



Pirelli & C. S.p.A.

Guidance of the Board of Directors of Pirelli & C. S.p.A. to shareholders on the qualitative --quantitative composition of the Board of Directors for the three-year period 2023-2025

Approved on 11 May 2023

INTRODUCTION

This document has been prepared in accordance with Recommendation No. 23 of the Corporate Governance Code ("**Code**")¹.

The Board of Directors of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Company**"), after receiving the favourable opinion of the Appointments and Succession Committee and also taking into account the results of the self-assessment carried out by the Board during its three-year term of office, has drawn up a guideline on the size and composition of the administrative body to be submitted to Shareholders in view of the presentation of the slates of candidates for the appointment of the Company's new Board of Directors.

With the approval of the financial statements as at 31 December 2022, the term of office of the Company's current Board of Directors, who were appointed on 18 June 2020, will come to an end and Shareholders will be called on to resolve on the appointment of new directors, after determining the number of the same.

The Board of Statutory Auditors concurred with the Board's assessments.

The personal and professional characteristics of the current members of the Board of Directors and the composition of its internal committees can be found in the *Governance* section of the Company's website as well as in the Annual Report on Corporate Governance and Ownership Structure, which also contains information on the frequency and duration of the meetings of such bodies.

1. Number of members of the Board of Directors

According to corporate governance best practices, the number of members of the board of directors must be appropriate to the size and complexity of the company's

¹ The Code provides as follows in Recommendation 23:

"In companies other than those with concentrated ownership, the board of directors:

- expresses, with a view to each renewal, a guideline on the quantitative and qualitative composition of the same considered optimal, taking into account the results of the self-assessment;
- requires those who submit a slate containing a number of candidates of more than half the members to be elected to provide adequate information in the documentation submitted for filing the slate on the compliance of the slate with the guideline of the board of directors, also with reference to the diversity criteria set forth in Principle VII and Recommendation 8, and to indicate their candidate for the office of chairman of the board of directors, who will be appointed according to the procedures set forth in the bylaws.

The guideline of the outgoing board of directors is published on the company's website well in advance of the publication of the call notice of the shareholders' meeting concerning its renewal. The guideline identifies the managerial and professional profiles and skills that are deemed necessary, also in the light of the company's sectoral characteristics, considering the diversity criteria indicated by Principle VII and Recommendation 8 and the guidelines on the maximum number of offices in application of Recommendation 15" (see "*Diversity and Independence Statement*" and "*Board of Directors' Guideline on the maximum number of offices considered compatible with effective performance as a company director*" published on Pirelli's website in the *Governance* section).

organisational structure, so that the board can effectively monitor the company's operations.

In addition, the size of the administrative body is also determined according to the number and composition of the internal committees, seeking, where possible, to avoid an excessive accumulation of offices and maintaining an adequate presence of independent directors within each committee.

At any rate, it should be noted that best practices in this field do not indicate an ideal number for the composition of the Board of Directors of listed issuers, but merely state that this must be appropriate to the size of the issuer and the characteristics of the business it conducts.

This having been said, it should be noted that, pursuant to Pirelli Bylaws, the Board of Directors may be composed of a maximum of 15 members.

The outgoing Board of Directors, as also confirmed by the self-assessment processes carried out during its mandate, considered the current number of 15 directors adequate.

2. Composition of the Board of Directors

In line with the Corporate Governance Code, the Board of Directors recommends that the composition of the Board of Directors should adequately represent the various components (executive, non-executive, independent) and professional skills and experience, also in relation to the business conducted by Pirelli and its international nature, taking into account the benefits that may derive from the presence in the administrative body of sufficient diversity in terms of gender, geographic, educational and cultural background, age and length of service on the board.

As already indicated in the Diversity and Independence Statement², the Board of Pirelli "believes that such aspects of diversity enable its corporate bodies to conduct their tasks in the most effective manner, since they can rely on different and qualified points of view in their decision making".

In the opinion of the outgoing Board, having an adequate number of non-executive directors (a considerable portion of whom are independent directors) enables the same to play a decisive role in the adoption of resolutions.

² Available at Pirelli website: www.pirelli.com page Governance.

The outgoing Board of Directors therefore recommends that the following quantitative requirements should be ensured:

- at least two-fifths of Directors of the least represented gender;
- the presence of non-executive directors in a sufficient proportion to the total number of directors;
- a majority of qualified Independent Directors (currently 8 out of 15 are Independent Directors).

3. Identification of the required characteristics of Directors

We remind you that to perform their role to the best of their abilities, Directors should:

- be fully aware of the powers and obligations inherent to the functions each of them is called on to perform (executive and non-executive functions; independent members, etc.);
- have the professional skills appropriate to the role to be filled, including in internal committees of the Board, where applicable;
- devote adequate time and resources to the complexity of their office;
- direct their actions to the pursuit of the Company's interests.

Taking into account the recommendations of the Corporate Governance Code on the subject of professional characteristics, experience, including managerial experience, and diversity, in formulating its guidelines on the qualitative composition of the administrative body, the Board of Directors - considering also the business sector in which the Company operates, its presence in various EU and non-EU countries, and the development plans announced to the market -, notes the advisability of:

- making the most of the various professional skills within the Board, recommending the presence of Directors with experience and expertise in the field of internal control systems, sustainability, managerial and financial issues, in order to ensure a fruitful exchange of experiences and skills within the board of directors and to facilitate discussions during meetings;
- ensuring a balance between managerial, academic and professional profiles;
- focusing in particular on the accumulation of offices and the time availability that the candidates for the office of Director could offer in the exercise of their office, considering them as key factors for an effective performance of the role, taking into

account the guideline on the accumulation of offices approved by the Company's Board of Directors in accordance with the Corporate Governance Code.

4. Board committees

As regards Board Committees, the Board of Directors in office is divided into the following Committees: Remuneration Committee, Appointments and Succession Committee, Related-Party Transactions Committee, Audit, Risks, Sustainability and Corporate Governance Committee, Corporate Governance Committee and Strategies Committee. In addition, given Pirelli's particular attention to the issue of environmental risk and focus on sustainability issues, as emerged from the last self-assessment process, the establishment of a Committee to monitor sustainability matters is considered positive for the forthcoming term of office of the Board.

Lastly, the outgoing Board of Directors invites the Shareholders who intend to submit slates for the renewal of the Board of Directors to take the above into consideration.