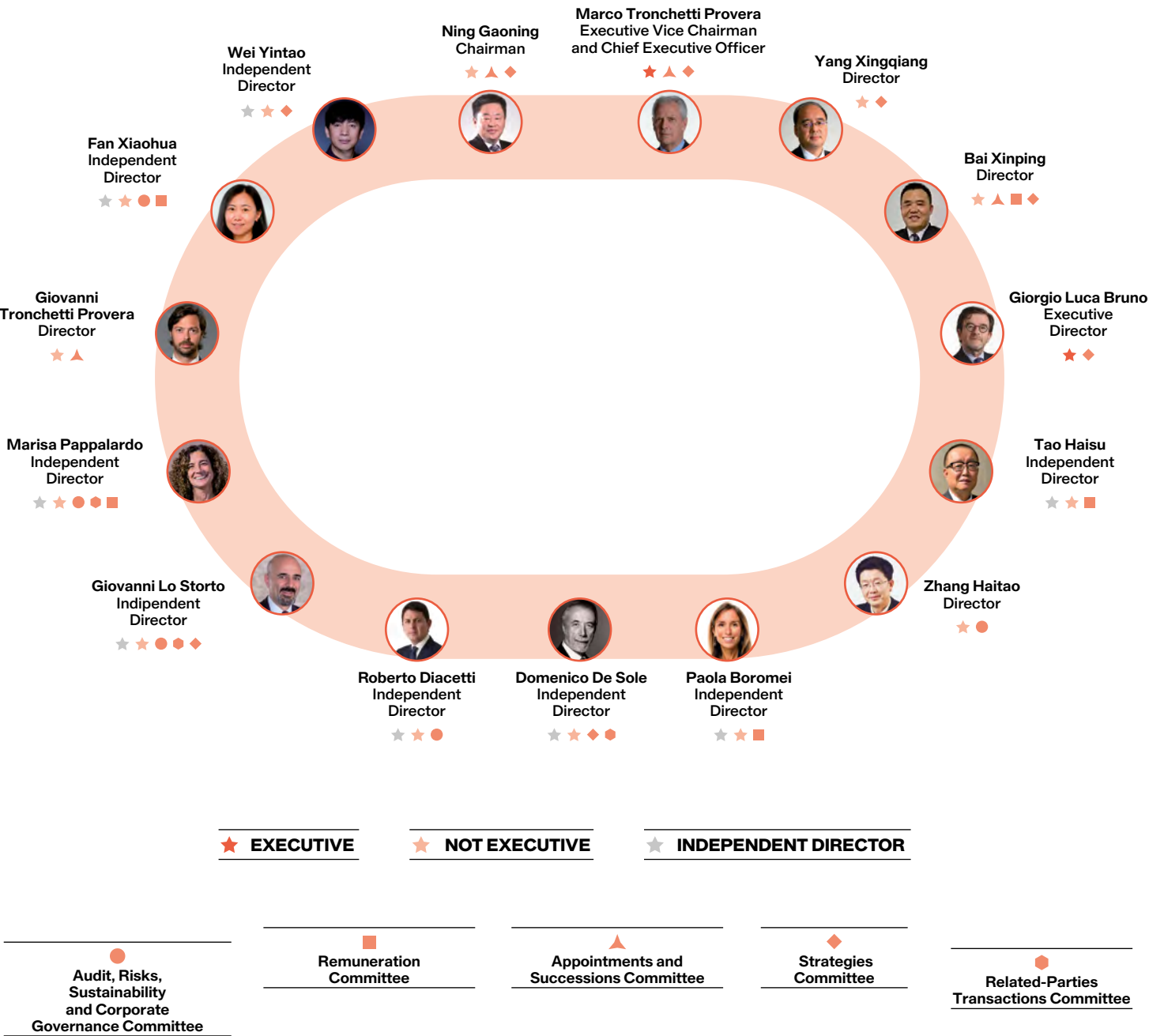
At the Report Date, 20% of Board members were female and the remaining 80% were male. Moreover, 27% are under the

age of 50. The average age of the members of the Board is approximately 57 years of age and the average age of the female members is approximately 51 years of age. The Directors' average time in office is about 4 years<sup>77</sup>.

At the Report Date, the majority of the Board of Directors is made up of independent directors, ensuring that they have significant weight in the adoption of board resolutions.

Table 2, annexed, provides the significant information on each member of the Board of Directors in office at the Report Date. In addition, a summary of their professional profiles, periodically updated, is available on the Website.

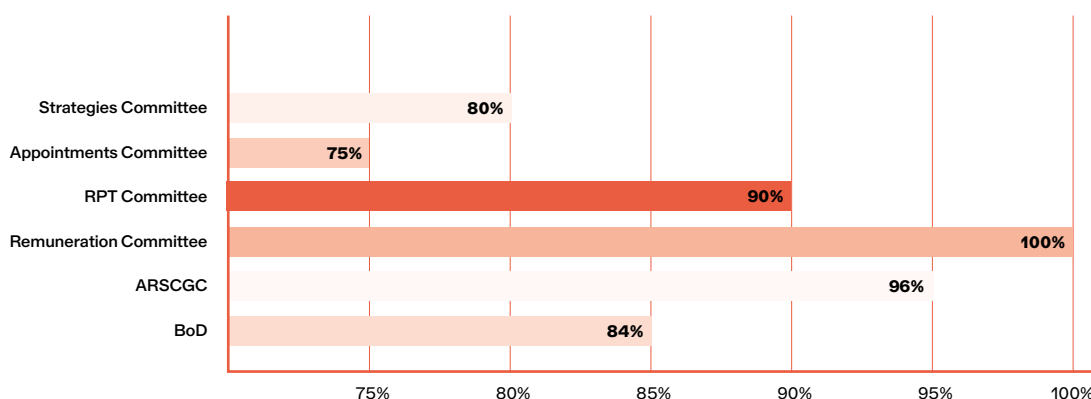
The following charts illustrate (i) the composition of the Board of Directors of the Company at the Report Date, as well as (ii) the average duration, (iii) the average shareholding and (iv) the number of meetings of the Board of Directors and each Committee during the Year.



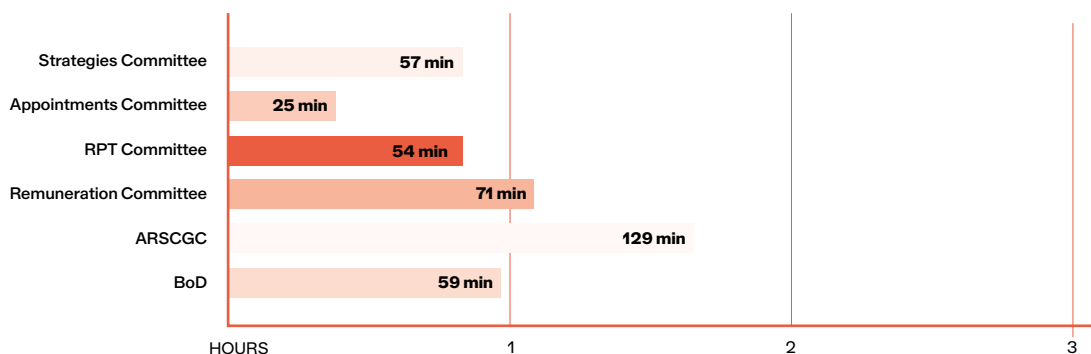
<sup>77</sup> It should be noted that for the purposes of calculating the tenure of the Board, the date of first appointment of each Director, indicated in Table 2, was considered.



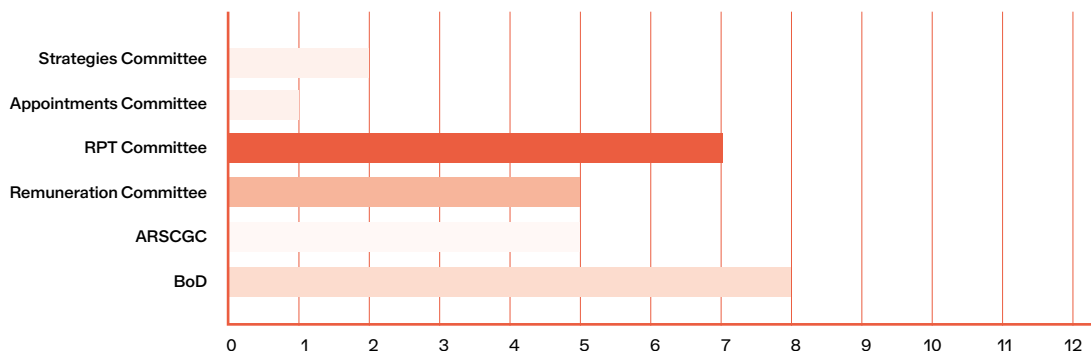
## AVERAGE PERCENTAGE OF ATTENDANCE TO THE MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



## AVERAGE LENGTH OF MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



### 4.3.1. DIVERSITY POLICIES

Pirelli is characterised by a multinational context in which people express a huge heritage of diversity. Conscious management of this diversity generates competitive advantages, opportunities for the development and enrichment of the business, and shared corporate values.

The respect of these values has always been guaranteed by the shareholders during the renewal of the Board of Directors - including the last renewal - in terms of age, gender, nationality, education and professional background and experience. This enables the Board to perform its duties in the most effective way, making use of the contributions made from different points of view, and to analyse individual situations from multiple perspectives.

On 14 February 2019, the Board of Directors – having obtained the favourable opinion of the Audit, Risks, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee – adopted a Diversity and Independence Statement in relation to the composition of the Board of Directors and Board of Statutory Auditors. The Company recommends that these values are respected when its own corporate bodies are being renewed or integrated, in line with the stated diversity and independence criteria. On

22 June 2020, when the administrative body was renewed, the newly-elected Board of Directors adopted the "Diversity and Independence Statement".

The Board of Directors - which avails itself of the opinions expressed by the Audit, Risks, Sustainability and Corporate Governance Committee and the Appointments and Successions Committee - is responsible for the qualitative assessment of the composition of the Board itself and the possible updating and amendment of the Diversity and Independence Statement.

In addition to the administration management and control bodies, the value of diversity characterises the entire business organisation, according to the terms and procedures outlined in the NFS Report published together with the Company's annual financial statements (which should be referred to for more information).

#### 4.3.2. LIMITATIONS ON THE NUMBER OF OFFICES HELD

Pursuant to the guidance adopted by the Board of Directors on 14 February 2019, subject to the favourable opinion of the Audit, Risks, Sustainability and Corporate Governance Committee and the Appointments and Succession Committee, it is not currently considered compatible with the duties of a Company director to be a director or statutory auditor of more than four other companies other than those subject to the direction and coordination of the Company, or its subsidiaries or affiliates, in the case of: (i) companies listed on the FTSE/MIB index (or equivalent foreign index); or (ii) Italian or foreign companies, subject to the supervision of the competent authorities, that carry out financial, banking or insurance activities. Furthermore, it is not considered compatible for the same director to hold more than three executive positions in companies of the types indicated in points (i) and (ii) above.

Positions held in several companies belonging to the same group are considered to be a single position and an executive position prevails over a non-executive position.

The Board of Directors is entitled to make a different assessment, properly motivated, to be published in the Report and explained appropriately therein.

The guidance regarding the maximum number of offices considered compatible with effective performance as a Company director was last supplemented with purely formal amendments to take into account the provisions of the Corporate Governance Code (replacing the previous provisions) and - together with the "Diversity and Independence Statement" referred to in the paragraph above - the documents were confirmed by the Board of Directors on 17 March 2022, subject to the favourable opinion by the Audit, Risks, Sustainability and Corporate Governance Committee.

Following review by the Audit, Risks, Sustainability and Corporate Governance Committee, each year the Board of Directors examines the positions held by each Director (based on the information provided by that person and/or on the other information available to the Company). At the Report Date, no Director holds a number of position higher than the number set

out in the policy adopted by the Company on 14 February 2019.

Annex A indicates the principal appointments held by the Directors in companies that do not belong to the Group at the Report Date.

#### 4.3.3. INDUCTION PROGRAMME

The Directors perform their duties autonomously and with competence, pursuing the priority objective of creating sustainable value over the medium-long term. They are aware of the responsibilities pertaining to their role and, like the Statutory Auditors, they are kept periodically informed by the competent business functions about the principal regulatory and self-regulatory changes affecting the Company and the performance of their duties.

Also during the Year, induction sessions were arranged, also with the support of the top management and, given the recent renovation of the Board of Statutory Auditors, an explanation was provided of the main characteristics of the activities of Pirelli and its Group and (including through the work of the committees) the reference legislative and regulatory framework and specific rules and procedures adopted by the Company.

The specific initiatives undertaken during the Year include the induction activities, held on 27 January, 13 July, 18 October and 15 December, which respectively covered issues relating to internal organisation, and specifically: (i) a description of the organisational structure and a focus on the compensation institutes adopted by the Company; (ii) the integration of sustainability issues in the Company's strategy; (iii) communication and cyber security strategies; (iv) the Company's digitalisation strategies; (v) issues relating to Research and Product Development as well as an illustration of the Company's strategies for business risk management. In this context, Directors (independent directors in particular) and Statutory Auditors had the opportunity to have direct encounters with the Company's principal managers (who as a rule normally attend the meetings of the Board of Directors and the committees).

#### 4.4. FUNCTIONING OF THE BOARD OF DIRECTORS

Meetings of the Board of Directors are called by the Chairman or his deputy and held at the registered offices, or in any another location specified in the notice of call, whenever deemed appropriate by the Chairman in the interests of the Company, or when requested in writing by the Chief Executive Officer or by one-fifth of the appointed Directors. Meetings of the Board of Directors may also be called by the Board of Statutory Auditors, or by each standing auditor, following notification sent to the Chairman of the Board of Directors.

During the Year the Board of Directors in office at the Report Date met eight times. The average duration of each meeting was approximately 59 minutes, with attendance by around 84% of the Directors and 98% of the Independent Directors. The Independent Directors were able to have informal meetings in the terms illustrated in the preceding paragraph. In view of the

health emergency, meetings during the year were held primarily via audio/video link.

For the 2021 financial year and for the current year, Pirelli disclosed a calendar of the main corporate events to the market (also available on the Website). For the 2022 financial year, the Board is scheduled to meet at least 5 times (at the Date of the Report two meetings had already been held).

The means of organisation and the internal functioning of the Board of Directors are governed by the Regulations on the Functioning of the Board of Directors adopted on 22 June 2020 in line with the recommendations of the Corporate Governance Code ("**Board Regulations**") available on the Website. The Board Regulations establish the deadlines for the prior submission of information and procedures for protecting the confidentiality of the data and information provided so as not to compromise the timeliness and completeness of the information flows.

In line with the Board Regulations, the Directors and Statutory Auditors received the documentation and information needed to express an informed opinion on the matters submitted for discussion within a reasonable and appropriate period in advance. As a rule, the documentation to be examined by the Board and Committees is sent ten days prior to the meeting unless specific requirements do not allow such timeframe: in such case, the documentation shall be sent as soon as it is available. In the limited and exceptional cases in which documentation could not be transmitted so far in advance (or was transmitted closer to the meeting), full information on the issue to be considered was provided directly during the meeting, thus ensuring that the Directors could make informed decisions. Particular attention is paid to ensuring that information remains confidential, by sending the documentation relating to the activities of the Board and its Committees using specific software that guarantees that access is reserved to the Directors and Statutory Auditors only. This is in line with best practice and with the recommendations of the Italian Corporate Governance Committee.

Taking account of the international composition of the Board of Directors, with the presence of multiple nationalities, it is also the Company's practice to proceed to send the documents to be considered by the Board and its Committees in the three languages (Italian, English and Chinese) commonly used by the Directors. Furthermore, for each meeting of the Board of Directors and Committees, participants are able to use a simultaneous translation of interventions made in the languages spoken by the attendees.

In order to facilitate minute taking, the Board meetings may be recorded; said recordings shall then be destroyed once the minutes have been transcribed into the applicable corporate register.

If the Chairman is absent or unavailable, upon request by the Chairman, the meeting may be chaired by the Vice Chairman or CEO, where appointed; should the latter also be absent or unavailable, another director, appointed by the majority of the attendees, may assume the Chair.

For the resolutions of the Board of Directors to be valid, a majority of its members must be present, and resolutions must obtain a majority of the votes expressed.

The Directors' growing awareness of the business reality and dynamics of the Company and the Group is enhanced by the attendance of top management at their meetings, which allows them to explore the matters on the agenda in appropriate depth.

The Articles establish that, until decided differently at a Shareholders' Meeting, the Directors are not bound by the prohibition contained in art. 2390 of the Civil Code.

#### 4.4.1. SECRETARY OF THE BOARD

In line with the recommendations of the Corporate Governance Code, the Board Regulations allow the Board of Directors to appoint the Secretary by assessing that he/she satisfies the necessary professional requirements. The Board Secretary supports the activities of the Chairman and/or Vice Chairman and provides impartial assistance and advice to the Board of Directors on all aspects relevant to the proper functioning of the corporate governance system. In particular, the Secretary shall support the Chairman and/or Vice Chairman of the Board of Directors, in order to ensure that:

- a) the pre-meeting information is accurate, complete and clear and the complementary information provided during meetings allows directors to act in an informed manner;
- b) the activities of the board committees are coordinated with the activities of the Board of Directors;
- c) the top management of the Company and of companies of the same Group may participate in board meetings, as well as the heads of the company departments in order to provide appropriate updates on the items on the agenda;
- d) after their appointment and during the mandate of the board, all Directors may participate in specific induction activities;
- e) the board evaluation is adequate and transparent.

#### 4.4.2. BOARD OF DIRECTORS SELF-ASSESSMENT PROCESS

Over the Year the Board of Directors started the process to evaluate its operation and the operation of its Committees (board performance evaluation) for the 2021 financial year. In proceeding with its assessment process, the Board was also assisted, as usual, by a primary independent consulting firm specialised in this area (SpencerStuart). The self-assessment process was carried out through individual interviews with questions about the size, composition and operation of the Board of Directors. All members of the Board of Directors participated in the self-assessment process.

The analysis of the results of the aforementioned board performance evaluation evidenced a broadly positive situation. In fact, a very high level of overall appreciation was reported, in line with the previous financial year. In particular, the Directors expressed full satisfaction and appreciation of the size, composition and operation of the Board of Directors and its Committees. It was also highlighted that the Board operates in compliance with the Corporate Governance Code and with both Italian and international best practice. Moreover, the areas of excellence that had emerged during the previous financial year's self-assessment activities have been confirmed overall.



The areas for which the most appreciation was reported are outlined below:

- the effectiveness of the support provided by the Secretary of the Board;
- appropriate preparation of the Agendas to support Board meetings, which prove to be complete with all the topics that need to be brought to the attention of the Board;
- high quality of the documentation supporting the Board of Directors' meetings, considered clear and complete;
- high quality of the minutes of the works of the Board of Directors and the Committees, which prove to be accurate and complete with respect to the progress of the meetings;
- a guarantee of confidentiality regarding the issues dealt with;
- effectiveness of the activities put in place to manage the pandemic situation;
- effectiveness, continuity and transparency of the exchange of information on corporate strategy between Directors and management;
- appropriate frequency and duration of meetings.

The Directors particularly appreciated: (i) the mix of skills, (ii) the authority and commitment by the VP and CEO in guiding the works of the Board and (iii) the relationship with management based on openness, transparency and positivity aimed at providing constant support to the needs put forward by the Directors concerning a progressive deepening of their knowledge of the business, achieved through the preparation of presentations focused on the most relevant aspects, and (iv) the Company's attention to sustainability topics, ensuring their systematic integration with Pirelli's development plans.

The investigation also produced a number of suggestions for further improving the operation of the Board, including, in particular, (i) striking an adequate balance in the time devoted to presentation and debate during Committee and Board meetings, and developing opportunities for informal meetings of the directors, so as to encourage reciprocal knowledge and further strengthen interpersonal relations and team spirit as well as a constant exchange of ideas and personal contributions and (ii) greater attention and focus by the Board on sustainability topics, including, in particular, occupational health and safety as well as responsible procurement and end-of-cycle tyre recycling issues.

The Audit, Risks, Sustainability and Corporate Governance Committee played a leading role in the board performance evaluation and shared the results in advance at the meeting of 14 March 2022, which were subsequently submitted to the Board of Directors.

#### 4.4.3. MATTERS FOR THE BOD

In accordance with the Articles, the Shareholders' Meeting requires a qualified majority (i.e. favourable votes by shareholders representing at least 90% of the share capital of the Company) for the Board to be authorised to resolve on the following issues:

- transfer of the operational and administrative headquarters outside of the municipality of Milan;

- any transfer and/or deed of disposition, in any form, of Pirelli know-how (including the granting of licences).

On 22 June 2020, the Board of Directors established that all resolutions regarding the following matters, proposed by Pirelli and/or by any company subject to direction and coordination by Pirelli (excluding intergroup transactions) must (also as an internal restriction of the power granted to the Chief Executive Office on that date) be approved by the Board of Directors of the Company:

- (i) assumption or concession of loans worth more than Euro 200,000,000 and with a term of more than 12 months;
- (ii) issue of financial instruments for listing on a European or non-European stock market for a value in excess of Euro 100,000,000 and revocation from listing of such instruments;
- (iii) concession of guarantees in the favour of third parties for amounts in excess of Euro 100,000,000. For the sake of completeness, please note that the concession of guarantees in the interests of third parties other than the Company, its subsidiaries and joint ventures, must be subject, in any case, to the approval of the Pirelli Board of Directors;
- (iv) signing derivative contracts (a) with a notional value higher than Euro 250,000,000 and (b) except for those having the sole object and/or effect of hedging corporate risks (e.g. interest-rate risk, exchange-rate risk, commodity market risk). For the sake of completeness, please note that the stipulation of speculative derivative contracts is in any case subject to the approval of the Pirelli Board of Directors;
- (v) purchase or sale of equity investments in subsidiary and affiliates for an amount higher than Euro 40,000,000, which involve entering into (or exiting from) geographical and/or commodity markets;
- (vi) purchase or sale of equity investments other than those described at point (v) above for an amount higher than Euro 40,000,000;
- (vii) purchase or sale of businesses or business units that have strategic importance or, in any case, a value of more than Euro 40,000,000;
- (viii) purchase or sale of fixed and other assets that have strategic importance or, in any case, a value of more than Euro 40,000,000;
- (ix) carrying out transactions of greater significance with related parties, using the term "related party transactions" to mean those satisfying the conditions envisaged in Annex 1 to the "Related Party Transactions Procedure" approved by the Pirelli Board of Directors on 3 November 2010, as amended over time;
- (x) definition of Pirelli's remuneration policy;
- (xi) determination of the remuneration of CEOs and directors holding special offices, in compliance with Pirelli's internal policies and applicable regulations;
- (xii) and, where required, the allocation of the total remuneration set by the Shareholders' Meeting among Board members;
- (xiii) approval of the strategic, industrial and financial plans of Pirelli and the group;
- (xiv) adoption of corporate governance rules for Pirelli and

defining guidelines for the corporate governance of the group;

- (xv) definition of guidelines for the internal control system, including the appointment of a Director responsible for overseeing the internal control system, determining the related powers and duties;
- (xvi) any other matter deemed to be responsibility of the board of directors of a listed company by the Corporate Governance Code promoted by Borsa Italiana<sup>78</sup>, as amended from time to time.

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

As required by the Corporate Governance Code<sup>79</sup>, the Board of Directors gave a positive assessment of the adequacy of the Company's organisational, administrative and accounting systems and structure, with particular reference to the system of internal control and risk management, referring to the analytical work carried out by the Audit, Risks, Sustainability and Corporate Governance Committee.

The Board has also evaluated the general results of operations, taking into particular account the information received from delegated bodies and comparing periodically, at least every quarter, the results obtained with those planned.

The Board of Directors – also in light of the considerations set out in the Letter from the Chairman of the Borsa Italiana Corporate Governance Committee (see section 18 of the Report) – deemed the Company's current Bylaw provisions and practices to be adequate for effective governance of the Company and for achieving the Company's interests.

#### 4.5. EXECUTIVE DIRECTORS

With resolution dated 22 June 2020, the Board of Directors granted the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera with all the powers necessary to carry out deeds relating to all aspects of corporate activity, without any exceptions aside from those that the law or the Articles reserve to the Board of Directors; all with the power to grant special and general powers of attorney that give the representative the right to sign on behalf of the Company, either separately or together with others, and all other powers deemed appropriate by him in the best interests of the Company, including the right to sub-delegate. In particular, the Executive Vice Chairman and Chief

Executive Officer Marco Tronchetti Provera was granted:

- a) exclusive powers of ordinary management of Pirelli and the Group both for Pirelli and any other company (including non-listed foreign companies) under Pirelli's management and coordination, with the following internal limitations, i.e. with the attribution of the relevant competence to the Board of Directors where:
    - (ii) the threshold amounts envisaged for each of the matters indicated in section 4.4.3 are exceeded; or
    - (iii) for the matters listed from (i) to (viii) in section 4.4.3 above, the amounts indicated in the business plan and/or the annual budget are exceeded; or
    - (iv) for the matters listed from (i) to (viii) in section 4.4.3 above, they were not included, listed or envisaged in the business plan or the annual budget; and
  - b) the powers for the supervision and implementation by the General Manager and Management team of the business plan and the power to propose to the Board of Directors adoption of the following resolutions (together, the **"Significant Matters"**):
    - (iii) approval of the business plan and the annual budget of the Company and the Group, as well as all significant changes to those documents. The business plan and annual budget must: (a) address certain operational and financial aspects of Pirelli including, but not limited to, identifying all sources of funding for such business plans and budgets, as well as the decisions about the industrial initiatives underlying the business plan and annual budget; and (b) be accompanied and supported by adequate and suitable documentation describing the items contained therein;
    - (iv) any resolutions regarding industrial partnerships or strategic joint ventures to which Pirelli and/or any Group company are party, in all cases following examination by the Strategies Committee,
- it being understood that: (a) the power to pass resolution on Significant Matters is reserved solely for the Board of Directors and/or the Shareholders' Meeting, as applicable; and (b) should the Board of Directors not approve the proposal of the Executive Vice Chairman and Chief Executive Officer, the respective resolution must be justified and, in any case, take into account the Company's best interests.

The Executive Vice Chairman and Chief Executive Officer hold the power to propose to the Board the appointment and revocation from the office of Key managers of Pirelli, as identified in accordance with the related internal procedure and, therefore, the following Pirelli employees: (i) the General Manager; (ii) the Manager responsible for drawing up corporate financial documents; (iii) all positions currently defined as Executive Vice President and (iv) the Secretary of the Company's Board of Directors.

The Chief Executive Officer ordinarily reports on the activity carried out during board meetings.

In light of the above, Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera is identified as executive director.

78 Refer here to the Corporate Governance Code.  
79 See Recommendation 33 (a).

On 15 June 2021, by resolution of the Board of Directors, Mr Giorgio Luca Bruno was appointed Deputy-CEO of the Company and, at the same time, was granted powers for the Company's operational management, to be exercised vicariously. As such, Deputy-CEO Giorgio Luca Bruno is qualified as an executive director.

At the Report Date, it should be noted that in addition to the Executive Vice Chairman, Chief Executive Officer and Deputy-CEO, Pirelli classifies as executive directors those directors who at the same time qualify as Key Managers of the Company where present, or Directors who also hold office as Chief Executive Officer or Executive Chairman of Pirelli's main subsidiaries<sup>80</sup>.

It should also be noted that the office of the Chairman of the Board of Directors does not qualify as 'executive' given the governance structure and powers granted to the Executive Deputy Chairman and Chief Executive Officer.

#### 4.6. INDEPENDENT DIRECTORS

At the Report Date, eight of the fifteen members (and therefore over 50%) of the Board of Directors satisfied the requirements to qualify as independent pursuant to the Corporate Governance Code and the TUF, namely: Paola Boromei, Domenico De Sole, Roberto Diacetti, Tao Haisu, Giovanni Lo Storto, Marisa Pappalardo, Fan Xiaohua and Wei Yintao. Upon appointment and thereafter on at least an annual basis, the Board evaluates whether or not members meet and/or retain the requirements of independence specified in the Corporate Governance Code and the TUF for non-executive directors who qualify as independent. This check – which takes account not only of the information provided by the directors themselves but also further information that might be available to the Company, referring to the requirements set out in the TUF, as well as to those recommended in the Corporate Governance Code – was most recently carried out during the board meeting on 17 March 2022.

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

At the same time as the assessments made by the Board of Directors, the Board of Statutory Auditors confirmed that, in line with the recommendations of the Corporate Governance Code, it had verified the proper application of the assessment criteria and ascertainment procedures adopted by the Board of Directors to assess the independence of its members.

On 25 February 2021, the Board of Directors – upon the proposal of the Audit, Risks, Sustainability and Corporate Governance Committee – approved the "Statement regarding independence" to pre-establish the qualitative and quantitative criteria to be used in assessing the independence of Directors and Statutory Auditors.

Said Statement: (i) establishes the qualitative and quantitative criteria used to assess the independence of directors for the purposes of the Corporate Governance Code and, in particular, the parameters of significance of any economic, professional or financial relationship pertaining to directors whose independence is being assessed; and (ii) explains in detail certain interpretative criteria relating to the other cases of independence referred to in the Corporate Governance Code, including the notion of "significant additional remuneration".

In particular, the Company's Board of Directors has set the following thresholds of significance for the relationships under examination:

- with reference to the concept of "significant business, financial or professional relationship" as per letter c) above, this includes advisory roles or any other role – with the exception of non-executive corporate offices held within the group, relevant for the significant additional remuneration according to the criteria indicated below – that has led, for the director or statutory auditor whose independence is being examined, or their close family members, to economic compensation in the calendar year greater than (i) Euro 300 thousand in the case of relationships held with undertakings or organisations, over which the director, statutory auditor or close family member has control or is a relevant member, or of the professional firm or association or advisory company where such individuals are a partner, shareholder or associate, in the case of a relationship held with these undertakings, organisations, advisory companies or professional firms and associations; (ii) Euro 100 thousand for relationships held directly with natural persons. In the case of a partnership in a professional firm or consulting company, the possible impacts on the position and role of the person under examination should be assessed;
- with regard to the concept of "additional significant remuneration" referred to in Recommendation 7(d) of the Corporate Governance Code, this includes all remuneration paid for whatever reason during the calendar year, by the Company, by a (direct or indirect) subsidiary or parent company of the Company, that cumulatively exceeds the total amount of remuneration for the office or remuneration for participation in board committees paid to the director, and of remuneration for the office of member of the Board of Statutory Auditors, whose independence is being assessed.

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

Considering the above, the powers system, the share ownership structure and the provisions on this subject set out in the Corporate Governance Code, independent directors have not yet deemed it necessary to make a proposal to the Board of Directors to appoint a lead independent director.

The independent and non-executive directors contribute to the Board and committee discussions, bringing their specific

<sup>80</sup> For the sake of completeness, it should be noted that Giovanni Tronchetti Provera is a senior manager of the Company.

skills, and, given their number, have a decisive weight in the decision-making process of the Board of Directors and the committees in which they take part.

Independent directors meet at least once a year in the absence of the other directors, in order to analyse issues of particular importance, such as the functioning of the Board of Directors or company management.

During the Year, the independent directors met for the induction sessions arranged by the Company (referred to in section 4.3.3 above).

## 5. Processing of corporate information

Pirelli has adopted and consolidated over time a compendium of rules and procedures for the proper management of corporate information, in compliance with the regulations applicable to the various types of data.

With reference to the prevention of market abuses, the Board of Directors of Pirelli has adopted a procedure for defining the principles and rules for preventing such abuses by Pirelli, Group companies and their related parties (the **"Market Abuse Procedure"**).

In particular, the Market Abuse Procedure (available on the Website) governs: (a) the management of "significant information", meaning information that may become "inside information" pursuant to art. 7 of Regulation (EU) 596/2014 (**"Inside Information"**); (b) the management and communication to the public of Inside Information; (c) the creation, keeping and updating of the register of persons who, in view of their working or professional activities or the functions they perform, have access to Inside Information; (d) the obligations regarding transactions in the shares of the Company, credit instruments issued by the Company and the derivative or other financial instruments linked to them, by parties deemed to be senior decision-makers ("internal dealing"); (e) the operational procedures and scope of application of the prohibition imposed on the Company and the persons who perform administrative, control or management functions for the Company regarding the execution of transactions in Pirelli shares, credit instruments issued by Pirelli and the derivative or other financial instruments linked to them during predetermined periods ("black out periods"); (f) any market soundings carried out or received in compliance with art. 11 of Regulation (EU) 596/2014 and the related enabling regulations.

The Market Abuse Procedure also defines rules for transactions carried out by *"Significant Parties"* or by *"Persons Closely Related to Significant Parties"* in financial instruments

issued by the Company, with an annual amount of at least Euro 20,000, in compliance with the applicable current regulations. In this regard, a black-out period of 30 calendar days is imposed prior to the announcement by the Company of the data contained in the annual, half-yearly and periodic financial reports required by the legislation in force at the time<sup>81</sup>, during which the relevant persons referred to in the procedure are expressly forbidden from carrying out transactions on such financial instruments.

## 6. Board Committees

The role of the board committees is to carry out analyses for, make recommendations to and/or give advice to the Board in relation to matters deemed worthy of further investigation, in order to ensure that there is an effective and informed exchange of opinions about them.

Given also the recommendations and principles contained in the Corporate Governance Code, at the meeting on 22 June 2020 the Company's Board of Directors established the Strategies Committee, the Appointments and Succession Committee, the Audit, Risks, Sustainability and Corporate Governance Committee, the Remuneration Committee and the Related-Party Transactions Committee.

The composition of the Related-Party Transactions Committee was amended by way of a subsequent resolution passed on 5 August 2020 following the resignation of Director Secchi as of the same date. Moreover, the composition of the Strategies Committee was amended following the resignation of Angelos Papadimitriou (previously coopted) as of 24 March 2021 and, subsequently supplemented with the appointment of Director Giorgio Luca Bruno as a member of the Committee as of 15 June 2021.

When choosing the Committee members, the Board of Directors considered as a priority the skills and experience acquired by each director in the subjects under discussion, distributing the appointments in order to avoid an excessive concentration of appointments being held by a limited number of people and to encourage the exchange of multiple viewpoints and perspectives.

### 6.1. FUNCTIONING OF COMMITTEES

The Committees are appointed by the Board of Directors (which also designates its Chairman and approves its rules of procedure) and remain in office for the entire mandate of the Board, meeting whenever deemed appropriate by the Committee Chairman, or when requested by at least one member, by the Chairman of the Board of Directors or by the Chief Executive Officer and, in any case, with the frequency needed to properly carry out their functions.

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



The Strategies Committee meets at least quarterly and in any case prior to the Board of Directors meeting called to approve the annual budget and/or the business plan, receiving the related documentation at least 3 days prior to the meeting.

The Secretary of each Committee is the Secretary to the Board. The meetings of the Committees shall be convened by notice sent to the participants by its Chairman or by the Secretary of the Committee by the Chairman.

The documentation is sent in good time to all members of the relevant Committee so that they can participate in the meeting in an informed manner (as a rule 10 days prior to the meeting).

Committee meetings are quorate when attended by the majority of appointed members and resolutions are adopted by the majority of those present. With regard to the meetings of the Appointments and Succession Committee regarding the succession of the Chief Executive Officer, the CEO casts the deciding vote in the event of a voting tie.

Committee meetings may be held by conference call; their minutes are taken by the Committee Secretary and recorded in the related minute book.

Committees - which may make use of external advisers in carrying out their functions - are granted adequate financial resources to perform their tasks with spending autonomy. The Related-Party Transactions Committee is entitled to obtain assistance, at the expense of the Company, from one or more independent experts selected by the Committee.

Committees are entitled to access relevant business information and company departments in the performance of their tasks, with support from the Secretary to the Board of Directors for this purpose.

The entire Board of Statutory Auditors is entitled to participate in the activities of the Audit, Risks, Sustainability and Corporate Governance Committee, Remuneration Committee and RPT Committee.

One member of the Board of Statutory Auditors is invited to attend the meetings of the Appointments and Succession Committee and Strategies Committee (usually the Chairman).

Further information about the number of meetings held by each Committee during the Year and about the attendance of each member at those meetings can be found in Table 3 annexed to this Report.

## 6.2. STRATEGIES COMMITTEE

### STRATEGIES COMMITTEE

	NAME AND SURNAME	OFFICE
	Ning Gaoning	Chairman of the Board of Director
	Marco Tronchetti Provera	Executive Vice Chairman and Chief Executive Officer
	Yang Xingqiang	Director
	Bai Xinping	Director
	Giorgio Luca Bruno	Executive Director
	Domenico De Sole	Independent Director
	Giovanni Lo Storto	Independent Director
	Wei Yintao	Independent Director

At the Report Date, the Strategies Committee is made up of 8 directors (including 3 independent directors): Marco Tronchetti Provera (Chairman of the Committee), Ning Gaoning, Yang Xingqiang, Giorgio Luca Bruno, Bai Xinping, Domenico De Sole, Giovanni Lo Storto and Wei Yintao.

The Strategies Committee has consultative and advisory functions in the definition of strategic guidelines and for the identification and definition of the terms and conditions of the individual operations of strategic importance. In particular, the Strategies Committee:

- supports the Board of Directors in examining the business plans of the Company and the Group, also based on an analysis of the relevant topics for value generation in the long term;
- helps the Board to assess transactions, initiatives and activities of strategic importance including, in particular:
  - entry into new geographical markets and businesses;
  - industrial alliances (e.g. joint ventures);
  - special transactions (mergers, spin-offs, capital increases and capital reductions, except for those to cover losses);
  - investment projects;
  - industrial and/or financial restructuring projects and programmes.
- examines periodically the organisational structure of the Company and the Group, presenting any suggestions and opinions to the Board;

- monitors and assesses managements' achievement of the Group's economic-financial targets over time on the basis of the information flows procedure set out below, proposing to the Board of Directors any actions and/or the adoption of corrections to achieve the economic-financial targets approved by the Board of Directors.

It is required that the Strategies Committee be the recipient of a specific and continuous flow of information from the Chief Executive Officer, assisted by the Secretary of the Company's Board of Directors for such purposes.

### 6.3. RELATED-PARTIES TRANSACTIONS COMMITTEE

#### RPT COMMITTEE

	NAME AND SURNAME	OFFICE
	Marisa Pappalardo	Independent Director
	Domenico De Sole	Independent Director
	Giovanni Lo Storto	Independent Director

At the Report Date, the Related-Parties Transactions Committee is made up of 3 independent directors: Marisa Pappalardo (Chairman of the Committee), Domenico De Sole and Giovanni Lo Storto.

The Related-Parties Transactions Committee has consultative and advisory functions in relation to related-parties transactions in the terms laid down in the current regulations and the Procedure for Related-Parties Transactions (see section 10).

## 7. Succession of Directors - Appointments and Succession Committee

### APPOINTMENTS COMMITTEE

	NAME AND SURNAME	OFFICE
	Ning Gaoning	Chairman of the Board of Director
	Marco Tronchetti Provera	Executive Vice Chairman and Chief Executive Officer
	Bai Xinping	Director
	Giovanni Tronchetti Provera	Director

At the Report Date, the Appointments and Succession Committee is composed of 4 members: Marco Tronchetti Provera (Chairman of the Committee), Ning Gaoning, Giovanni Tronchetti Provera and Bai Xinping. As an exception to the Corporate Governance Code, the majority of members of this committee are non-executive directors (albeit not independent). This is because the committee addresses not only matters relating to appointments, but also those regarding top management succession; in addition, committee membership takes account of the fact that the Shareholders' Agreement has established a structured procedure for identifying the successor to Marco Tronchetti Provera as the Chief Executive Officer of Pirelli (see section 7.1 below).

In particular, the Appointments and Succession Committee:

- prepares opinions for the Board of Directors on the size and composition of the Board and makes recommendations about the professional roles whose presence on the Board is deemed appropriate;
- prepares opinions for the Board of Directors on the adoption and/or amendment by the Board of its orientation towards the number of appointments considered compatible with effective performance as a director of the Company;
- makes recommendations to the Board of Directors about any issues regarding application of the prohibition of competition envisaged in art. 2390 of the Italian Civil Code, should the Shareholders' Meeting - for organisational reasons - authorise in advance, on a general basis, exceptions to this prohibition;
- recommends candidates to the Board of Directors where it is necessary to co-opt new Directors;
- makes recommendations to the Board of Directors on any "emergency" succession plans for the most senior decision-makers;
- prepares opinions for the Board of Directors on the appointment (by co-option or otherwise) of candidates to the position of Chief Executive Officer;
- upon proposal of the Chief Executive Officer, identifies criteria for the succession plans covering top and senior management in general, in order to guarantee the continuity of business strategies.

It is noted that the task of overseeing the self-assessment process of the Board of Directors and Board of Statutory Auditors has been assigned to the Audit, Risks, Sustainability and Corporate Governance Committee.

#### 7.1. SUCCESSION PLANS

As per the Shareholders' Agreement, and to ensure the continuity of the Pirelli business culture, Marco Tronchetti Provera has been granted a leading role in the procedure for identifying his successor as the CEO of Pirelli.



On 26 July 2019, the Board of Directors of Pirelli detailed the procedure for the succession of Marco Tronchetti Provera in relation to the position he currently holds (the “**Succession Procedure**”). In particular, Pirelli’s Executive Vice Chairman and Chief Executive Officer will continue and complete the procedure for identifying his successor by 31 October 2022 so as to ensure a smooth transition. Where: (i) Marco Tronchetti Provera does not specify a candidate to the Appointments and Succession Committee or (ii) Marco Tronchetti Provera is for any reason unable to complete the aforementioned activities and the member appointed by MTP&C to the Appointments and Succession Committee, as specified by MTP&C, does not specify a candidate to the Appointments and Succession Committee, the foregoing provisions will cease to be effective and, as a result, CNRC may freely choose and propose its own successor candidate and include that candidate on the slate for the appointment of Pirelli’s new Board of Directors.

Following the completion of the succession procedure referred to above and the identification of the candidate, CNRC (and MTP&C to the extent possible) must (i) ensure that Pirelli’s shareholders’ meeting for the approval the financial statements at 31 December 2022 and for the appointment of the new Board takes place before the end of the third year following publication of the notice of call issued for the Pirelli shareholders’ meeting for the approval of the Company’s financial statements at 31 December 2019<sup>82</sup>, (ii) include the proposed candidate on the slate for appointment of Pirelli’s new Board of Directors and (iii) ensure, to the extent possible, that the non-independent directors vote at the first board meeting – to be held by the aforementioned deadline – for the proposed candidate as Pirelli’s new Chief Executive Officer. The procedure for the succession of Marco Tronchetti Provera was most recently confirmed and adopted by the Board of Directors on 22 June 2020.

## 8. Remuneration Committee and Directors’ remuneration

### REMUNERATION COMMITTEE

	NAME AND SURNAME	OFFICE
	Bai Xinping	Director
	Paola Boromei	Independent Director
	Fan Xiaohua	Independent Director
	Marisa Pappalardo	Independent Director
	Tao Haisu	Independent Director

Information about the 2022 remuneration policy and remuneration paid in 2021, and about the duties performed by the Remuneration Committee, can be found in the Remuneration Report drawn up pursuant to art. 123-ter TUF, which is made available to the public as envisaged by current laws and regulations, including by publication on the Website. It should be noted that said document also includes the information required by Article 123-bis, paragraph 1, letter i) of the TUF.

<sup>82</sup> Occurred on 28 April 2020.

## 9. System of internal control and risk management - Audit, Risks, Sustainability and Corporate Governance Committee

The Company's internal control and risk management system is designed to contribute to the operation of a healthy and proper business, consistent with the objectives established by the Board of Directors, by identifying, managing and monitoring the principal risks faced by the Company. The internal control and risk management system allows the principal risks, and the reliability, accuracy, trustworthiness and timeliness of financial reporting to be identified, measured, managed and monitored.

Responsibility for the adoption of an adequate internal control and risk management system lies with the Board of Directors which, with the support of the Audit, Risks, Sustainability and Corporate Governance Committee, carries out the tasks assigned to it in the Corporate Governance Code. In particular, after consulting with the Audit, Risks, Sustainability and Corporate Governance Committee, the Board of Directors:

- (i) analyses and approves the compliance and audit plans scheduled for the following financial year;
- (ii) supervises the risk management process to ensure that the risks assumed in the course of business are in line with the Company's strategies; to this end, it establishes a risk appetite and sets guidelines for managing risks that may jeopardise the achievement of the Company's objectives, assessing their adequacy at least once a year;
- (iii) takes note of the risk analysis carried out by the Company's offices on a quarterly basis and of the risk assessment at least on the launch of the annual business plans and budgets;
- (iv) takes note of the progress of the tax risk monitoring and mitigation activities, as well as (at least annually) the tax operating plan and (every three years) the strategic tax plan.

The implementation of the strategies and guidelines adopted by the Board of Directors is then ensured by a pyramid structure of the departments involved in drafting the plans and activities mentioned above, thanks to constant interaction between the Board itself and the Company's top management which directs its work.

A more complete description of Pirelli's internal control

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

### 9.1. DUTIES OF THE CHIEF EXECUTIVE OFFICER IN RELATION TO THE ESTABLISHMENT AND MAINTENANCE OF THE INTERNAL CONTROL SYSTEM

In its meeting of 22 June 2020, the Board of Directors appointed Mr Marco Tronchetti Provera as the person in charge of setting up and maintaining the internal control and risk management system.

The Executive Vice Chairman and Chief Executive Officer is tasked with supervising the functioning of the system of internal control and risk management and implementing the respective guidelines established by the Board of Directors, with support from the Audit, Risks, Sustainability and Corporate Governance Committee, ensuring that all actions necessary for the implementation of the system are taken. In line with the recommendations of the Corporate Governance Code, he/she:

- ensures that the principal business risks are identified, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, and submits them periodically to the Board of Directors for review;
- authorises execution of the guidelines formulated by the Board of Directors, supervising the design, implementation and management of the internal control and risk management system and constantly monitoring its adequacy and effectiveness;
- ensures that this system is adapted to any changes in operating conditions and the legislative and regulatory framework;
- may ask the internal audit function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, while simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Audit, Risks, Sustainability and Corporate Governance Committee and the Chairman of the Board of Statutory Auditors; and
- reports promptly to the Audit, Risks, Sustainability and Corporate Governance Committee on issues and critical situations identified during his work or otherwise brought to his attention, so that the Committee can take appropriate action.

## 9.2. AUDIT, RISKS, SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

### ARSCGC

	NAME AND SURNAME	OFFICE
	Fan Xiaohua	Independent Director
	Zhang Haitao	Director
	Roberto Diacetti	Independent Director
	Giovanni Lo Storto	Independent Director
	Marisa Pappalardo	Independent Director

At the Report Date, the Audit, Risks, Sustainability and Corporate Governance Committee was made up of 5 directors (four of whom are independent): Fan Xiaohua (Chairman of the Committee), Zhang Haitao, Roberto Diacetti, Giovanni Lo Storto and Marisa Pappalardo. Directors Fan, Diacetti and Lo Storto have adequate experience in accounting and finance or in risk management.

The Audit, Risks, Sustainability and Corporate Governance Committee, which incorporates the functions of the “control and risks committee”, helps the Board of Directors to assess and make decisions relating to the internal control and risk management system, as well as the approval of periodic financial reports. In particular, the Audit, Risks, Sustainability and Corporate Governance Committee:

- assists the Board of Directors with:
  - a) defining guidelines for the internal control and risk management system, in keeping with the Company's strategies;
  - b) evaluating, at least once a year, the adequacy of the internal control and risk management system with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness;
  - c) appointing and removing the head of the Internal Audit department, defining the remuneration of this figure in line with the company's policies, ensuring that the same has adequate resources to perform its duties;
  - d) approving, at least once a year, the work plan drawn up by the head of the internal audit department and the head of the compliance department, after consulting with the control body and Chief Executive Officer;
  - e) assessing the adoption of measures aimed to ensure the effectiveness and impartiality of judgement of the other company departments involved in the controls, checking that they have adequate professionalism and resources;
  - f) assessing, having consulted the Board of Statutory Auditors, the results presented by the external auditor in any letter of recommendations and in the additional report addressed to the Board of Statutory Auditors;
  - g) describing, in the report on corporate governance, the main characteristics of the internal control and risk management system and the methods used to coordinate the various parties involved in said system, indicating the models and best national and international practices of reference, expressing its opinion on the overall adequacy of the same;
- assessing, having consulted the manager responsible for the preparation of the corporate financial documents as well as the firm appointed to undertake the external audit of the accounts and the Board of Statutory Auditors, the proper and consistent application of the accounting standards within the Group when preparing the consolidated financial statements;

- assessing the suitability of the periodic, financial and non-financial information, correctly representing the business model, the Company's strategies, the impact of its activities and the performances achieved in coordination with the Strategies Committee;
- examining the content of the periodic non-financial information relevant for the internal control and risk management system;
- expressing opinions on specific aspects concerning identification of the main company risks and supporting the assessments and decisions of the Board of Directors on the management of risks deriving from adverse facts that have come to the attention of the Committee;
- examining the periodic reports prepared by the internal audit manager and the manager of the compliance function;
- monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- requesting that the internal audit department, if deemed appropriate, perform checks in specific operational areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
- reporting to the Board of Directors on the work performed and on the adequacy of the internal control and risk management system, at least at the time of approving the financial statements and the half-year report;
- monitoring compliance with and the periodic update of corporate governance rules, as well as compliance with any codes of conduct adopted by the Company and its subsidiaries; in particular, it is responsible for proposing the procedures and timeframes for the Board of Directors' annual self-assessment;
- monitoring the operations of the business in terms of their sustainability and the dynamics of the interactions of the business with all stakeholders;
- defining and recommending "sustainability" guidelines to the Board of Directors and monitoring compliance with any codes of conduct adopted by the Company and its subsidiaries.

### 9.3. INTERNAL AUDIT DEPARTMENT

The Company has an Internal Audit Department, which has been assigned functions that are essentially in line with those provided for by the Corporate Governance Code.

In particular, the department is tasked with assessing the adequacy and functioning of the audit, risk management and Corporate Governance processes, by providing independent and objective assurance and advice.

The Internal Audit Department:

- audits, both on a continuous basis and in relation to specific needs and in accordance with international standards, the effective operation and suitability of the internal control and risk management system - suggesting any corrective actions required - by implementing an audit plan approved each year by the Board of Directors, based on a structured process of analysis and prioritisation of the principal risks;
- carries out audits, also at the request of the Audit, Risks,

Sustainability and Corporate Governance Committee, the Board of Statutory Auditors and the Chief Executive Officer, of specific operating areas and compliance with the internal procedures and rules in the execution of business operations;

- prepares periodic reports on its assessment of the suitability of the internal control and risk management system. These reports are sent, at least once every quarter, to the Board of Statutory Auditors, the Audit, Risks, Sustainability and Corporate Governance Committee, and the Director responsible for the internal control system, and, at least every six months, to the Board of Directors;
- receives and analyses reports obtained in accordance with the whistle-blowing procedures established by the Group and regarding any cases of corruption/violation of the principles of internal control and/or the precepts of the Code of Ethics, equal opportunities, corporate rules and regulations, or any other actions or omissions that, directly or indirectly, might result in economic or financial losses for or damage to the reputation of the Group and/or its subsidiaries;
- provides adequate support to the Supervisory Bodies established pursuant to art. 6 of Decree 231/2001;
- provides advice and support to the relevant Company departments – without exercising any decision-making or authorisation responsibilities – regarding *inter alia*: (i) the reliability of their systems for safeguarding corporate assets; (ii) the adequacy of their procedures for recording, controlling and reporting administrative activities; (iii) the assignment of engagements to the external auditor and to other firms in its network.

As mentioned in paragraph 9.2, it should be noted that the Audit, Risks, Sustainability and Corporate Governance Committee expresses an opinion on proposals concerning the appointment, revocation, assignment of duties and determination of the remuneration, consistent with Company policies, of the head of the Internal Audit Department, as well as on the adequacy of the resources allocated to the department in order to carry out the assigned functions.

The Head of Internal Audit function reports hierarchically to the EVP Corporate Affairs, Compliance, Audit and Company Secretary and functionally to the Audit, Risks, Sustainability and Corporate Governance Committee and to the Board of Statutory Auditors.

### 9.4. COMPLIANCE DEPARTMENT

Operating within the Corporate Affairs, Compliance, Audit and Company Secretary Department, the Compliance Department works with the Legal departments and other competent company departments to ensure that the company's internal regulations, processes and activities are constantly aligned with the applicable regulatory framework, playing an active role in identifying any non-compliance risks that might give rise to judicial or administrative penalties, resulting in reputational damage. For more details on the work carried out by the Compliance Department, see the paragraph of the NFS Report titled "231 Compliance, Anti-Corruption, Privacy and Antitrust Projects".



## 9.5. SYSTEM OF RISK MANAGEMENT AND CONTROL OVER FINANCIAL INFORMATION

Pirelli has implemented a specific and structured risk management and internal control system supported by a dedicated IT application, in relation to control over the process to prepare the separate and consolidated half-yearly and annual financial reports. In particular, the financial reporting process is carried out by applying appropriate administrative and accounting procedures created in accordance with the criteria established by the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The administrative/accounting procedures adopted for the preparation of financial statements and all other financial disclosures are created under the responsibility of the Manager responsible for the preparation of the corporate financial documents (as defined in section 9.10 below), who – with support from the Compliance Department – periodically (and in any case, when the separate/consolidated financial statements are drawn up) checks their adequacy and proper application.

In order to permit certification by the Manager responsible for the preparation of the corporate financial documents, the companies and the significant processes that generate information of an economic-nature, or about corporate assets, have been mapped. The companies that are members of the Group and the significant processes are identified each year on the basis of quantitative and qualitative criteria. Quantitative criteria include the identification of those Group companies that represent an aggregate value, in relation to the processes selected, that exceeds a predetermined threshold of materiality.

Qualitative criteria include the review of those processes and of those companies that, as determined after much discussion by the Manager responsible for the preparation of the corporate financial documents, may present potential areas of risk despite not falling within the quantitative parameters described above.

Risks/control objectives have been identified for each selected process involved in the preparation of the financial statements and related disclosures, as well as with regard to the effectiveness/efficiency of the internal control system in general.

Detailed verification work has been planned, and specific responsibilities have been defined for each control objective. A system for supervising the verification work undertaken has been implemented through a chain-of-certifications mechanism; any problems that emerge during the assessment process are the subject of action plans whose implementation is monitored at subsequent reporting dates.

Finally, the Chief Executive Officers and Chief Financial Officers of subsidiaries issue half-yearly statements attesting the reliability and accuracy of the data submitted for the preparation of the Group's consolidated financial statements.

Shortly before the Board meetings held to approve the consolidated data as of 30 June and 31 December, the results of the verification work are shared with the Group's Manager responsible for the preparation of the corporate financial documents.

The Internal Audit Department periodically verifies the adequacy of the design and the effective operation of the controls carried out on samples of companies and processes, selected applying materiality criteria.

## 9.6. TAX RISK CONTROL SYSTEM

The Group's management of and approach to the tax risk are defined and indicated in the principles and values of its Global Tax Policy, the document approved by the Board of Directors and made public on the Company's website. The Board of Directors is periodically informed about the progress of the monitoring, management and mitigation of the tax risks identified as part of the business activities carried out by the Group.

Moreover, since 2017, the Company has implemented and adopted a Tax Control Framework (**TCF**) in line with international best practice and in compliance with the Principles dictated by the OECD, i.e. a system for the detection, management and control of tax risks based on rules, principles and processes, which reaffirms the Group's commitment to strict compliance with tax regulations.

The soundness of the Company's TCF has been endorsed by the Italian Revenue Agency and certified with the Company being admitted (as of 2017) to the "Cooperative Compliance" Scheme – the new course in the relationship between tax authorities and taxpayers, a rewarding scheme to which only a few large Italian industrial and banking groups have been admitted.

The results of the risk management, control and mitigation activities, and the progress of dialogue with the Italian tax authorities are periodically reported through the Tax Risk Officer – a new position provided for under the Collaborative Compliance scheme, who is responsible for implementing and overseeing the Tax Control Framework for the purpose of controlling and mitigating tax risks – and the Tax Affairs Department to the Audit, Risks, Sustainability and Corporate Governance Committee which, in turn, reports to the Board of Directors.

## 9.7. DIRECTOR RESPONSIBLE FOR SUSTAINABILITY TOPICS

On 22 June 2020, the newly appointed Board of Directors confirmed Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera as the Director Responsible for sustainability topics.

In that role, he will be responsible for supervising sustainability topics associated with the conduct of the activities of the company, and its dynamics of interaction with all the

stakeholders, and for implementing the guidelines defined by the Board of Directors, with assistance from the Audit, Risks, Sustainability and Corporate Governance Committee.

## 9.8. MODEL 231 AND CODE OF ETHICS

The Company has adopted the organisation and management model envisaged by Decree 231 of 8 June 2001, as subsequently amended (the “**Model 231**”), in order to create a system of rules designed to prevent unlawful conduct that might be significant for the purposes of applying the above regulations and, as a consequence, has established a supervisory body (the “**Supervisory Body**”).

Model 231 – periodically updated by the Company in light of legislative developments – is made up of: (a) a general part covering topics relating, *inter alia*, to the applicability and application of Decree 231/2001, the composition and functioning of the Supervisory Body, and the system of penalties applicable in the event of breaches of the standards of conduct specified in Model 231, and (b) special parts containing the general principles of conduct and the control protocols for each type of identified offence deemed significant for the Company.

The Supervisory Board – appointed by the Board of Directors on 22 June 2020 and reshuffled by the Board of Directors on 11 November 2020 – is made up of: Carlo Secchi (Chairman), Antonella Carù (Standing Auditor) and Alberto Bastanzio (by virtue of his position as Executive Vice President Corporate Affairs, Compliance, Audit and Company Secretary). The Supervisory Body satisfies the autonomy, independence, professionalism and continuity of action requirements specified by law for that body.

Pirelli has adopted a Code of Ethics that sets out principles for the required conduct of directors, statutory auditors, executives and employees of the Group and, in general, all those that work in Italy and abroad on behalf of or for the benefit of the Group, or that engage in business relations with the Group, each in the context of their own functions and responsibilities.

An extract from Model 231 is available on the Website.

## 9.9. EXTERNAL AUDITOR

The firm engaged to perform the external audit of the Company accounts is PricewaterhouseCoopers S.p.A. (the “**Auditing Firm**”), with registered and administrative offices at Piazza Tre Torri 2, Milan, recorded on the Register of Auditors established pursuant to arts. 6 *et seq.* of Legislative Decree No. 39/2010.

Pirelli's Ordinary Shareholders' Meeting held on 1 August 2017 confirmed the firm's appointment to perform the external audit of the accounts (originally made for three financial years on 27 April 2017), establishing that, with effect from the admission of Pirelli shares to trading on the MTA (now Euronext Milan) as of 4 October 2017, such appointment would entail: (i) the external

audit of the accounts (including verification that the accounting records are properly kept and that the results of operations are properly reflected in the accounting entries) pursuant to articles 13 and 17 of Decree 39/2010 for the financial years 2017-2025, in relation to the separate financial statements of the Company, the consolidated financial statements of the Group and the additional related activities; and (ii) the limited examination of the condensed half-year consolidated financial statements of Pirelli for the six-month periods ending on 30 June 2018-2025.

In addition to carrying out the statutory audit, the Auditing Firm is also responsible for the limited audit of the sustainability performance data reported in the NFD Report in accordance with the criteria set out in ISAE 3000<sup>83</sup>.

For the sake of completeness, it should be noted that the Company has adopted Operating Rules to assign tasks to the Auditing Firm<sup>84</sup> which concerns – among other things – the procedures for assigning tasks other than the statutory audit to PricewaterhouseCoopers S.p.A. and members of its network (“**Other Engagements**”; i.e. other audit services, audit-related services and non-audit services). The Operating Rules establish a detailed procedure that requires prior approval of the Board of Statutory Auditors for the assignment of Other Engagements. In compliance with the provisions of Article 17 of Legislative Decree No. 39/2010 on the independence of the Auditing Firm, the Company also has a procedure in place to ensure compliance with the thresholds set out in art. 4, paragraph 2 of Regulation 537/2014<sup>85</sup>. To this end, during the meetings of the Board of Statutory Auditors regarding the approval of Other Engagements, specific documentation is provided to certify compliance with said thresholds. The details of the fees paid to the Auditing Firm are reported in the Explanatory Note on the financial statements.

## 9.10. MANAGER RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE FINANCIAL DOCUMENTS

Following Mr Francesco Tanzi's resignation from the Company tendered on 7 September 2021 and effective as of 31 December 2021, the Board of Directors, in their meeting of 11 November 2021, assigned Mr Giorgio Luca Bruno – after a positive evaluation by the Strategies Committee and a favourable opinion of the Board of Statutory Auditors – the role of Manager responsible for the preparation of the corporate financial documents pursuant to art. 154-*bis* TUF (the “**Manager in Charge**”). The Board of Directors also verified in advance that the Manager in Charge is an expert in administration, finance and control matters and satisfies the integrity requirements established for directors.

<sup>83</sup> International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. For further information, please refer to the Auditors' Report at the end of the Annual Report.

<sup>84</sup> Operating Rules “Engagement of Auditing Firms” adopted pursuant to Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation 537/2014. Directive No. 2014/56 was transposed by Legislative Decree No. 135/2016, which amended Legislative Decree No. 39 of 27 January 2010.

<sup>85</sup> “Where the statutory auditor or auditing firm supplies the entity being audited, its parent company or companies it controls – for a period of three or more consecutive financial years – with non-audit services other than those referred to in art. 5, paragraph 1 herein, the total fees for said services shall be limited to 70% of the average fees paid during the preceding three consecutive financial years for the statutory audit of the entity being audited and, where applicable, its parent company, controlled companies and the consolidated financial statements of said group of companies. For the purposes of the limitations set out in the first paragraph, non-audit services other than those referred to in art. 5, paragraph 1 required by EU or Italian law shall be precluded”.

The Manager in Charge puts suitable administrative and accounting procedures in place for the preparation of the separate and consolidated financial statements, as well as of all other financial communications.

The Company deeds and communications made public to the market that contain accounting information, including interim data, must be accompanied by a written declaration from the Manager in Charge confirming that it corresponds to the supporting documentation, records and accounting entries.

The term of office of the Manager in Charge expires at the same time as that of the Board of Directors which appointed him/her.

#### 9.11. COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As part of the internal control and risk management system, the Company provides for and promotes close coordination between the parties involved in the system, scheduling meetings at least once every six months for the Audit, Risks, Sustainability and Corporate Governance Committee, during which Directors are able to interact directly with the managers of the departments involved (Compliance, Audit, Risk Management and Cyber Security). The results of the Committee meetings are reported directly to the meetings of the Board of Directors on a regular basis.

In order to ensure coordination between the Company's control systems, the meetings of the Audit, Risks, Sustainability and Corporate Governance Committee are periodically held jointly with the Supervisory Body, the Board of Statutory Auditors and the Chairmen of the Boards of Statutory Auditors of the subsidiaries.

For further information, please refer to the dedicated section in the Report on Operations of the Financial Statements.

## 10. Interests of the Directors and Related-Parties transactions

In compliance with the provisions of art. 2391-*bis* of the Italian Civil Code and the Related-Parties Regulations, on 15 June 2021 the Board of Directors – following the unanimous favourable opinion expressed by the Related-Parties Transactions Committee – passed resolution to adopt the procedure for related-parties transactions (the “**RPT Procedure**”)<sup>86</sup> with effect from 1 July 2021.

The RPT Procedure establishes rules for the approval and

execution of the related-parties transactions arranged directly by Pirelli or by its subsidiaries.

The full text of the RPT Procedure is available on the Website. Periodically and at least every three years, the Board of Directors - having received the opinion of the Related-Parties Transactions Committee - considers the need to revise the RPT Procedure.

A special section of the financial statements shows the principal transactions with related parties undertaken by the Company.

Every six months, a report on the application of the RPT Procedure, drawn up by the Compliance Department, is submitted to the Related-Parties Transactions Committee and subsequently the Board of Directors. The analyses carried out to date have shown due compliance with and the correct application of the aforementioned procedure in all cases falling within its scope of application.

## 11. Board of Statutory Auditors

#### 11.1. APPOINTMENT, REPLACEMENT AND DURATION IN OFFICE

At the Report Date, the Board of Statutory Auditors is composed of five standing auditors and three alternate auditors who satisfy current legislative and regulatory requirements; in this regard the activities indicated in the corporate purpose, with particular reference to companies or entities operating in the financial, industrial, banking, insurance and real estate fields and services in general, are qualified as subjects and sectors of activity closely related to those of the company.

The Ordinary Shareholders' Meeting appoints the Board of Statutory Auditors and determines its remuneration.

The statutory auditors act with autonomy and independence, also with regard to the shareholders that elected them.

In order to enable the minority to elect a standing auditor (who will be the Chairman of the Board of Statutory Auditors) and an Alternate Auditor, the Board of Statutory Auditors is appointed on the basis of slates presented by the shareholders, in which each candidate is listed with a sequence number. Each slate contains a number of candidates that does not exceed the number of members to be elected.

Shareholders are only entitled to present a slate if, alone or together with other shareholders, they hold at least 1% of the shares entitled to vote at an Ordinary Shareholders' Meeting, or any lower amount required by a regulation issued by Consob for the presentation of slates of candidates for appointment to the Board of Directors. Each shareholder may present or contribute to the presentation of just one slate.

The slates of candidates, signed by those presenting them, must be filed at the registered offices of the Company at least

86 For completeness, it should be noted that, on 17 March 2022, the Board of Directors, with the favourable opinion of the Board of Statutory Auditors, approved the proposed formal amendments to the RPT Procedure to take account of the changes in the Company's organisational structure at the end of 2021, which were approved during the Board of Directors' meeting held on 11 November 2021.

twenty-five days prior to the date fixed for the Meeting called to appoint the members of the Board of Statutory Auditors, without prejudice to any extension in the cases envisaged by the applicable legislation. These slates are made available to the public at the registered offices, on the Website and in other ways prescribed by Consob regulation, at least twenty-one days prior to the date of the Meeting.

Each candidate may be included on just one slate, subject otherwise to becoming ineligible.

Each slate comprises two sections: one for candidates for the office of standing auditor and the other for candidates to the position of alternate auditor. The first candidate in each section shall be selected from among those registered in the Register of Chartered Accountants who has worked on external audits for a period of not less than three years. In 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.

Each party entitled to vote may only vote for one slate. The members of the Board of Statutory Auditors are elected as follows:

- 1) four standing auditors and two alternate auditors are drawn, in the sequence listed, from the slate that obtained the largest number of votes (the majority slate);
- 2) the remaining standing auditor and alternate auditor are drawn, in the sequence listed, from the slate that obtained the second largest number of votes (the minority slate); should several slates obtain the same number of votes, a new vote limited to just those slates is held by all those entitled to vote that are present at the Shareholders' Meeting, and the candidates on the slate which obtains the simple majority of the votes will be elected.

Should application of the slate voting mechanism not obtain, considering the standing and alternate auditors separately, the minimum number of statutory auditors belonging to the less represented gender envisaged by the regulations in force at the time, the candidate belonging to the most represented gender and elected, indicated with the highest sequential number of each section from the slate that obtained the largest number of votes, will be replaced by the candidate belonging to the less represented gender not already elected from the same section of that slate, according to the sequential order of presentation.

An auditor is replaced, in the event of death, resignation or forfeiture, by the first alternate auditor drawn from the same slate. If this replacement does not allow the Board of Statutory Auditors to be reconstructed in compliance with current regulations, including those governing gender balance, recourse is made to the second alternate auditor drawn from the same slate. If, subsequently, it becomes necessary to replace another Auditor drawn from the slate that obtained

the largest number of votes, recourse is made to the other alternate auditor drawn from the same slate. Should it be necessary to replace the Chairman of the Board of Statutory Auditors, the chair is taken by the second auditor on the same slate as the Chairman to be replaced, following the order of that slate, always provided that the replacement satisfies the requirements for the position established by law and/or the Articles and complies with the gender balance requirements envisaged by the regulations in force; if it is not possible to make replacements in accordance with the above criteria, a Shareholders' Meeting will be called to supplement the Board of Statutory Auditors with resolutions adopted by a relative majority of the votes cast.

When the Shareholders' Meeting must appoint the standing and/or alternate auditors necessary for the supplementing of the Board of Statutory Auditors, the procedure is the following: if it is necessary to replace auditors elected from the majority slate, the appointment is made by a relative majority of the votes cast, without any slate requirements and without prejudice, in all cases, to compliance with the gender balance requirements envisaged by the regulations in force; if, on the other hand, it is necessary to replace auditors elected from the minority slate, the Shareholders' Meeting replaces them by a relative majority of the votes cast, choosing them - where possible - from among the candidates indicated on the slate from which the auditor to be replaced was drawn and, in all cases, in compliance with the principle guaranteeing representation for the minorities that, pursuant to the Articles, are entitled to participate in the appointment of the Board of Statutory Auditors, without prejudice in all cases to compliance with the gender balance requirements envisaged by the regulations in force. The principle guaranteeing representation for the minorities is respected if the auditors elected were previously candidates on the minority slate or on slates other than that which, at the time of appointing the Board of Statutory Auditors, obtained the largest number of votes.

If only one slate is presented, the Shareholders' Meeting votes on it; if the slate obtains a relative majority of the votes cast, the candidates named in the respective sections of the slate are elected as standing auditors and alternate auditors; the person named first on the above slate becomes the Chairman of the Board of Statutory Auditors.

For the appointment of statutory auditors who, for any reason, were not appointed in accordance with the above procedure, the Shareholders' Meeting adopts resolutions with the majorities required by law, without prejudice in all cases to compliance with the gender balance requirements envisaged by the regulations in force. Outgoing Statutory Auditors may be re-elected.

## 11.2. COMPOSITION

The Board of Statutory Auditors in office at the Report Date was appointed by the ordinary Shareholders' Meeting held on 15 June 2021 and is made up of the following members: Riccardo Foglia Taverna (Chairman of the Board of Statutory Auditors, appointed by the minorities), Francesca Meneghel,



Teresa Naddeo, Antonella Carù and Alberto Villani, as Standing Auditors, and Franca Brusco (appointed by the minorities), Marco Taglioretti and Maria Sardelli, as alternate auditors until the date of the Shareholders' Meeting called for the approval of the financial statements for the year ending 31 December 2023. The Board of Statutory Auditors is composed of a majority of female auditors.

The professional profiles of the members of the incumbent Board of Statutory Auditors are summarised on the Website. The remuneration of the statutory auditors is discussed in the Remuneration Report.

All Statutory Auditors may be qualified as independent based on the criteria specified for Directors as set out in the Corporate Governance Code and as expressly ascertained by the Board of Statutory Auditors based on the information provided by the Statutory Auditors and the information available thereto. This ascertainment is carried out annually.

During the Year, Pirelli's Board of Statutory Auditors (before and after its renewal) met 10 times, with each meeting having an average duration of about 103 minutes.

At the Report Date, of the eight members of the Board of Statutory Auditors (five standing auditors and three alternate auditors), approximately 63% were female (the percentage is 60% of the standing auditors only). Moreover, the average age of the members of the Board of Statutory Auditors is approximately 58 years.

During the course of the Year, the Board of Statutory Auditors, like the Board of Directors, again carried out the process for assessing its performance, with assistance from the independent consulting firm Spencer Stuart, in line with what was done in the previous year and in compliance with the code of conduct for listed companies published by the Italian national association of chartered accountants and auditors ("**Rules of Conduct**"). That self-assessment process, like the process in place for the Board of Directors, is carried out through individual interviews, with questions about the suitability, size, composition and functioning of the Board of Statutory Auditors itself, in order to verify suitability, fairness and effectiveness in its functioning. Positive outcomes of the Board of Statutory Auditors' self-assessment process are included in the Statutory Auditors' report at 31 December 2021.

Table 4, annexed, provides the significant information about each member of the Board of Statutory Auditors in office at the Report Date.

## 12. General Management Operations

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

As of 1 August 2020, the role of co-CEO General Manager was established, and entrusted to Angelos Papadimitriou until 28 February 2021, which was the effective date of the consensual termination of his employment relationship as a manager. The office of Co-CEO General Manager was superseded at the Shareholders' Meeting of 15 June 2021 following Giorgio Luca Bruno's appointment as a Director of the Company and as Deputy-CEO.

## 13. Information flows to the Directors and Statutory Auditors

The Board of Directors of Pirelli adopted a procedure for information flows to the Directors and Statutory Auditors, in order to (i) guarantee the transparent management of the business, (ii) establish conditions for the effective and efficient management and control of the activities of the Company and the operations of the business by the Board of Directors, and (iii) provide the Board of Statutory Auditors with the sources of information needed for the efficient performance of its supervisory role.

The flow of information to the directors and statutory auditors is assured, preferably, by the transmission of documents on a timely basis and, in any case, with sufficient frequency to ensure compliance with the disclosure requirements, and in accordance with deadlines consistent with the timetables set for each board meeting. These documents may be supplemented by explanations provided in the context of the board meetings, or at specific informal meetings organised to examine topics of interest relating to the management of the company.

When the information flows relate to Inside Information and/or Significant Information, they must take place in accordance and compliance with the procedures indicated in the Market Abuse Procedure.

It is required that the Strategies Committee be the recipient of a specific and continuous flow of information from the Chief Executive Officer, assisted by the Secretary of the Company's Board of Directors for such purposes.

## 14. Relations with Shareholders

Pirelli attributes strategic importance to Financial Reporting. In accordance with the Group's Values and Code of Ethics, Pirelli maintains constant dialogue with Shareholders, Bondholders, Institutional and Individual Investors and Analysts from major investment banks through the Investor Relations department and the Group's Top Management in order to promote fair, transparent, timely and accurate reporting.

In line with international best practice, the “Investors” section of the website is constantly updated with content of interest to the financial market, including: strategy (“Equity Story”), economic-financial data on previous years, analysts’ opinions of Pirelli, and their estimates for the principal economic-financial indicators (“Consensus”), monthly developments in the principal automotive tyre market (“Tyre Market Watch”). The Investor Relations Department also promotes periodic meetings with Shareholders and Investors in Italy and abroad.

#### 14.1. POLICY FOR MANAGING DIALOGUE WITH SHAREHOLDERS AND THE MAIN FINANCIAL MARKET STAKEHOLDERS

On 23 February 2022, the Board of Directors – after obtaining the favourable opinion of the Audit, Risks, Sustainability and Corporate Governance Committee and in accordance with the recommendations of the Corporate Governance Code<sup>87</sup> – adopted a specific policy which, changing the existing practices, governs the rules for managing the dialogue held by the Board of Directors, through the VP and CEO and with the assistance of the departments concerned (primarily Investor Relations and Corporate Affairs), with shareholders and with the main stakeholders of the financial market in which the Company operates (the “**Engagement Policy**”).

This policy covers – *inter alia* – the following issues:

- business and financial strategies and performance;
- corporate governance (e.g. appointment and composition of the administrative body, including in terms of size, professional aspects, respectability, independence and diversity, board committees, etc.);
- social and environmental sustainability;
- policies on the remuneration of directors and key managers and on their implementation; and
- system of internal control and risk management.

For further information on the Engagement Policy, please refer to the Website.

## 15. Shareholders’ meetings

Pursuant to art. 7 of the Articles, ordinary and extraordinary Shareholders’ Meetings of the Company are held in single call. Their resolutions are adopted with the majority required by law, with the sole exception of the authorisation of the Board of Directors to carry out the deeds listed below, which requires a qualified majority (votes in favour of shareholders representing at least 90% of the share capital of the Company):

- transfer of the operational and administrative headquarters outside of the municipality of Milan;
- any transfer and/or deed of disposition, in any form, of Pirelli know-how (including the granting of licences).

Parties entitled to vote may be represented by proxy, given in accordance with the procedures envisaged by law and the regulations in force.

The notice of call may also limit to one of the above methods the specific procedure usable in relation to the Meeting called by that notice.

For each Meeting, the Company designates one or more persons to which those entitled to vote may grant proxy, with voting instructions for all or just some of the motions on the agenda. The proxy does not apply to motions for which no voting instructions were given. The persons designated to receive proxies for the Meeting are specified in the related notice of call, together with relevant procedures and deadlines.

The Ordinary Shareholders’ Meeting for the approval of the financial statements must be called, in accordance with the law, no later than 180 days from the end of the financial year. In the situations envisaged by law and in accordance with the related procedures, the directors must call a Shareholders’ Meeting without delay when requested by shareholders representing at least one-twentieth of share capital.

The shareholders requesting the Meeting must prepare a report on their proposals regarding the matters to be discussed. At the time of publishing the notice of call for the Meeting and in accordance with the procedures envisaged by law, the Board of Directors must make the report prepared by the shareholders available to the public, together with its considerations, if any.

In the cases, in the manner and with the timing envisaged by law, shareholders that, individually or together, represent at least one-fortieth of share capital may request the integration of the items of the agenda, indicating in their request the additional topics proposed by them, or proposing resolutions on matters already on the agenda.

A notice is published about the addition of items to the agenda or the presentation of additional proposed resolutions on matters already on the agenda, by the legal deadlines, in the manner established for publication of the notice of call.

Shareholders requesting additions to the agenda must prepare and send to the Board of Directors, by the final deadline for the presentation of requests for additions, a report explaining their reasons for the proposed resolutions on the matters they wish to discuss, or their reasons for the additional proposed resolutions presented in relation to matters already on the agenda. At the time of publishing the notice about the additions to the agenda and in accordance with the procedures envisaged by law, the Board of Directors must make the report prepared by the shareholders available to the public, together with its considerations, if any.

The right to attend Meetings and vote is governed by the relevant current legislation and is certified by a communication sent to the Company, by an authorised intermediary with reference to its accounting records, on behalf of the party entitled to vote. This certification is based

<sup>87</sup> Recommendation 3 of the Corporate Governance Code.

on the evidence existing at the end of the accounting day on the seventh trading day prior to the date fixed for the Meeting. The additions and deductions recorded on those counts subsequent to that deadline are not relevant when determining the legitimacy of the right to vote at the Meeting. The communication must be received by the Company by the end of the third trading day prior to the date fixed for the Meeting, or by any different deadline established by the applicable regulations. Shareholders are still entitled to attend and vote if the communication is received by the Company after the above deadlines, on condition that it is received before business commences at the Meeting.

Ordinary and Extraordinary Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, if absent or unavailable, by the Chief Executive Officer. If the above persons are absent, the chair is taken by another person appointed by a majority of the share capital represented at the Meeting.

The Chairman of the Meeting is assisted by a Secretary, appointed by a majority of the share capital represented at the Meeting, who does not need to be a shareholder; assistance from the Secretary is not necessary when the minutes of the Meeting are taken by a Notary.

The Chairman of the Meeting chairs the Meeting and, in accordance with the law and the Articles, moderates its course. For this purpose, the Chairman - *inter alia* - verifies that the Meeting has been properly convened, verifies the identity of those attending and their right to attend, directly or by proxy; verifies the legal *quorum* for voting; directs the proceedings, with the right to change the order of discussion of the items indicated in the notice of call. The Chairman also adopts suitable measures to ensure orderly discussions and voting, determining the related procedures and checking the results.

Meeting resolutions are evidenced by the minutes signed by the Chairman of the Meeting and by the Secretary of the Meeting or the Notary. The minutes of Extraordinary Meetings must be taken by a Notary designated by the Chairman of the Meeting. All copies of and extracts from minutes not prepared by a Notary are certified true by the Chairman of the Board of Directors.

The conduct of such meetings is governed by the general meeting regulations approved by the Shareholders' Meeting held on 1 August 2017 (available on the Website), as well as by the law and the Articles.

For the sake of completeness, it should be noted that, in order to minimise the risks related to the health emergency tied to the Sars-CoV 2 (Covid-19) virus, in 2021 the Company used the option – in compliance with the statutory provisions and governmental indications<sup>88</sup>, *inter alia* – to: (i) extend the time limits for convening the Shareholders' Meeting; (ii) only

conduct the Shareholders' Meeting remotely without the physical attendance of those entitled to vote; and (iii) allow those entitled to vote in the Shareholders' Meeting to attend solely through a representative appointed pursuant to art. 135-*undecies* TUF.

## 16. Changes since the end of the year

There have not been any changes to the structure of corporate governance since the end of the Year, except as already indicated in the previous paragraphs, if applicable.

## 17. The Pirelli website

For Pirelli, the Website - in English and in Italian - represents a fundamental tool to ensure the prompt and total dissemination of information about the Company and the Group to all Stakeholders.

Pirelli ensures that it is promptly and thoroughly updated, so as to guarantee the transparency of information and compliance with the current laws and regulations applicable to companies listed on the Italian Stock Exchange.

The Company's objective is to provide simple and clear information for investors and, in general, all its Stakeholders, through the Site, in line with common practice. For this reason, also taking account of the periodic results of assessments by independent agencies and in line with the Stakeholders' expectations, the Company uses its best endeavours to constantly implement the Website.

## 18. Considerations on the letter by the Chairman of the Corporate Governance Committee

With a letter of 3 December 2021 (the "**Chairman's Letter**"), in the context of the usual monitoring of the application of the provisions of the Corporate Governance Code, the Chairman of the Corporate Governance Committee of Borsa Italiana has provided listed companies with a further six recommendations (the "**Committee Recommendations for 2022**") listed below:

1. in pursuit of the "sustainable success" objective of the Corporate Governance Code: (i) to provide, in the Corporate Governance Report, adequate and concise information on the methods adopted to pursue said goal and the approach

88 Decree-Law No. 18 of 17 March 2020, as converted with amendments into Law No. 27 of 24 April 2020, the application of which was last extended by Decree-Law No. 183 of 31 December 2020, as converted with amendments into Law No. 21 of 26 February 2021.

taken to promote dialogue with relevant stakeholders; and (ii) to provide concise information on the content of the policy for dialogue with all shareholders;

2. in the light of the new approach to proportionality laid down in the Corporate Governance Code and the structural changes introduced, to assess the company's classification with respect to the new categories envisaged and the simplification options available to "non-large" and/or "concentrated" companies, and to adequately indicate the choices made;
3. with regard to the application of independence criteria:
  - (i) the corporate governance report should include the criteria used to assess the significance of professional, commercial or financial relationships and additional remuneration, including with reference to the Chairman of the Board of Directors, if he/she has been classified as independent pursuant to the Code;
4. with regard to pre-meeting information: (i) to explicitly determine the deadlines deemed appropriate for sending documentation, (ii) to provide a clear indication of the terms identified and their actual compliance in the corporate governance report, (iii) not to allow these deadlines to be waived for mere confidentiality reasons;
5. with respect to the appointment and succession of directors and with reference to non-concentrated ownership companies, to examine the recommendations made to them concerning the renewal of the board of directors. In particular, this recommendation requires those submitting slates containing candidates for more than half of the directors to be elected, to provide adequate information demonstrating that the slate matches the guidance expressed by the outgoing board, and to indicate their own candidate for the office of Chairman;
6. with regard to gender equality, ensure adequate information in the corporate governance report on the concrete measures established and implemented to promote gender equality and equal opportunities within the entire corporate organisation;
7. with regard to remuneration policies: (i) to improve the definition of clear and measurable rules for the disbursement of the variable component and any end-of-office indemnities, (ii) to adequately consider whether the parameters set for variable remuneration are consistent with the strategic objectives of the business and pursuit of sustainable success, assessing non-financial parameters where appropriate, (ii) with particular regard to remuneration parameters tied to the achievement of environmental and social objectives, to ensure that such parameters are predetermined and measurable.

The Committee's Recommendations for 2022 were brought to the attention of (i) the Audit, Risks, Sustainability and Corporate Governance Committee and Board of Statutory Auditors on 18 February 2022 and (ii) the Board of Directors on 23 February 2022.

The Board of Directors of the Company – having also obtained the favourable opinion of the members of the competent Committees and Board of Statutory Auditors on this matter – believes that, as promptly highlighted in this Report, no specific interventions to its own corporate governance system are

needed in relation to the issues highlighted in the Committee's Recommendations for 2022 given that they have already been adequately implemented by the Company for some time, also given the fact that the Board of Directors approved the Engagement Policy in its meeting of 23 February 2022.

The Company considers it appropriate to provide the following summary of the considerations formulated by the Board of Directors on the aforementioned Committee's Recommendations for 2022.

It is deemed that the systems of corporate governance rules adopted by Pirelli is already in line with the foregoing recommendations, for the reasons outlined below:

- the sustainability of the business activities has long represented a pillar of Pirelli's strategy which aims to create long-term value for the benefit of shareholders, taking into account all relevant stakeholders for the Company. In order to contribute to the sustainable success of the Company, the internal control and risk management system, whose guidelines are defined by the Board of Directors in line with the Company's strategies, allows for the main risks to be identified, measured, managed and monitored. In addition, the Company's remuneration policy includes long-term variable components of remuneration aimed at encouraging the achievement of corporate strategic objectives and the sustainable growth of the company; the Report on the Corporate Governance and Share Ownership included in the annual financial Report as at 31 December 2021 will provide succinct information on the content of the "Policy for managing the dialogue with shareholders and the main financial market stakeholders with the Board of Directors of the company" adopted by the Company, which will also be published on the website [www.pirelli.com](http://www.pirelli.com), in the Governance section;
- though, pursuant to the Corporate Governance Code, the Company fits the definition of a "concentrated ownership company", considering the presence of the Shareholders' Agreement, it did not avail itself of any flexibility options when applying the Corporate Governance Code, though foreseen therein;
- the Pirelli Board of Directors has a number of independent directors who normally make up the absolute majority of its members. For the periodical review of the independence requirements of its members and statutory auditors, in 2021 the Company adopted a "Statement" on independence which defines the qualitative/quantitative criteria to be used to assess the independence of directors for the purposes of the Corporate Governance Code and, in particular, the relevant parameters of any economic, professional or financial relationship pertaining to the directors whose independence is being examined. The "Statement" (also applied to members of the Board of Statutory Auditors) details some interpretation criteria related to the other types of independence mentioned in the Corporate Governance Code, including the notion of "significant additional remuneration";
- pre-board reporting (of a continuous nature or relating to specific topics) also took place in 2021 in compliance with an advance that was deemed adequate to allow the



Directors to express informed opinions on the matters submitted for examination by the Board and consistent with quality standards that are in line with international best practices and broad guarantees as to the confidentiality and traceability of the information and documents sent; as established in the Regulations on the functioning of the Board of Directors (approved most recently at the meeting held on 22 June 2020), the documentation examined by the Board and the Committees is sent out in the ten days prior to the meeting, unless specific requirements do not allow this: in such cases the documentation is sent as soon as it is available and during the board meeting full information on the issue to be considered is provided. Said Regulation does not establish that those terms may be waived for mere confidentiality requirements;

- Pirelli is characterised by a multinational context in which people express a huge heritage of diversity. Conscious management of this diversity generates competitive advantages, opportunities for the development and enrichment of the business, and shared corporate values. The respect of these values has always been guaranteed by the shareholders during the renewal of the Board of Directors in terms of age, gender, nationality, education and professional background and experience.

This enables the Board to perform its duties in the most effective way, making use of the contributions made from different points of view, and to analyse individual situations from multiple perspectives. During 2019, the Company adopted a Diversity and Independence Statement in relation to the make-up of the Board itself and the Board of Statutory Auditors, recommending that these values be respected when its own corporate bodies are being renewed or integrated, in line with the diversity and independence criteria. On 22 June 2020, when the administrative body was renewed, the newly-elected Board of Directors adopted the "Diversity and Independence Statement";

- the Company's remuneration policy establishes the short and medium/long term variable remuneration parameters, maintaining strong alignment with company strategies, the medium/long term interests and sustainability; in order to promote the creation of long term sustainable success and achieve the goals of the Company's strategic plans. The variable components of Management remuneration include non-financial parameters (easily measurable) consistent with Group strategy.

## TABLE 1: SIGNIFICANT SHAREHOLDINGS OF CAPITAL

The subjects which, according to the information published by Consob at the date of publication of this Report and/or according to further information available to the Company, possess shares with voting rights in Ordinary Shareholders' Meetings that represent more than 3% of the ordinary share capital are listed below.

### SIGNIFICANT SHAREHOLDINGS OF CAPITAL

DECLARING PARTY	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
SINOCHEM HOLDINGS CORPORATION LTD <sup>[1]</sup>	MARCO POLO INTERNATIONAL ITALY S.R.L.	37.015	37.015
TRONCHETTI PROVERA MARCO	CAMFIN S.P.A.	14.10 <sup>[2]</sup>	14.10
SILK ROAD FUND CO LTD	PFQY SRL <sup>[3]</sup>	9.021	9.021
BOMBASSEI ALBERTO	NEXT INVESTMENT SRL BREMBO SPA	0.210 4.777	0.210 4.777
		4.987	4.987
NIU TENG	LONGMARCH HOLDING S.à.r.l	3.68	3.68
TACTICUM INVESTMENTS S.A.	TACTICUM INVESTMENTS S.A.	4.271	4.271

Note: The data relating to shareholders who, directly or indirectly, hold ordinary shares representing more than 3% of the share capital with voting rights in ordinary meetings of the Company, are taken from Consob's website. In this regard, it is useful to note that the information published by Consob on its website by virtue of the communications made by the parties bound by the obligations of Article 120 of the TUF and the Issuers Regulation, could differ appreciably from the real situation, because the obligations to communicate changes in the percentages of holdings arise not when there is a simple change in this percentage but only when the holdings exceed or fall below predetermined thresholds (3%, 5%, and subsequent multiples of 5% up to a 30% threshold and, beyond this threshold, 50%, 66.6% and 90%). It follows, for example, that a shareholder (i.e. a declaring subject) that has declared ownership of 5.1% of the share capital with voting rights may increase their stake up to 9.9% without thereby having any obligation to notify Consob under Article 120 of the TUF. Finally, the Company Articles do not provide for the possibility of increased voting rights or the issue of shares with multiple voting rights.

<sup>1</sup> Following the completion of the transfer of the entire share capital of ChemChina to Sinochem Holdings as part of the joint restructuring of Sinochem Group Co. and China National Chemical Corporation Ltd. (see section 2.2).

<sup>2</sup> Following completion of the increase in the share capital of Camfin S.p.A., fully subscribed by Longmarch Holding S.à.r.l., through the contribution of 40,000,000 Pirelli shares to Camfin S.p.A.. For the sake of completeness, it should be noted that in September 2019 Camfin S.p.A. informed the market that it had taken out instruments called "Call Spreads" with major financial institutions, the original maturity of which was extended (on 29 June 2021) from September 2022 to September 2023, with an underlying equivalent to approximately 4.6% of Pirelli's share capital (see section 2.5).

<sup>3</sup> Allocation of Lux SPVs following the Reorganisation referred to in paragraph 2.5.2.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE YEAR

BOARD OF DIRECTORS												
OFFICE	MEMBERS	YEAR OF BIRTH	DATE FIRST APPOINTED (*)	IN OFFICE SINCE	IN OFFICE UNTIL	SLATE (**)	EXEC.	NON-EXEC.	INDEP. CODE	INDEP. TUF	NO. OTHER OFFICES (***)	(****)
Chairman	Ning Gaoning	1958	7 August 2018	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x			Cf. Annex A	0/8
Executive Vice Chairman and Chief Executive Officer •	Marco Tronchetti Provera	1948	7 May 2003 <sup>89</sup>	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M	x				Cf. Annex A	8/8
Director	Yang Xingqiang	1967	20 October 2015	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x			Cf. Annex A	1/8
Director	Bai Xinping	1968	2 September 2015	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x			Cf. Annex A	8/8
Director	Giorgio Luca Bruno	1960	15 March 2016	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M	x				Cf. Annex A	2/2
Director	Zhang Haitao	1971	18 June 2020 <sup>90</sup>	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x			Cf. Annex A	8/8
Director	Tao Haisu	1949	1 August 2017 <sup>91</sup>	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x	x	x	Cf. Annex A	8/8
Director	Paola Boromei	1976	18 June 2020	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	m		x	x	x	Cf. Annex A	8/8
Director	Domenico De Sole	1944	1 August 2017	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x	x	x	Cf. Annex A	7/8
Director	Roberto Diacetti	1973	18 June 2020	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	m		x	x	x	Cf. Annex A	8/8
Director	Giovanni Lo Storto	1970	15 May 2018	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	m		x	x	x	Cf. Annex A	8/8
Director	Marisa Pappalardo	1960	1 August 2017	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x	x	x	Cf. Annex A	8/8
Director	Giovanni Tronchetti Provera	1983	1 August 2017	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x			Cf. Annex A	8/8
Director	Fan Xiaohua	1974	1 August 2017	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x	x	x	Cf. Annex A	8/8
Director	Wei Yintao	1971	1 August 2017	18 June 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2022	M		x	x	x	Cf. Annex A	8/8

## DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR

Angelos Papadimitriou ceased to be a Director of the Company on 24 March 2021.

Director	Angelos Papadimitriou	1966	5 August 2020	5 August 2020	Shareholders' meeting to approve financial statements at 31 Dec. 2020	-	X				-	3/3
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Number of meetings of the Board of Directors held during the year: 8

Indicate the quorum required for minority shareholders to submit a slate for the election of one or more directors (pursuant to art. 147-ter TUF): 1% of the share capital with the right to vote in ordinary shareholders' meetings.

## NOTES

The following symbols must be inserted in the "Office" column:

• This symbol indicates the director responsible for the internal control and risk management system.

○ This symbol indicates the Lead Independent Director (LID).

\* The date of first appointment of each director means the date on which the director was appointed for the first time (in absolute terms) to the BoD of the Issuer.

(\*\*) This column indicates whether the slate from which each director was drawn is a majority slate ("M"), or minority slate ("m").

(\*\*\*) This column shows the number of offices as director or statutory auditor held by the person in question in other listed companies or companies of significant size. The offices are shown in full in the Report on Corporate Governance.

(\*\*\*\*) This column shows the directors' attendance at Board of Director meetings (specify the number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

89 Marco Tronchetti Provera assumed the office of General Partner of Pirelli & C. Accomandita per Azioni on 29 April 1986. On 7 May 2003 it was resolved to transform the Company from a "joint stock partnership" to a "limited liability company", and in consequence, there no longer being the role of general partner, directors were appointed.

90 Zhang Haitao was a Director of Pirelli from 15 March 2016 to 31 August 2017. He was appointed by the Board of Directors on 18 June 2020.

91 Tao Haisu was a Director of Pirelli from 20 October 2015 to 15 March 2016. He was appointed as Director again on 1 August 2017.

**TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE YEAR**

BOD		STRATEGIES COMMITTEE		RPT COMMITTEE		AUDIT, RISKS, SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE		REMUNERATION COMMITTEE		APPOINTMENTS COMMITTEE	
OFFICE/QUALIFICATION	MEMBERS	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the BoD non-executive - non-independent	Ning Gaoning	0/2	M							0/1	M
Executive Vice Chairman and Chief Executive Officer	Marco Tronchetti Provera	2/2	C							1/1	C
Non-executive Director - non-independent	Yang Xingqiang	1/2	M								
Non-executive Director - non-independent	Bai Xinping	2/2	M					5/5	M	1/1	M
Non-executive Director - non-independent	Giorgio Luca Bruno	-	M								
Non-executive Director - non-independent	Zhang Haitao					5/5	M				
Non-executive Director – independent as per the TUF and Code	Tao Haisu							5/5	C		
Non-executive Director – independent as per the TUF and Code	Paola Boromei							5/5	M		
Non-executive Director – independent as per the TUF and Code	Domenico De Sole	2/2	M	5/7	M						
Non-executive Director – independent as per the TUF and Code	Roberto Diacetti					4/5	M				
Non-executive Director – independent as per the TUF and Code	Giovanni Lo Storto	2/2	M	7/7	M	5/5	M				
Non-executive Director – independent as per the TUF and Code	Marisa Pappalardo			7/7	C	5/5	M	5/5	M		
Non-executive Director - non-independent	Giovanni Tronchetti Provera									1/1	M
Non-executive Director – independent as per the TUF and Code	Fan Xiaohua					5/5	C	5/5	M		
Non-executive Director – independent as per the TUF and Code	Wei Yintao	2/2	M								
<b>DIRECTORS LEAVING OFFICE DURING THE YEAR</b>											
Executive Director	Angelos Papadimitriou	1/1	M								
No. of meetings held during the Year		2		7		5		5		1	

**NOTES**

(\*) This column shows the directors' attendance at committee meetings (specify the number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

(\*\*) The office held by the person on the Committee is indicated in this column: "C": chairman; "M": member.





TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS								
OFFICE	MEMBERS	YEAR OF BIRTH	DATE FIRST APPOINTED (*)	IN OFFICE SINCE	IN OFFICE UNTIL	SLATE (**)	INDEP. CODE	
Chairman	Riccardo Foglia Taverna	1966	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	m	x	
Standing auditor	Antonella Carù	1961	10 May 2012	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	M	x	
Standing auditor	Francesca Meneghel	1961	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	M	x	
Standing auditor	Teresa Naddeo	1958	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	M	x	
Standing auditor	Alberto Villani	1962	5 September 2017	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	M	x	
Alternate auditor	Franca Brusco	1971	15 May 2018	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	m	x	
Alternate auditor	Marco Taglioretti	1960	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	M	x	
Alternate auditor	Maria Sardelli	1965	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 Dec. 2023	M	x	

## AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR

Chairman	Francesco Fallacara	1964	10 May 2012	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	m	x	
Standing auditor	Fabio Artoni	1960	14 May 2015	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	
Standing auditor	Luca Nicodemi	1973	5 September 2017	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	
Alternate auditor	Elenio Bidoggia	1963	15 May 2018	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	
Alternate auditor	Giovanna Oddo	1967	14 May 2015	15 May 2018	Shareholders' meeting to approve financial statements at 31 Dec. 2020	M	x	

Number of meetings of the Board of Statutory Auditors held during the Year: 10

Indicate the quorum required for minority shareholders to submit a slate for the election of one or more directors (pursuant to art. 148 TUF):  
1% of the shares with the right to vote in ordinary shareholders' meetings.

\* The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the issuer.

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

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

\*\*\*\* The number of offices as director or statutory auditor held by the person in question pursuant to art. 148-bis TUF and its implementing provisions in the Consob Issuers' Regulation. The complete list of offices is published by Consob on its website, pursuant to art. 144-quinquiesdecies of the Consob Issuers' Regulation.

**BOARD OF STATUTORY AUDITORS**

	ATTENDANCE AT MEETINGS OF THE BOARD OF STATUTORY AUDITORS (***)	ATTENDANCE AT MEETINGS OF THE BOD	ATTENDANCE AT MEETINGS OF THE ARSCGC	ATTENDANCE AT MEETINGS OF THE REMUNERATION COMMITTEE	ATTENDANCE AT MEETINGS OF THE APPOINTMENTS COMMITTEE	ATTENDANCE AT MEETINGS OF THE STRATEGIES COMMITTEE	ATTENDANCE AT MEETINGS OF THE RPT COMMITTEE	NO. OTHER OFFICES (****)
	3/3	3/3	2/2	2/2	-	-	3/3	Cf. Annex A
	10/10	8/8	5/5	5/5	-	-	7/7	Cf. Annex A
	3/3	3/3	2/2	2/2	-	-	3/3	Cf. Annex A
	3/3	3/3	2/2	2/2	-	-	2/3	Cf. Annex A
	10/10	8/8	4/5	5/5	-	-	7/7	Cf. Annex A
	-	-	-	-	-	-	-	Cf. Annex A
	-	-	-	-	-	-	-	Cf. Annex A
	-	-	-	-	-	-	-	Cf. Annex A
	7/7	5/5	3/3	3/3	1/1	2/2	3/4	Cf. Annex A
	7/7	5/5	3/3	3/3	-	-	4/4	Cf. Annex A
	6/7	5/5	3/3	2/3	-	-	3/4	Cf. Annex A
	-	-	-	-	-	-	-	Cf. Annex A
	-	-	-	-	-	-	-	Cf. Annex A

# Annex A

## SECTION I: LIST OF OFFICES HELD BY DIRECTORS, AT THE REPORT DATE, IN OTHER COMPANIES THAT ARE NOT PART OF THE PIRELLI GROUP

FIRST AND LAST NAME	COMPANY	OFFICE HELD IN THE COMPANY
Ning Gaoning	Sinochem Corporation Ltd: • Sinochem Group Co. Ltd. • China National Chemical Corporation Ltd. • China Jinmao Holdings Group Ltd. • Far East Horizon Ltd. • Syngenta AG • Syngenta Group Co. Ltd. • Adama Agricultural Solutions Ltd. • Sinochem Hong Kong (Group) Co., Ltd. • Luxi Chemical Group Co., Ltd	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Director Chairman of the Board of Directors Chairman of the Board of Directors
Marco Tronchetti Provera	Marco Tronchetti Provera & C. S.p.A.: • Camfin S.p.A.	Chairman of the Board of Directors Chairman of the Board of Directors
	RCS MediaGroup S.p.A.	Director
Yang Xingqiang	China National Salt Industry Corporation Ltd.	Chairman of the Board of Directors
Bai Xinping	Sinochem Holdings: • China National Tire & Rubber Company Ltd. • CNRC International Holding (HK) Ltd. • CNRC Capital Ltd. • CNRC Capitale Limited • CNRC International Ltd. • Fourteen Sundew S.à.r.l. • Marco Polo International Italy S.r.l. • TP Industrial Holding S.p.A. • Prometeon Tyre Group S.r.l.	Chairman of the Board of Directors Director Director Director Director Director Chairman of the Board of Directors Director Chairman of the Board of Directors
Giorgio Luca Bruno	Camfin S.p.A.: • Camfin Alternative Assets S.p.A.	Director Chairman
	CAAM 1 S.r.l.	Chairman
	Istituto Europeo di Oncologia S.r.l.	Director
	GB & Co. S.r.l.	Sole Director
Paola Boromei	Snam Rete Gas S.p.A.	Director
	Grifal S.p.A.	Director
Domenico De Sole	Tom Ford International Inc.	Chairman of the Board of Directors
	Ermenegildo Zegna S.p.A.	Director
Roberto Diacetti	Banca IFIS	Director
	Saipem S.p.A.	Director



NOME E COGNOME	SOCIETÀ	CARICA NELLA SOCIETÀ
Giovanni Lo Storto	Banca Mediolanum S.p.A.	Director
	Luiss Guido Carli • LUISS ALUMNI 4 Growth S.r.l. • Luiss X S.r.l.	Director Director
Tao Haisu	-	-
Zhang Haitao	Sinochem Holdings: • CNRC International Holding (HK) Ltd. • Marco Polo International Italy S.r.l. • TP Industrial Holding S.p.A. • Prometeon Tyre Group S.r.l. • Fourteen Sundew S.à.r.l.	Director Director Director Director Director
Marisa Pappalardo	BPER Banca S.p.A.	Director
Giovanni Tronchetti Provera	Marco Tronchetti Provera & C. S.p.A.: • Camfin S.p.A. • Camfin Alternative Assets S.p.A.	Director Director Director
Fan Xiaohua	-	-
Wei Yintao	-	-

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

FIRST AND LAST NAME	COMPANY	OFFICE HELD IN THE COMPANY
Riccardo Foglia Taverna	Achille Pinto S.p.A.	Sole Auditor
	Ankorgaz S.r.l.	Sole Auditor
	Banca Sella Holding S.p.A.	Alternate Auditor
	B&C Speakers S.p.A. (Listed)	Chairman of the Board of Statutory Auditors
	Boutique Italia S.p.A.	Director
	Cabeco S.r.l.	Sole Auditor
	Cedis S.r.l.	Director
	Consorzio Vigilanza Sella S.C.P.A.	Alternate Auditor
	Double R S.r.l. (Former Ruffini Partecipazioni Srl)	Standing Auditor
	Gamma Topco S.p.A.	Chairman of the Board of Statutory Auditors
	Gamma Bidco S.p.A.	Chairman of the Board of Statutory Auditors
	Gestimm S.p.A.	Chairman of the Board of Statutory Auditors with Legal Audit
	Guglielmi S.p.A. Rubinetterie	Alternate Auditor
	Jakil S.p.A.	Standing Auditor
	Illimity Bank S.p.A.	Alternate Auditor
	Industries S.p.A.	Alternate Auditor
	In-Pao S.r.l.	Sole Auditor
	Lampugnani Farmaceutici S.p.A.	Standing Auditor
	Officine Rigamonti S.p.A.	Alternate Auditor
	Neprix S.r.l.	Standing Auditor
	Prosino S.r.l.	Sole Auditor
	Ruffini Partecipazioni Holding S.r.l.	Standing Auditor
	Rubimetterie Ritmonio S.r.l.	Standing Auditor
	Sella Fiduciaria (Former Selfid S.p.A.)	Standing Auditor
	Sigla S.r.l.	Chairman of the Board of Statutory Auditors
Antonella Carù	Autogrill S.p.A.	Standing Auditor
	Autogrill Advanced Business Service S.r.l.	Standing Auditor
	Fondazione Accademia Teatro alla Scala	Director
Francesca Meneghel	Geox S.p.A.	Independent Director
	Avon Cosmetics S.r.l.	Chairman of the Board of Statutory Auditors
	Digitalia'08 S.r.l.	Chairman of the Board of Statutory Auditors
	Direct Channel S.p.A.	Standing Auditor

NOME E COGNOME	SOCIETÀ	CARICA NELLA SOCIETÀ
Francesca Meneghel	Elettronica Industriale S.p.A.	Standing Auditor
	Flowe S.p.A.	Standing Auditor
	Immobiliare Idra S.p.A.	Standing Auditor
	Mediamond S.p.A.	Chairman of the Board of Statutory Auditors
	Mediaset S.p.A.	Standing Auditor
	Mediolanum Comunicazione S.p.A.	Standing Auditor
	Mediolanum Fiduciaria S.p.A.	Chairman of the Board of Statutory Auditors
	Mediolanum Gestione Fondi Sgr S.p.A.	Chairman of the Board of Statutory Auditors
Teresa Naddeo	Webuild S.p.A.	Director
	Vera Vita S.p.A.	Standing Auditor
	Dufrital S.p.A.	Standing Auditor
Alberto Villani	AGB Nielsen Media Research Holding S.p.A.	Chairman of the Board of Statutory Auditors
	AREEF 2 PALIO SICAF	Standing Auditor
	EDRA S.p.A.	Chairman of the Board of Statutory Auditors
	Nuova GS S.p.A.	Standing Auditor
	BBC Italia S.r.l.	Director
	BTSR International S.p.A.	Chairman of the Board of Statutory Auditors
	Fratelli Consolandi S.r.l.	Chairman of the Board of Statutory Auditors
	HDP S.p.A.	Chairman of the Board of Statutory Auditors
	Selecta Industrial Operations S.p.A.	Chairman of the Board of Statutory Auditors
	Selecta Digital Services S.p.A.	Chairman of the Board of Statutory Auditors
	Quattrodue S.p.A.	Chairman of the Board of Statutory Auditors
	Tenuta Montemagno Soc. Agricola S.p.A.	Chairman of the Board of Statutory Auditors
	Bennet S.p.A.	Standing Auditor
	Bennet Holding S.p.A.	Standing Auditor
	Carcano Antonio S.p.A.	Standing Auditor
	DE' Longhi S.p.A.	Standing Auditor
	DE' Longhi Capital Services S.r.l.	Chairman of the Board of Statutory Auditors
	DE' Longhi Appliances S.r.l.	Chairman of the Board of Statutory Auditors
	EFFE 2005 Gruppo Feltrinelli S.p.A.	Standing Auditor
	FINMEG S.r.l.	Standing Auditor
	Gallerie Commerciali Bennet S.p.A.	Standing Auditor
	S.r.l. Immobiliare Rimini	CEO

NOME E COGNOME	SOCIETÀ	CARICA NELLA SOCIETÀ
Alberto Villani	Meg Property S.p.A.	Standing Auditor
	Over Light S.p.A.	Standing Auditor
	Vetus Mediolanum S.p.A.	Chairman of the Board of Statutory Auditors
	San Remo Games S.r.l.	Sole Auditor
	Impresa Costruzioni Grassi&Crespi S.r.l.	Alternate Auditor
	Impresa Luigi Notari S.p.A.	Alternate Auditor
	Compagnia Padana per Investimenti S.p.A.	Alternate Auditor
	Royal Immobiliare S.r.l.	Sole Director
	SO.SE.A. S.r.l.	Director
	Vianord Engineering Société par action simplifiée	Director
	Zenato azienda vitivinicola S.r.l.	Chairman of the Board of Statutory Auditors
Marco Taglioretti	Euricom S.p.A.	Standing Auditor
	Garzanti Specialties S.p.A.	Standing Auditor
	Saint Andrews S.p.A.	Standing Auditor
	Commercio Prodotti Industriali S.r.l.	Standing Auditor
	Relife Recycling	Alternate Auditor
	Focus Investments S.p.A.	Alternate Auditor
	De Wave Srl	Standing Auditor
	Marco Tronchetti Provera & C. S.p.A.	Standing Auditor
	Associazione Insieme Per I Bambini	Alternate Auditor
	Tecnopool S.p.A.	Standing Auditor
	Isoltema S.p.A.	Standing Auditor
	Relife Spa	Standing Auditor
	Ems Group S.p.A.	Standing Auditor
	Mimac Italia S.r.l.	Standing Auditor
	Logiudice Forni S.r.l.	Standing Auditor
	Xpn S.p.A.	Standing Auditor
	Panapesca S.p.A.	Standing Auditor
	Mega Surgelati S.r.l.	Standing Auditor
	Xpp Seven Two S.p.A.	Standing Auditor
	Xpp Seven S.p.A.	Standing Auditor
	Quake S.r.l.	Standing Auditor
	Cbg Acciai S.p.A.	Standing Auditor



NOME E COGNOME	SOCIETÀ	CARICA NELLA SOCIETÀ
Marco Taglioretti	Zuma S.r.l.	Standing Auditor
	Koverlux S.r.l.	Standing Auditor
	Rav Italy Sicaf S.p.A.	Standing Auditor
	Lame Italia S.r.l.	Standing Auditor
	Telco S.r.l.	Alternate Auditor
	Sp Plast S.r.l.	Standing Auditor
	Milano Lame S.r.l.	Standing Auditor
	F2i Re S.p.A.	Standing Auditor
	Trabaldo Togna S.p.A.	Director
	Condorpelli S.p.A.	Alternate Auditor
	Camfin S.p.A.	Alternate Auditor
	Camfin Industrial Spa In Liq.Ne	Alternate Auditor
	Cartiera Di Bosco Marengo	Alternate Auditor
Maria Sardelli	Banca Profilo S.p.A.	Standing Auditor and member of the Supervisory Body
	International Sport Capital	Standing Auditor
	Milano Serravalle – Milano Tangenziali S.p.A.	Director
	Boato Holding S.p.A.	Chairman of the Board of Statutory Auditors
	Telepass S.p.A.	Alternate Auditor
	Intersistemi Italia S.p.A.	Member of the Supervisory Body
	Pro Recco Waterpolo 1913 S.r.l.	Member of the Supervisory Body
	Spezia Calcio S.r.l.	Member of the Supervisory Body
	GSE S.p.A.	Member of the Supervisory Body
	Green Arrow SGR S.p.A.	Member of the Supervisory Body
	Fintecna S.p.A.	Chairman of the Supervisory Body and Chairman of the Board of Statutory Auditors
	Demag Cranes e Components S.p.A.	Chairman of the Supervisory Body
	Donati S.r.l.	Chairman of the Supervisory Body
Franca Brusco	ENAV S.p.A.	Chairman of the Board of Statutory Auditors
	Biancamano S.p.A.	Standing Auditor
	D-Flight S.p.A.	Chairman of the Board of Statutory Auditors
	CDP Industria S.p.A.	Standing Auditor
	Cassa Depositi e Prestiti S.p.A.	Standing Auditor
	Autorità di Sistema portuale del Mare Mediterraneo meridionale	Member of the Association of Auditors
	Galleria Borghese National Museum	Member of the Association of Auditors
	Gruppo Garofalo Health Care S.p.A.	Independent Director