



Pirelli & C. S.p.A.

**Minutes of the Ordinary General Meeting
of Shareholders held on May 15, 2019**

(ENGLISH COURTESY TRANSLATION)

PIRELLI & C. S.p.A.

Minutes of the Ordinary Shareholders' Meeting on 15 May 2019

The ordinary meeting of the shareholders of PIRELLI & C. S.p.A. (the “**Company**”) started at 10.30 a.m. on 15 May 2019, in viale Sarca 214, Milan.

Mr Marco Tronchetti Provera, Executive Vice Chairman and Chief Executive Officer, declared the meeting open and, pursuant to the Bylaws, assumed the Chair of the Ordinary Shareholders' Meeting called to discuss and resolve on the following:

AGENDA

1. *Financial Statements as at 31 December 2018. Related and consequent resolutions.*
2. *Appointment of a Director and of the Chairman of the Board of Directors.*
3. *Remuneration policy: consultation.*

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The Chairman, with the unanimous consent of those present, called on Prof. Carlo Marchetti to act as Secretary to the meeting; he then made the following announcements:

- ✓ the notice of call - pursuant to current laws and regulations - was published on 4 April 2019 on the Company website, on the eMarket Storage mechanism (managed by Spafid Connect SpA), and on the Borsa Italiana website. The call was also announced to the market through the issue of a specific press release on 4 April 2019. A summary of the notice of call was also published in the “Il Sole 24 Ore” and “Milano Finanza” newspapers on 5 April 2019
- ✓ the Company had received no requests for items to be added to the agenda, or proposed resolutions on matters already on the agenda, pursuant to current law;
- ✓ - the share capital totalled 1,904,374,935.66 euros, divided into 1,000,000,000 shares without par value;
- ✓ as of the date of the meeting, the Company - directly or through its subsidiaries - did not hold treasury shares;
- ✓ for quorum purposes, the number of people entitled to vote who attended the Meeting totalled 833, on their own account or by proxy, representing 853,796,506 ordinary shares; the participants in the meeting thus held a total of 85.379651% of the ordinary shares.

Having stated that, he ascertained and acknowledged that the ordinary shareholders' meeting was properly constituted in a single call and could debate and resolve on the topics on the agenda, and went on to make the following announcements:

- ✓ the documentation on the various items on the agenda, also containing the proposed resolutions, had been published pursuant to the applicable regulations at the time of publication of the notice of call of the shareholders' meeting, on 4 April 2019. The meeting documentation had also been included in the printed booklet entitled "Annual Report", distributed to those attending the Shareholders' Meeting, including the Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254 of 30 December 2016 (Chapter entitled "Report on the Responsible Management of the Value Chain") complete with the corresponding report by the external auditor and the annual Report on corporate governance and ownership structure; the Annual Report was sent to anyone requesting it, before the Shareholders' Meeting;
- ✓ according to the Shareholder Register, and the communications received pursuant to art. 120 of Legislative Decree 58/1998 and other information available, the following subjects possess more than 3% of the ordinary share capital with voting rights:

		Number of shares	% of ordinary share capital
1	China National Chemical Corporation (subject that controls the Company). All the shares are held indirectly through Marco Polo International Italy S.r.l.	455,212,508	45.52
2	Marco Tronchetti Provera All the shares are held indirectly through Camfin S.p.A.	100,522,562	10.05
3	LLC “Concern “Rossium” All the shares are held indirectly through Sova Capital Ltd.	62,391,110	6.24

- ✓ each share grants the right to one vote;
- ✓ the list of names of the subjects attending the meeting will be available at the entrance to the hall as soon as it has been printed, and will then be annexed to the minutes,

complete with the further information required by the current regulatory provisions. A short summary of the voting will be published on the Company website within five days of the Shareholders' Meeting, pursuant to current regulations;

- ✓ those entitled to vote have been invited to report any lack of entitlement to vote pursuant to current law;
- ✓ regarding the existence of shareholder agreements pursuant to art. 122 of Legislative Decree 58/1998, a booklet containing the essential information pursuant to article 130 of Consob resolution 11971/99 regarding shareholder agreements reported to the Company and annexed to these minutes, was made available at the entrance to the hall;
- ✓ the following Directors were in attendance at the meeting: Giorgio Luca Bruno, Giovanni Lo Storto, Marisa Pappalardo, Cristina Scocchia and Giovanni Tronchetti Provera (the other Directors had justified their absence); all the Statutory Auditors were present, as were representatives of the external auditor, the media, and financial analysts and experts, as well as the meeting staff;
- ✓ Computershare S.p.A., Designated Representative of the Company, pursuant to art. 135-*undecies* of Legislative Decree 58/98, as the subject on which those entitled to vote could confer proxies with voting instructions on all or some of the proposals on the agenda, had notified (the Company) that it had received 4 proxies with complete voting instructions for a total of 853,132 shares;
- ✓ the current texts of the Regulations for the Shareholders' Meeting and the Company Bylaws are available at the entrance to the hall;
- ✓ pursuant to art. 127-*ter* of Legislative Decree 58/98 (the “Consolidated Law on Finance”, also referred to hereinafter as “**CFA**”), shareholders Marco Bava, Blockchain Governance Srl and Tommaso Marino submitted some questions to the Company before this Meeting. As prescribed in the legal provision cited, the booklets containing the answers to these questions have already been published on the Company website in "question and answer" form. Mr Bava asked for some information on the shareholders attending the shareholders' meeting. This information is reported in the usual lists annexed to these minutes and was therefore not read out to not prolong the proceedings unnecessarily; it was also made available at the entrance, together with a list of the journalists present at the meeting. As requested, the answers provided are annexed to the minutes of this meeting;

- ✓ to allow all of those in attendance who wished to do so to participate in the debate, the Chairman, using the powers of the law and the Regulations of the Shareholders' Meeting, decided that, as for the preceding meeting, attendees could speak for a maximum of 7 minutes; attendees were invited to respect this limit, to ensure that the meeting proceeded in an orderly and correct way, and to make speeches that related to the point being debated at the time. A further three minutes were available to the shareholders for any replies; those who intended to speak on the various topics on the Agenda were invited to book a slot to speak, using the form provided for the purpose (speech request form) provided in the "reception" phase and return it to the workstation situated to the left of the Chairman's table. Attendees were asked to go to the microphone when called to speak, and not speak from the floor of the hall, to enable everyone to hear clearly;
- ✓ recording equipment was being used in order to facilitate minute-taking, and there was also a simultaneous translation service from Italian to English and vice versa (headphones were available at the entrance to the hall);
- ✓ the personal information collected through the recording process, and during accreditation for participation in the proceedings, would be processed only for the purposes of the proper conduct of the Meeting and for minute-taking. All processing would take place in accordance with the law on privacy; audio or video recording of the meeting by attendees was not permitted;
- ✓ to facilitate the meeting, the Company used a dedicated IT system to register the presence of attendees at the shareholders' meeting and for voting operations. The voting system by means of "radiovoter" had been used in the past, and the methods of voting were presented in the slides projected at the shareholders' meeting and in the note provided at the entrance, with the device.

Moving on to the topics on the Agenda, since the relevant documentation for each point on the agenda had been made available to the public well in advance of the date of the meeting, and also sent to anyone requesting it, and available at the entrance to the hall, the Chairman stated that, as usual, it would not be read out. No-one opposed this.

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Then, in relation to the first item on the agenda, entitled **Financial Statements as at 31 December 2018 - Related and consequent resolutions**, the Chairman reminded the meeting that there was an important anniversary this year: it was 25 years since the birth of “Power is nothing without control”, the pay-off that, from the famous advertising campaign with Carl Lewis in stiletto heels, created in 1994 by Annie Liebowitz, accompanied the Pirelli brand worldwide. The company had therefore decided to celebrate this, dedicating to it the creative project that traditionally enriched Pirelli's annual report every year, and this was illustrated through the screening of a short film.

At the end, regarding the significant events to report since the approval of the draft financial statements by the Board, on 26 February 2019, the Chairman announced, firstly, that the Board had met on 14 May 2019 and approved the interim financial report on operations at 31 March 2019. The related press release - which also contains information on the significant events following the closure of the first quarter - had been made available to all attendees at this meeting at the entrance to the hall, and was not read out. However, the Chairman summarised the principal figures on the first quarter of 2019, reproduced below:

- *Revenues at 1,313.8 million euro, +1.2% at the organic level*
- *High Value Revenues: +7.3% to 895 million euro (+5.3% at the organic level)*
- *High Value Volumes: +4.5%*
- *Price/mix: +7.7%*
- *Ebit Adjusted before start-up costs at 230.7 million euro*
- *Adjusted Ebit at 219.2 million euro*
- *Net profit from continuing operations: +9.7% to 101.4 million euro*
- *Net Financial Position, excluding the impact of the IFRS 16 accounting principle, negative 3,913.0 million euro*
- *Net cash flow before extraordinary operations/participations improved*

2019 Forecast

- *Revenues in 2019 are expected to grow by between 3% and 4% (previous indication 4% to 6%) because of the prolonged weakness of demand in Original Equipment*
- *High Value confirmed at around 67% of revenues, an improvement from 64% in 2018*

- *Improvement of profitability confirmed: 2019 adjusted Ebit margin foreseen at $\geq 19\%$ (prior indication around 19%), compared with 18.4% in 2018.*
- *High Value confirmed at around 85% of Adjusted Ebit before start-up costs compared with 83% in 2018*
- *Investments in 2019 at around 400 million euro (previous target around 430 million euro) consistent with the new market scenario*
- *Ratio between Net Financial Position and Adjusted Ebitda before start-up costs, estimated at around 2.1x at end 2019 (2.3x including IFRS16 impact)*

* * *

Regarding the fees for the external audit of the accounts, the Chairman referred the meeting to the information already provided in the annual report. He reminded the meeting that on 1 August 2017 the shareholders' meeting had resolved, for the years 2017 to 2025, on a fee of 49 thousand euros per single year for the individual financial statements of the Company and the consolidated financial statements of the Pirelli Group, and for the further ancillary activities. For the limited audit of the condensed half-year consolidated financial statements of Pirelli & C. S.p.A. for the half-years to 30 June of the years 2018 to 2025, the shareholders' meeting resolved on a fee of 21 thousand euros per single year. The hours worked in 2018 totalled approximately 1,400.

Having made these statements, he opened the discussion, urging speakers to address the points being dealt with, and reminding them that each speaker had 7 minutes in which to speak. After the questions and answers, and any further comments, attendees would be able to declare how they intended to vote.

Mr D'Atri greeted his fellow attendees, and the Chairman, expressing his satisfaction in attending a Pirelli shareholders' meeting for the first time in its new configuration after the 2017 listing, but with a long history behind it. He recalled the agreement whereby Prysmian - a company that in its turn was part of Pirelli's history - sponsored a station on the Milan underground train network and expressed the hope that - perhaps in agreement with Prysmian and the local authority - such a sponsorship could also include the name of Pirelli. He then made some comments about the role of Pirelli in the international context - which recently had seen the Italian government engaged in collaboration initiatives with China - inviting Pirelli to assert more strongly its capacity to involve Chinese capital in a company that was to all intents and purposes Italian; he emphasised that, for the minority

shareholders - who could certainly express their satisfaction with the favourable dividend policy - the role of Pirelli as a "bridgehead" on the new "Silk Road" was very important, and he expressed the hope that the senior management of the Chinese partners would attend the Pirelli shareholders' meetings, thus sending a strong signal of their presence and willingness to engage in dialogue.

The shareholder went on to state that he appreciated the answers to the questions submitted before the meeting, and invited (the Company) to consider publishing them on the company website in the future, with a view to consolidating the dialogue between shareholders, and focus the shareholders' meeting on a direct encounter between the Company and the shareholders. He concluded by reiterating the centrality of Pirelli in relations with China, and, finally, pointing out the press reports that Marco Mancini played a role in the Italian secret services (on this last point, the Chairman reminded the shareholder to stick to the topics on the agenda).

Mr Facchetti stated that he wanted to speak at the shareholders' meeting for the last time, and on that occasion to thank Pirelli, which had played a major role in his professional life, and of which he had many memories, most of which very positive, and to also thank the Chairman for the example of committed and decisive daily work that he provides. He recalled the principal events in the history of Pirelli and the Chairman over recent decades, pointing out how the difficulties often arose from the presence of aggressive adversaries and envy; he pointed out that the shareholders had followed these events with apprehension, although they always appreciated the Chairman's capacity to overcome even the worst crises, working in an honest and committed way, always with his head high in both good moments and bad. He therefore considered his experience as a Pirelli shareholder to have been broadly positive and enjoyable.

Mr Caradonna pointed out that Pirelli's slogan could be "there's no limit to the best", if the annual report document was anything to go on: increasingly substantial and precious, to the point of becoming collectable. He commended the company for the financial figures, which the continuity shown in the results of the first quarter of 2019 made even more impressive; he also expressed his satisfaction with the commitment to social responsibility, with the "Gold Class distinction" award, and the recognition of the company as a leader in

the fight against climate change. He asked in what aspects further improvements could be made, and in what Countries.

No-one else having asked to speak, the Chairman firstly pointed out that Mr D'Atri's proposal on sponsoring an underground station could certainly be considered; he confirmed that the Company paid the greatest attention to the use of the network as a communication tool, and pointed out that it had opted to provide the answers to the questions received also in the shareholders' meeting, to give them their proper importance. He thanked Mr Facchetti for the passion with which he had followed the Company's affairs, and for standing alongside the Chairman himself in pursuing the interests of the company; he stated that he had always put the good of the company ahead of his own interests, binding his personal and financial fate to the fate of Pirelli; in line with the Company's history, the Chairman stated that he had inherited the responsibility of running the group that the Pirelli family had always had, while not (actually) controlling it. He expressed the hope of seeing Mr Facchetti at future meetings of the Company's shareholders, as well. He also thanked Mr Caradonna for drawing attention to the positive results, which were all down to the employees, who believed in the values and history of the Company, and were taking forward its tradition and values, including its cultural values, looking to the future and with the conviction that you can achieve the best growth in the context of a harmonious company; he also thanked the communication executives for their effort in focussing attention on these results. As for social responsibility, he assured the meeting that the same standards were applied in all Countries, and the sustainability targets constantly increased, in the context of a broader attention to the social implications of Pirelli's presence in the various communities.

No-one else having asked to speak, the Chairman:

- declared the discussion closed;
- formally acknowledged that 835 shareholders were present, holding a total of 855,023,346 ordinary shares, equivalent to 85.502335% of the ordinary share capital;
- put to the vote (11.06 a.m.), using the "radiovoters", the proposal to approve the 2018 financial statements and to allocate the profits shown on page 474 of the Annual Report distributed at the entrance and transcribed here:

‘The Shareholders’ Meeting,

- having examined the annual report at December 31, 2018;
- having acknowledged the Statutory Auditors' Report;
- having acknowledged the report of the Independent Auditors;

RESOLVED

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

The resolution was approved by a majority of the shareholders.

For: 853,380,341 shares.

Abstained: 1,643,005 shares.

As detailed in the annexes.

The Chairman announced the result, thus formally acknowledging that the following had been approved:

- the financial statements of Pirelli & C. S.p.A. for the year ending on 31 December 2018;
- the allocation of the profits for the 2018 financial year.

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

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Then in relation to the second item on the agenda, regarding the **Appointment of a Director and of the Chairman of the Board of Directors**, the Chairman reminded the meeting that the proposal formulated by the Board, to confirm in these offices Mr. Ning Gaoning, co-opted to the Board on 7 August 2018 (replacing the outgoing Mr. Ren Jianxin), whose term of office expires with this shareholders' meeting, pursuant to law, was set out in the Board's report to the Shareholders' Meeting.

The updated *curriculum vitae* of Mr Ning Gaoning – who qualifies as a non-independent and non-executive director - was distributed at the entrance to the hall, and would not therefore be read out. He reminded the shareholders that - as stated in the report - they could vote

on the appointments as Director and Chairman in separate votes. He also informed the meeting, straight away, that if the shareholders' meeting confirms him in the offices he currently holds, Mr Ning Gaoning would also be confirmed by the Board as a member of the Appointments and Successions Committee.

Having made these statements, he opened the discussion, urging speakers to address the points being dealt with, and reminding them that each speaker had 7 minutes in which to speak. After the questions and answers, and any further comments, attendees would be able to declare how they intended to vote.

Mr. **D'Atri** asked if there were "retail" Chinese shareholders of the company, and expressed the hope that there would be initiatives to involve investors in China; he stated that he would be voting for the appointment of Ning Gaoning, and invited him to attend the next shareholders' meeting.

No-one else having asked to speak, the **Chairman** took formal note of the invitation formulated by Mr D'Atri.

No-one else having asked to speak, the Chairman:

- declared the discussion closed;
- formally acknowledged that 833 shareholders were present, holding a total of 855,019,801 ordinary shares, equivalent to 85.501980% of the ordinary share capital;
- put to the vote (11.11 a.m.), using the "radio voters", the proposal to confirm the number of members of the Board of Directors of Pirelli & C. S.p.A. at fifteen, and to confirm as a Director Mr Ning Gaoning, born in Binzhou (People's Republic of China) on 9 November 1958, who would remain in office until the date of the Shareholders' Meeting called to approve the financial statements of the Company for the year to 31 December 2019, stating that Mr Gaoning would receive a fee of 60,000 euros for acting as a Director, the amount determined for the other members of the Board of Directors.

The resolution was approved by a majority of the shareholders.

For: 748,217,613 shares.

Against: 106,802,188 shares.

As detailed in the annexes.

The Chairman announced the results, and then formally acknowledged that the number of Directors had been confirmed at fifteen and that Ning Gaoning had been appointed a Director, with Mr Gaoning remaining in office until the date the term of office of the current Board of Directors ended.

Then, the number of attendees not having changed, he put to the vote (11.12 a.m.), using the "radiovoters", the proposal to appoint Director Ning Gaoning Chairman of the Board of Directors of Pirelli & C. S.p.A..

The resolution was approved by a majority of the shareholders.

For: 748,097,105 shares.

Against: 106,922,696 shares.

As detailed in the annexes.

The Chairman announced the result and then formally acknowledged that the appointment of Director Ning Gaoning Chairman of the Board of Directors of Pirelli & C. S.p.A. had been confirmed.

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Then in relation to the third item on the agenda, **Remuneration policy: consultation**, the Chairman reminded the meeting that, as they were aware, once a year the Shareholders' Meeting was called on to express its opinion of the Group's Remuneration Policy in an advisory vote. The Policy had been approved by the Board of Directors on 26 February 2019 at the proposal of the Remuneration Committee. Pirelli's Policy, based on the pay for performance principle, is defined so as to align the interests of the Management with those of the Shareholders, pursuing the priority objective of value creation that is sustainable in the medium to long term, by creating an effective and verifiable link between remuneration, on the one hand, and Pirelli's performance on the other. The Policy submitted to the vote had been drafted also taking account of prior practical experience, and took account of the regulatory prescriptions adopted by Consob. By the end of the fourth quarter of 2019 Pirelli would be launching a new Business Plan for the three year period 2020-2022 and therefore a new long term incentive plan (LTI) reflecting this plan would be assigned to the Management. On that occasion the Remuneration Committee would be called on to make decisions about the long term incentive plan currently in force. As in the past, the definition of the Policy would be the result of a clear and transparent

process in which the Remuneration Committee and the Board of Directors play a central role. It is in fact, approved by the Board of Directors – based on a proposal by the Remuneration Committee – , and the Board then submits it to the Shareholders' Meeting for an advisory vote. The Board of Statutory Auditors also expresses its opinion of the Policy, in particular of the part regarding the remuneration of Directors holding special offices. The arrangements whereby this Committee exercises its duties are also set out in the report. The Chairman took the opportunity to again thank the members of the Remuneration Committee and the Board of Statutory Auditors for the work they had done on this subject during 2018, amply reported in the remuneration report and the corporate governance report.

He then reminded the meeting that, as prescribed in art. 123-ter of the CFA, the Remuneration Report was composed of two separate sections:

- I. the first section explains:
 - a. the Policy on the remuneration of Directors and Key Managers to which Pirelli refers to define the remuneration of Senior Managers and Executives;
 - b. the procedures used for the adoption and implementation of this Policy.
- II. the second section, by name for the members of the administration and control bodies and, in aggregate form for the Key Managers, explains:
 - a. the items of which the remuneration is composed, including payments prescribed in case of resignation from office or termination of employment;
 - b. the sums paid in the 2018 financial year for any reason and in any form by the Company and its subsidiaries or affiliates, indicating any components of said payments that are referable to activities undertaken in years preceding the year of reference and also highlighting the payments to be made in one or more subsequent years for activity undertaken in the reference year, providing, if applicable, estimates for the components that cannot be objectively quantified in the year of reference.

As prescribed in the Consolidated Law on Finance, the meeting is asked to express itself on the first section of the Remuneration Report in an advisory vote.

Having made these statements, he opened the discussion, urging speakers to address the points being dealt with, and reminding them that each speaker had 7 minutes in which to

speak. After the questions and answers, and any further comments, attendees would be able to declare how they intended to vote.

As no-one else asked to speak, the Chairman:

- declared the discussion closed;
- formally acknowledged that 833 shareholders were present, holding a total of 855,019,801 ordinary shares, equivalent to 85.501980% of the ordinary share capital;
- put to the vote (11.17 a.m.), using the "radiovoters", the Pirelli Group's Policy on remuneration.

The resolution was approved by a majority of the shareholders.

For: 676,182,104 shares.

Against: 178,535,758 shares.

Abstained: 301,939 shares.

As detailed in the annexes.

The Chairman announced the vote and then formally acknowledged that the shareholders' meeting had, in an advisory vote, expressed itself in favour of the Group's remuneration policy in the text contained in the report presented by the Board and reproduced from page 249 in the Annual Report distributed at the entrance.

With reference to the press reports regarding the possible renewal of existing shareholder agreements, the Chairman pointed out that the results obtained, and the market's response to the IPO confirm the validity of the partnership with the ChemChina group, which had allowed it to achieve constant growth in results, thanks also to the commitment of the management, in the context of bylaw provisions that, as was known, root the Company in Italy and preserve its Know-How. In light of all this, the Chairman confirmed that the parties were currently considering and discussing a possible extension of the partnership.

No-one else having asked to speak, the Chairman declared the shareholders' meeting closed at 11.20 a.m.

The Secretary

The Chairman

Attachments to the Minutes are not included.