Pirelli & C. S.p.A.

General Shareholders' Meeting 28 May 2024

Board of Statutory Auditors

- **appointment of standing and alternate auditors;**
- **appointment of the Chairman;**
- **determination of remuneration of auditors.**

Legislative reference

Shareholders who wish to submit a slate for the appointment of the members of the Board of Statutory Auditors are kindly invited to read carefully the documentation contained in this dossier and the documents "Diversity and independence statement" and "Independence criteria" published in the Governance section of the Company's website, in addition to the call of the General Meeting and to the report on the item of the agenda issued by the Board of Director as well as to the document called "Orientation of the outgoing Board of Statutory Auditors of Pirelli & S.p.A. on the composition of the new control body", prepared by the outgoing Board of Statutory Auditors.

March 2024

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BYLAWS OF PIRELLI & C. S.P.A. - ARTICLE 16

BOARD OF STATUTORY AUDITORS

Article 16

16.1 The Board of Statutory Auditors shall be composed of five effective and three alternate auditors, who must be in possession of the requisites established under applicable laws and regulations; to this end, it shall be borne in mind that the fields and sectors of business closely connected with those of the Company are those stated in the Company's purpose, with particular reference to companies or corporations operating in the financial, industrial, banking, insurance and real estate sectors and in the services field in general.

16.2 The ordinary shareholders' meeting shall elect the Board of Statutory Auditors and determine its remuneration. The minority shareholders shall be entitled to appoint one effective auditor and one alternate auditor.

16.3 The Board of Statutory Auditors shall be appointed in compliance with applicable laws and regulations and with the exception of the provisions of paragraph 17 of this article 16, on the basis of slates presented by the shareholders in which candidates are listed by consecutive number.

16.4 Each slate shall contain a number of candidates which does not exceed the number of members to be appointed.

16.5 Shareholders who, alone or together with other shareholders, represent at least 1 percent of the shares with voting rights in the ordinary shareholders' meeting or the minor percentage, according to the regulations issued by Commissione Nazionale per le Società e la Borsa for the submission of slates for the appointment of the Board of Directors shall be entitled to submit slates.

16.6 Each shareholder may present or take part in the presentation of only one slate.

16.7 The slates of candidates, which must be undersigned by the parties submitting them, shall be filed in the Company's registered office at least twenty five days prior to the date set for the shareholders' meeting that is required to decide upon the appointment of the members of the Board of Statutory Auditors, except for those cases in which the law and/or the regulation provide an extension of the deadline They are made available to the public at the registered office, on the Company website and in the other ways specified by Commissione Nazionale per la Società e la Borsa regulations at least 21 days before the date of the general meeting.

Without limitation to any further documentation required by applicable rules, including any regulatory provisions, a personal and professional curriculum including also the offices held in administration and control bodies of other companies, of the individuals standing for appointment must accompany the slates together with the statements in which the individual candidates agree to:

- their nomination
- declare, under their own liability, that there are no grounds for their ineligibility or incompatibility, and that they meet the requisites prescribed by law, by these Bylaws and by regulation for the position.

Any changes that occur up to the date of the Shareholders' meeting must be promptly notified to the Company.

16.8 Any slates submitted without complying with the foregoing provisions shall be disregarded.

16.9 Each candidate may appear on only one slate, on penalty of losing the right to be elected.

16.10 The slates shall be divided into two sections: one for candidates for the position of standing Auditor and one for candidates for the position of alternate Auditor. The first candidate listed in each section must be selected from among the persons enrolled in the Register of Auditors who have worked on statutory audits for a period of no 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.

16.11 Each person entitled to vote may vote for only one slate.

16.12 The Board of Statutory Auditors shall be elected as specified below:

a) four effective members and two alternate members shall be chosen from the slate which obtains the highest number of votes (known as the majority slate), in the consecutive order in which they are listed thereon;

b) the remaining standing member and the other alternate member shall be chosen from the slate which obtains the highest number of votes cast by the shareholders after the first slate (known as the minority slate), in the consecutive order in which they are listed thereon; if several slates obtain the same number of votes, a new vote between said slates will be cast by all those entitled to vote attending the meeting, and the candidates on the slate which obtains the simple majority of the votes will be elected.

16.13 The chair of the Board of Statutory Auditors shall pertain to the standing member listed as the first candidate on the minority slate.
16.14 If, considering the standing statutory auditor and the alternates statutory auditors separately, the application of the slate voting procedure fails to secure the minimum number of statutory auditors of the less represented gender as required by law and/or regulation in force at the time, the appointed candidate of the more represented gender indicated with the higher progressive number in each section of the slate that attracts most votes shall be substituted by the non-appointed candidate of the less represented gender drawn from the same section of the same slate on the basis of their progressive order of presentation.
16.15 The position of a standing auditor which falls vacant due to his/her death, forfeiture or resignation shall be filled by the first alternate auditor chosen from the same slate as the former. If filling the position in this way fails produce a composition of the Board of Statutory Auditors that complies with the rules in force even on gender balance, the position will be filled by the second alternate auditor drawn from the same slate. If, subsequently, there is a need to substitute another statutory auditor from the same slate that obtained most votes, the other alternate auditor drawn from the same slate shall fill the position, whatever the outcome. In the event of the replacement of the Chairman of the Board of Statutory Auditors, the chair shall pertain to the statutory auditor of the same slate as the outgoing Chairman, following the order contained in the slate, subject in all cases to observance of the requirements in law and/or in the Company Bylaws for holding that office and to compliance with gender balance as provided by law and/or regulation currently in force; if it proves impossible to effect substitutions and replacements under the foregoing procedures, a shareholders' meeting shall be called to complete the Board of Statutory Auditors which shall adopt resolutions by relative majority vote.
16.16 When the shareholders' meeting is required, pursuant to the provisions of the foregoing paragraph or to the law, to appoint the standing and/or alternate members needed to complete the Board of Statutory Auditors, it shall proceed as follows: if auditors elected from the majority slate have to be replaced, the appointment shall be made by relative majority vote without slate constraints, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time; if, however, auditors elected from the minority slate have to be replaced, the shareholders' meeting shall replace them by relative majority vote, selecting them where possible from amongst the candidates listed on the slate on which the auditor to be replaced appeared and in any event in accordance with the principle of necessary representation of minorities to which this ByLaws ensure the right to take part to the appointment of the Board of Statutory Auditors, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time.
The principle of necessary representation of minorities shall be considered complied with in the event of the appointment of Statutory Auditors nominated before in the minority slate or in slates different other than the one which obtained the highest number of votes in the context of the appointment of the Board of Statutory Auditors.
16.17 In case only one slate has been presented, the shareholders' meeting shall vote on it; if the slate obtains the relative majority of the share capital, the candidates listed in the respective section shall be appointed to the office of standing auditors and alternate auditors; the candidate listed at the first place in the slate shall be appointed as Chairman of the Board of Statutory Auditors.
16.18 When appointing auditors who, for whatsoever reason, were not appointed under the procedures established herein, the shareholders' meeting shall vote on the basis of the majorities required by law, without prejudice, whatever the circumstances, to compliance with the gender balance as provided by law and/or regulation in force at the time.
16.19 Outgoing members of the Board of Statutory Auditors may be re-elected to office.
16.20 Meetings of the Board of Statutory Auditors may, if the Chairman or whoever acts in his/her stead verifies the necessity, be attended by means of telecommunications systems that permit all attendees to participate in the discussion and obtain information on an equal basis.

ABSTRACT OF THE LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

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Section V
Internal control bodies

Article 148
(Composition)

1. The Articles of Association of a company shall establish, for the board of auditors:
a) the number, not less than three, of auditors;
b) the number not less than two, of alternates;
c) ...omissis...
d) ...omissis...
1-bis. The Articles of Association of the company shall also state that the division of members pursuant to section 1 shall be made in such a way that the less-represented gender shall obtain at least two fifths of the regular members of the board of auditors. This division criterion shall apply for six consecutive mandates. If the composition of the board of auditors resulting from the appointment does not comply with the division criterion provided for in this section, CONSOB shall warn the company concerned to comply with this criterion within the maximum term of four months from the warning. In the event of non-compliance with this warning, CONSOB shall apply a fine of between Euro 20,000 and Euro 200,000 and set a new term of three months for compliance. In the event of further non-compliance with respect to this new warning, the elected members shall lose their position. CONSOB shall lay down regulations on the infringement, application and observance of the rules on gender quotas, including with reference to the investigation phase and the procedures to be adopted, on the basis of its own regulations to be adopted within six months from the date of entry into force of the rules contained in this section.
2. CONSOB establishes the rules for the appointment procedure by slate vote of a member of the Board of Auditors by minority shareholders that are not directly or indirectly associated with the shareholders that submitted or voted the slate qualifying as first for the number of votes received. Article 147-ter, paragraph 1-bis shall apply.
2-bis. The chairman of the board of auditors shall be appointed by the shareholders' meeting from among the auditors elected by the minority shareholders.
3. The following persons may not be elected as auditors and, where elected, they shall be disqualified from office:

a) persons who are in the conditions referred to in Article 2382 of the Civil Code;
b) spouses, relatives and the like up to the fourth degree of kinship of the directors of the company, spouses, relatives and the like up to the fourth degree of kinship of the directors of the companies it controls, the companies it is controlled by and those subject to common control;
c) persons who are linked to the company, the companies it controls, the companies it is controlled by and those subject to common control or to directors of the company or persons referred to in paragraph b) by self-employment or employee relationships or by other relationships of an economic or professional nature that might compromise their independence.

4. In a regulation adopted pursuant to Article 17(3) of Law 400/2003, in agreement with the Minister of the Economy and Finance, after consulting CONSOB, the Bank of Italy and IVASS, the Minister of Justice shall lay down the integrity and experience requirements for the members of the board of auditors, the supervisory board or the management control committee. Failure to satisfy the requirements shall result in disqualification from the position.
4-bis**.** Paragraphs1-bis, 2 and 3 shall apply to supervisory boards.
4-ter. Paragraphs 2-bis and 3 shall apply to management control committees. The representative of the minority shareholders shall be the director elected pursuant to Article 147-ter (3).
4-quater. In the cases provided for in this article, disqualification shall be declared by the board of directors or, for companies organized according to the two-tier system or the one-tier system, by the shareholders' meeting within thirty days of the appointment or of its learning of subsequent failure. In the event of inaction by the competent body, CONSOB shall declare the disqualification, at the request of any interested party or if it learns of the existence of the grounds for disqualification.

Article 148-bis
(Limits on the accumulation of positions)

1. CONSOB shall lay down in a regulation the limits to the accumulation of management and control positions that members of the internal control bodies of companies referred to in this chapter and of companies with financial instruments widely distributed among the public in accordance with Article 116 may hold in all the companies referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code. CONSOB shall establish such limits taking into account the onerousness and complexity of each type of position, including in relation to the size of the company, the number and size of the firms included in the consolidation, and the extension and articulation of its organizational structure.
2. Without prejudice to Article 2400, fourth paragraph, of the Civil Code, members of the internal control bodies of companies referred to in this chapter and of companies with financial instruments widely distributed among the public in accordance with Article 116 shall inform CONSOB and the public, within the time limits and in the ways prescribed by CONSOB in the regulation referred to in paragraph 1, of all the management and control positions they hold in companies referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code. CONSOB shall declare the disqualification from positions taken on after the maximum number provided for in the regulation referred to in the first paragraph was reached.

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Article 154
(Provisions not applicable)

1. Articles 2397, 2398, 2399, 2403, 2403-bis, 2405, 2426, points 5 and 6, 2429 paragraph 2, and 2441 paragraph 6, of the Civil Code shall not apply to board of statutory auditors of listed companies.
2. Articles 2409-septies, 2409-duodecies and 2409-terdecies, paragraphs 1, letters c), e) and f) of the Civil Code shall not apply to supervisory board of listed companies.
3. Articles 2399, first paragraph, and 2409-septies of the Civil Code shall not apply to the management control committees of listed companies.

ABSTRACT OF THE CONSOB REGULATION NO. 11971 OF 14 MAY 1999

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TITLE V-BIS
ADMINISTRATION AND CONTROL BODIES

Chapter I

Appointment of administration and control bodies

Section I

General Provisions

Article 144-ter
(Definitions)

1. In this Chapter: a) “listed shares” shall mean: the shares listed on regulated markets in Italy or other EU countries that give the right to vote in shareholders’ meetings involving the appointment of the members of administration and control bodies; b) “share capital” shall mean: the capital made up by the listed shares; c) “market capitalization” shall mean: the average capitalization of the listed shares during the last quarter of the financial year; d) “float” shall mean: the percentage share capital made up of shares with voting rights not represented by significant holdings pursuant to Article 120 of the TUF and by holdings assigned by shareholders’ agreements pursuant to Article 122 of the TUF; e) “reference shareholders” shall mean: the shareholders who have submitted or voted the list that received the highest number of votes;
f) “group” shall mean: the parent company, its subsidiaries and the companies subject to joint control; g) “family relationships” shall mean: the relationship between a shareholder and those family members who are deemed capable of influencing, or being influenced by, said shareholder. These family members may include: the spouse if not legally separated, the spouse’s children, the cohabiting partner and the cohabiting partner’s children, the dependents of the shareholder, of the spouse if not legally separated and of the cohabiting partner.
2. All references in this Chapter to the board of statutory auditors or the statutory auditors shall also encompass the supervisory board and its members, unless otherwise specified.

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Section III
Appointment of the internal control body

Article 144-quinquies
(Relationships of affiliation between reference shareholders and minority shareholders)

1. The material relationships of affiliation pursuant to Article 148, paragraph 2, of the TUF between one or more reference shareholders and one or more minority shareholders shall be deemed to exist in at least the following cases: a) family relationships; b) membership of the same group; c) control relationships between a company and those who jointly control it; d) relationships of affiliation pursuant to Article 2359, paragraph 3 of the Italian Civil Code, including with persons belonging to the same group; e) the performance, by a shareholder, of management or executive functions, with the assumption of strategic responsibilities, within a group that another shareholder belongs to; f) participation in the same shareholders’ agreement provided for in Article 122 of the TUF involving shares of the issuer, of its parent company or one of its subsidiaries.
2. When a person affiliated to the reference shareholder has voted for a minority slate, the existence of such relationship of affiliation shall only be deemed to be material when the vote is decisive for the appointment of the auditor.

Article 144-sexies

(Appointment of the minority statutory auditors by slate voting)

1. Except for replacements, the appointment of the statutory auditor representing minority shareholders pursuant to Article 148, paragraph 2 of the TUF shall take place at the same time as the appointment of the other members of the control body.

2. Each shareholder may submit a slate for the appointment of members of the board of statutory auditors. The articles of association may establish that the shareholder or shareholders submitting a slate must possess a shareholding at the time of the submission not exceeding the amount established pursuant to Article 147-ter, paragraph 1 of the TUF.

3. The slates shall contain the names: a) of one or more candidates for the office of acting statutory auditor and alternate statutory auditor, for the appointment of the board of statutory auditors; b) of two or more candidates, for the appointment of the supervisory board. The names of the candidates shall be accompanied by consecutive numbers and shall not in any case exceed the number of members of the body to be elected.

4. The slates shall be filed at the registered office by the twenty-fifth day before the shareholders' meeting date set for the shareholders' meeting called to approve the appointment of the statutory auditors, together with: a) the details of the identity of the shareholders who have submitted the slates, specifying the overall percentage shareholding held and a certification specifying the ownership of said shareholding; b) a declaration from the shareholders other than those who, jointly or otherwise, possess a controlling or relative majority shareholding, certifying the absence of any relationships of affiliation with the latter pursuant to Article 144-quinquies; c) detailed information on the personal traits and professional qualifications of the candidates, together with a declaration from said candidates certifying their possession of the requirements under the law and their acceptance of the nomination.

4-bis. …omissis...

4-ter. Companies will allow shareholders who wish to present slates to file them using at least one long distance means of communication, in accordance with the manner that it has established, and noted in the notice convening the shareholders' meeting, which will allow identification of the parties that will be doing the filing.

4-quater. The ownership of all the shareholdings held indicated in paragraph 4, letter a), is also confirmed after the deposit of the slates, provided it is confirmed at least twenty-one days before the date of the shareholders' meeting, by the forwarding of the communications contemplated by article 43 of the Single measure on post-trading adopted by the CONSOB and the Bank of Italy on 13 august 2018, as successively amended.

5. If, on the final date of the term indicated in paragraph 4, only one slate has been deposited, or only slates presented by shareholders who, pursuant to the ruling of paragraph 4, are connected to each other as contemplated by article 144-quinquies, slates can be presented until the third day following that date, without prejudice to the provision of article 147-ter, paragraph 1-bis, last sentence, of the TUF. In such a case any thresholds contemplated by the articles of association, pursuant to paragraph 2, shall be reduced by half.

6. A shareholder may not submit or vote for more than one slate, including through nominees or trust companies. Shareholders belonging to the same group and shareholders participating in a shareholder agreement involving the shares of the issuer may not submit or vote for more than one slate, including through nominees or trust companies. A candidate may only be present in one slate, under penalty of ineligibility.

7. The candidate at the top of the slate that has obtained the highest number of votes from amongst the slates submitted and voted by shareholders who are not affiliated to the reference shareholders pursuant to Article 148, paragraph 2 of the TUF shall be elected as acting statutory auditor. The candidate for alternate statutory auditor at the top of the same slate shall be elected to said office.

8. If provided for in the articles of association, additional alternate auditors or members of the supervisory board may also be nominated to replace the minority member, chosen from amongst the other candidates in the slate referred to in the paragraph above or, subordinately, from the candidates in the minority slate that received the second highest number of votes.

9. The articles of association may not provide for a percentage or minimum number of votes that the slates need to obtain. The articles of association shall establish the criteria for establishing which candidate will be elected in the event of parity between the slates.

10. If the articles of association provide for the appointment of more than one minority statutory auditor the offices shall be allocated proportionately in accordance with the criteria established by the articles of association.

11. Should the minority statutory auditor no longer be available, for whatever reason, the latter shall be replaced by the alternate statutory auditor referred to in paragraph 7. In the absence of the latter, the replacement shall consist of one of the alternate statutory auditors or the members of the supervisory board nominated pursuant to paragraph 8.

12. The shareholders' meeting provided for in Article 2401, paragraph 1 of the Italian Civil Code and, if the issuer adopts the two tier model, in Article 2409-duodecies, paragraph 7 of the Italian Civil Code, shall make the appointment or replacement in compliance with the principle of required minority representation.

Section IV
Publication of the slates

Article 144-septies
(Publication of the shareholding)

1. CONSOB shall publish, within thirty days of the financial year end, the shareholding required for the submission of the slates of candidates for the appointment of the administration and control bodies, including by electronic means of information disclosure.
2. The notice of the shareholders' meeting called to approve the appointment of the administration and control bodies shall specify the shareholding required for the submission of the slates.

Article 144-octies
(Publication of the proposals for appointments)

1. Italian companies listed on regulated Italian market, at least twenty-one days before that fixed for the shareholders' meeting called to appoint the administration and control bodies, shall make available to the public at the company's registered office, the market operator and on its Internet site, the slates of the candidates deposited by the shareholders together with:
a) for the candidates to the office of statutory auditor, the information and documentation specified in Article 144-sexies, paragraph 4;

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2. Notification shall be provided without delay, in the manner specified in Title II, Chapter I, of the absence of the submission of the minority slates for the appointment of the statutory auditors referred to in paragraph 5 of Article 144-sexies, of the additional period for their submission and of the reduction of any thresholds established by the articles of association.

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Section V
Final provisions

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Chapter I-bis[
Gender balance in the structure of the administration and control bodies

Article 144-undecies.1
(Gender balance)

1. Companies with listed shares shall ensure that the appointment of the administration and control bodies is made according to criteria guaranteeing a balance of genders as established by Articles 147-ter, paragraph 1-ter, paragraph 1-bis of the TUF and that this criteria is applied for six consecutive terms of office starting from the first renewal following 1 January 2020.
2. The bylaws of listed companies shall govern:
a) the methods by which slates are formed and any additional criteria applicable to the identification of the individual members of the boards that enables respect of gender balance upon completion of voting. Articles of association cannot establish compliance with gender division criteria for slates with fewer than three candidates;
b) the methods by which members of the bodies who have left their offices during the course of a term of office are replaced, considering the gender balance;
c) the methods by which appointment rights may be exercised, where applicable, not in contrast with the provisions of Articles 147-ter, paragraph 1-ter and 148, paragraph 1-bis of the TUF.
3. Where the application of gender division criteria does not result in a whole number of members of the administration or control body belonging to the least represented gender, this number is rounded up, except for the corporate bodies made up of three members, for which the rounding takes place by default to the lower unit.
4. In the event of failure to comply with the order established by Articles 147-ter, paragraph 1-ter and 148, paragraph 1-bis of the TUF, CONSOB will establish new terms of three months within which to comply and

apply sanctions, upon bringing the charges in accordance with Article 195 of the TUF and considering Article 11 of Law no. 689 of 24 November 1981 as subsequently amended..

Chapter II
Limits to the accumulation of offices by the members of the control bodies (*)

Article 144-duodecies
(Definitions)

1. In this Chapter:
a) “member of the control body” shall mean: an acting member of the board of statutory auditors, the supervisory board or the internal control committee;
b) “statutory auditor responsible for the audit” shall mean: the acting statutory auditor who performs the functions provided for in Article 2409-bis, paragraph 3 of the Italian Civil Code;
c) “director with executive power” shall mean: the sole director or the chief executive officer pursuant to Article 2381 of the Italian Civil Code;
d) “issuers” shall mean: Italian companies with shares listed on regulated markets in Italy or in other EU countries and companies issuing financial instruments distributed widely amongst the public pursuant to Article 116 of the TUF
e) “public interest companies” shall mean: banks and financial intermediaries pursuant to Article 107 of the Legislative Decree no. 385 of 1 September 1993, investment firms pursuant to Article 1, paragraph 1, letter e) of the TUF, open-end investment companies (SICAVs) pursuant to Article 1, paragraph 1, letter i) of the TUF, asset management companies pursuant to Article 1, paragraph 1, letter o) of the TUF, and insurance undertakings pursuant to Article 1, paragraph 1, letter s), t) and u) of Legislative Decree no. 209 of 7 September 2005, that are established as companies as specified in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code and that are different to the issuers;
f) “large companies” shall mean: the companies specified in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, other than issuers or public interest companies, that, if they draw up the consolidated financial statements, individually or overall at group level: i) employ on average at least 250 employees during the financial year; or ii) have revenues from sales and services exceeding 50 million euros and balance sheet assets exceeding 43 million euros;
g) “medium companies” shall mean: the companies specified in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, other than issuers and public interest companies, that are not classifiable as small companies as per the subsequent paragraph h) and that, if they draw up the consolidated financial statements, individually or overall at group level employ on average fewer than 250 employees during the financial year and do not exceed the following limits: i) 50 million euros of revenues from sales and services and ii) 43 million euros of balance sheet assets;
h) “small companies” shall mean: the companies specified in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, other than issuers and public interest companies, that also alternatively:
1) employ on average during the year less than 250 employees and do not exceed the limits established in Article 2435 bis of the Italian Civil Code;
2) carry out credit securitisation activities referred to in Italian Law No. 130 of 30 April 1999;
3) is newly constituted and has not yet approved its first separate annual financial statements;
4) are subject to the procedure pursuant to Book V, Title V, Chapter VIII of the Italian Civil Code or the procedures envisaged by Article 2409, paragraph 4 of the Italian Civil Code or to the procedures envisaged by Italian Royal Decree No. 267 of 16 March 1942 and by special laws.
i) “subsidiary company” shall mean: a company included within the consolidation area whose administration or control body has a member that covers the same role in the parent company;
j) “exempt positions” shall mean: positions of liquidator assumed during the proceeding referred to in Book V, Title V, Chapter VIII of the Italian Civil Code, or positions assumed as a result of an assignment made by the judicial or administrative authorities in the proceedings provided for in Article 2409, paragraph 4 of the Italian Civil Code, and the proceedings provided for in Royal Decree no. 267 of 16 March 1942 and the special laws, including those involving public interest companies.
1-bis. Without prejudice to paragraph 1, letter h), for the purpose of weighting envisaged in Annex 5-bis, Model 1, “small company” shall mean a public interest company which may, alternatively:
a) be subject to the procedure pursuant to Book V, Title V, Chapter VIII of the Italian Civil Code or the procedures envisaged in Article 2409, paragraph 4 of the Italian Civil Code or to the procedures envisaged in Italian Royal Decree No. 267 of 16 March 1942 and in special laws;
b) has not yet commenced its business activities.
2. The quantitative parameters specified in items f), g) and h) of paragraph 1 refer to the figures contained in the latest approved financial statements.

Article 144-terdecies
(Limits on the accumulation of offices)

1. The position of member of the control body of an issuer may not be assumed by those who hold the same position in five issuers.
2. A member of the control body of an issuer may assume other administration or control positions in the companies referred to in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, up to the maximum limit corresponding to six points resulting from the application of the calculation model contained in Annex 5-bis, Model 1, without prejudice to where the office of member of the control body is held in just one issuer.
3. Exempt positions and administration and control positions in small companies are not material for the purposes of the accumulation of the positions referred to in paragraph 2.
4. The bylaws of the issuers may reduce the limits to the accumulation of positions provided for in paragraphs 1 and 2 or, without prejudice to the provisions of said paragraph, may establish further limits.
4-bis. Without prejudice to the provisions of paragraph 1 and 2, a member of an internal control body who – for reasons not attributable to themselves – exceeds such limits, shall resign from one or more of the offices previously held within ninety days of becoming aware of having exceeded such limits. This provision shall also apply to alternate auditors becoming members of the internal control body with effect from the date of the shareholders' meeting resolution approving the appointment pursuant to Article 2401 of the Italian Civil Code.
4-ter. CONSOB shall inform a member of an internal control body of having exceeded the plurality of office limit in accordance with the methods and deadlines established in the special Technical Manual.

Article 144-quaterdecies
(Disclosure obligations to CONSOB)

1. Within ten days of acceptance or termination, for any reason, of office as director or member of an internal control body, the director or member shall inform CONSOB, in accordance with instructions provided in Annex 5-bis, Model 1 or Model 3, of the office(s) accepted and/or terminated.
2. A member of an internal control body shall inform CONSOB, in accordance with instructions provided in Annex 5-bis, Model 2:
a) within ten days of the event, any change in current offices held or changes to their personal details;
b) within ten days of adoption of the financial statements concerned, the size of the company in which the office is held;
c) within ten days of becoming aware of the event, any change in significant control relations pursuant to Article 144-duodecies, paragraph 1, letter i).
3. Within ninety days of acceptance, a person accepting office for the first time as member of the internal control body of an issuer time shall inform CONSOB in accordance with instructions provided in Annex 5-bis, Model 1, with the information relating to the offices referred to in paragraph 1.
3-bis. This article does not apply to those holding the office of member of the control body of just one issuer.
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Article 144-quinquiesdecies
(Public disclosures)

1. On behalf of issuer's control bodies, CONSOB publishes information acquired pursuant to article 144-quaterdecies on its web site in accordance with the methods indicated in the special Technical Manual.

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(*) See also: CONSOB - Annex 5-*bis* to the Issuers' Regulation implementing Italian Legislative Decree no. 58 of 24 February 1998, concerning the regulation of issuers (https://www.consob.it/web/consob-and-its-activities/laws-and-regulations)

CONSOB COMMUNICATION DEM/DCL/DGS/8067632 DATED 17 JULY 2008

Subject: **Cases of incompatibility for members of control bodies pursuant to art. 148 paragraph 3, lett. c) of the TUF**

Introduction

Article 148, paragraph 3, of the TUF, as amended by the “Law on Savings” (Legge sul Risparmio), sets out at letter c), as a cause for incompatibility for the appointment as member of the control body of an issuer, the existence with various subjects [the company or its subsidiaries or controlling companies or companies subject to joint control or directors of the company and the parties referred to in letter b) of the same law] of self-employment or employment relationships or "*other financial or professional relationships which undermine their independence*".

The same incompatibility is applicable to the members of the Supervisory Board and of the Management Control Committee as a result of the reference to Paragraph 3 of Art. 148 of the TUF, contained in the subsequent paragraphs 4-bis and 4-ter.

In consideration of the novelty of the law and of the attribution to CONSOB, pursuant to art. 148, paragraph 4-quarter, of control duties regarding the existence of the above-mentioned incompatibility conditions, it has become necessary to provide, through the present communication, useful information to understand which relationships can be included amongst the "other professional relationships", as well as giving indications on the elements to be considered in order to assess whether these relationships are likely to undermine the independence of the members of the control body.

The existence of other "professional" relationships between the members of the control body and the parties indicated in the law (in particular directors) requires, in order for the existence of incompatibility to be ascertained, a further verification of the infringement of independence, differently from what is required for self-employment relationships that are relevant in themselves.

The notion of "professional relationships"

Reference to "professional relationships" introduced by the “Law on Savings” in December 2005 presents difficulties of interpretation that are due to the absence, in our system, of a univocal definition for these relationships.

The aforementioned law assigns to "*other*" professional relationships an independent relevance when compared to those of financial or self-employment nature, already present in the law. Therefore, relationships are taken into consideration which, albeit of a professional nature, are not necessarily financial nor are they necessarily characterized by the existence of a "*work*" relationship or by the carrying out of work in favour of one of the parties concerned. These characteristics may correspond to those cases in which a relationship between the parties involved does not respond to the simple giver / recipient scheme but rather to a different one, such as, for example, the cooperative one.

Therefore, cooperation, in its different forms, in carrying out a profession, constitutes an "*other*" relationship of a professional nature which lends itself to be assessed under the current regulation so as to verify whether it may affect the independence of the member of the control body. In other terms, also cooperation-based relationships amongst professionals may be considered of a "*professional nature*": in this sense, the qualification “*professional*” refers, rather than to the provision of work in favour of someone else, to the extent to which the relationship is pertinent to the carrying out of the profession.

The most commonly used form of cooperation among professionals is that of the association. However, also other forms of co-operation are possible (for example, a joint, on-going execution of professional assignments by subjects who formally remain owners of independent firms); moreover, a professional association may take different forms, ranging from the simple sharing of equipment to the execution of structured activities in accordance with hierarchical mechanisms and the sharing of work and profits.

The law considers all types of cooperation in the exercise of a profession, leaving it to the subsequent assessment on the potential to undermine the independence of the control body member to make distinctions amongst the different forms.

Useful elements for the assessment of infringement of independence

The existence of "*other relationships of a professional nature*" between a member of the control body of a listed company and another subject, in particular of a director, is, as mentioned, deemed by the legislator to be incompatible for the aforementioned member only if relationships undermine the independence of the subject to whom these functions have been assigned.

With regards to the professional association, as several forms of association exist, it is not the formal data of its existence to be decisive in ascertaining whether the relationship undermines the independence of the individual member in the exercise of his/her functions; in this respect, a case by case examination, is to be considered indispensable, even there where it is possible to identify objective elements in the presence of which such a threat is considered plausible.
In general, it can be said that there is a "*relationship of a professional nature*" between the director and a member of the control body that may undermine the independence of the latter pursuant to art. 148, paragraph 3, lett. c) of the TUF in all those cases in which the relationship determines a habitual, joint execution of the profession or, at any rate, a stable influence of one on the other in the carrying out of their professional activities.
In the specific case of belonging to a professional association, what takes on relevance are those structured associations that give rise to a stable and continuous professional relationship. At present, at least four assumptions can be identified in which such a situation may occur and which, taken individually, may give rise to an infringement of independence, without prejudice to the possibility of envisaging other assumptions of threats related to future developments in the operating procedures of the professional activity.
The first assumption is that of an association that does not foresee the assignment of professional tasks to individuals but rather to a collective entity, with a subsequent internal division of labour that is in line with pre-established organizational criteria.
This assumption, which generally differs from that of professions for which legal requirements call for the individual nature of the assignment, would make the professional relationship amongst members of the association substantially inextricable, as it is difficult to distinguish whom to refer to.
The second assumption is the one in which there is only the use of a collective name, which usually includes the names of all members, it being understood that the specific tasks are assigned to individual professionals belonging to the association. In such cases, infringement of the independence of the member/ member of the control body of a listed company would still occur if, alongside the use of the collective name, there were also, within the association, a work organization which, aside from the individual nature of the tasks, involved a joint handling of the latter, according to allocations of assignments, for example, "by subject-matter". In this case, despite the formal individual nature of assignments, the situation outlined in the first above-mentioned assumption, would arise again.
The third assumption is that of the existence, within the association, of a hierarchical relationship between a director and a member of the control body, in the sense that the former makes or contributes to make decisions that may affect the career prospects of the latter, or his/her exclusion from the association. This situation determines a “reverential awe” which appears, amongst other things, difficult to overcome even by any limitations that the member / director may impose on himself. On the other hand, limits that could lead to his complete abstention from decisions that may concern the career of the member of the control body could take on relevance if imposed by the same source (for example the association’s Bylaws) that establishes the hierarchical relationship.
The fourth assumption of stability and continuity of professional collaboration is that of an association- type of relationship with the sharing of profits deriving from the professional activity of each of the members. In this case, even if in the absence of a joint execution or of the assignment of the professional activity to a common organization, there is a division of proceeds, which constitutes, for the professional involved, the main income. Basically, the sum that each of the associates receives for their professional activity also remunerates the other members, with the consequence that all of them have a concrete interest for the enhancement in the ability of attracting customers by the others. Such a relationship could well undermine the independence of judgment of the member of the control body with respect to the supervised director member of the same association.
The aforesaid situations take on relevance, in particular, if the professional associations are characterized by the presence of provisions of substantial exclusivity and, therefore, generally concern the professional activity of the subjects involved as a whole and not marginal aspects of the same. This occurs, for example, in cases where: (i) bylaws rule out the possibility for members to carry out their independent business or activities at other professional offices, or (ii) compensation received by members for assignments connected to their respective professional activities converges in the global income of the Association.
Moreover, the above-mentioned criteria are taken into consideration as they give rise to relationships that are capable of undermining the independence of the control body regardless of their quantitative relevance.
It must also be added that, with reference to the fourth assumption, amongst the various members of a professional association whose bylaws foresee, inter alia, the division of profits deriving from the professional activity they themselves carry out, a *"financial relationship"* is also recognizable, simply because the income for each member of the association also derives from the profits of activities carried out by each of the others.
In this regard, it should be noted that, having the legislator assigned autonomous relevance to the two categories of financial and professional relationships as distinct causes of incompatibility for the members of the control body, if the relationship between the latter and a director is already included amongst those of a "*professional nature*" capable of undermining their independence, a further investigation on the existence of

other causes of incompatibility and, consequently, on the possible relevance of the same relationship having, also, a "*financial nature*" is not formally necessary (even if it can confirm conclusions drawn on the existence of situations of incompatibility for the subjects concerned) .

The Chairman
Lamberto Cardia

CONSOB COMMUNICATION DEM/9017893 DATED 26 FEBRUARY 2009

Subject: **Appointment of the Members of administration and control bodies – Recommendations**

1. With reference to the appointment of the control bodies of listed companies, art. 148, paragraph 2, of Legislative Decree no. 58/98 ("TUF") provides that "*CONSOB establishes by regulation the procedures for the appointment, by slate vote, of an effective member of the Board of Statutory Auditors by minority shareholders who are not connected, even indirectly, with shareholders who presented or voted the slate with the highest number of votes*".

By virtue of this broad regulatory mandate, CONSOB has regulated with its own Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions ("Issuers' Regulation") in detail the entire procedure for the appointment of the control bodies with the slate voting method, bearing in mind the purpose of guaranteeing minority shareholders the appointment of at least one statutory auditor and of guaranteeing "*the effective extraneousness from the majority structure of the statutory auditors representing minorities*"(1)

In this latter regard, CONSOB has identified in art. 144-quinquies of the Issuers' Regulation (2) some relationships in which the existence of the connection referred to in the aforementioned art. 148, paragraph 2, of the TUF is presumed, without however providing an exhaustive slate, and has provided that those who submit a "minority slate" must file a declaration at the registered office of the company certifying the absence of the connections provided for by cited art. 144-quinquies with the shareholder who holds (or shareholders who jointly hold) a controlling or relative majority shareholding (Article 144-sexies, paragraph 4, letter b), of the Issuers' Regulation) (3).

Since the mandate similar to that established for the appointment of the members of the control bodies is not envisaged for the appointment of the administration bodies, no provisions relating to the slate voting procedure have been introduced in the Issuers' Regulation and, in particular, it is not it was requested that those who file "minority slates" certify the non-existence of the connections as per art. 147-ter, paragraph 3, of the TUF.

After the convening of the first shareholders' meetings with the appointment of the corporate bodies on the agenda, following the entry into force of the CONSOB regulations implementing the aforementioned articles 147-ter and 148, paragraph 2, of the TUF, the need was found to ensure transparency on any links between slates also for the appointment of the administration body, strengthening the provisions of the statutes of some listed companies. From the first application experience there was also the need to ensure more complete information on the relationships between those who present "minority slates" and the controlling or relative majority shareholders on the occasion of the appointment of the control bodies.

Having considered this, it is considered appropriate to make some recommendations in this regard.

2. During the appointment of the administration body, it is recommended that shareholders who submit a "minority slate" with a declaration to be filed together with the slate on the absence of any connection, even indirect, in Art. 147-ter of the TUF and Art. 144-quinquies of the Issuers' Regulation, shareholders who hold, even jointly, a controlling interest or relative majority, if identifiable on the basis of notifications of significant shareholdings in Art. 120 of the TUF or the publication of shareholders' agreements pursuant to Art. 122 of said decree.

Such statement must also specify any relations, if significant, with shareholders that hold a relative share of control or majority, even jointly, if identifiable, and the reasons why such relations are not considered to constitute these connections; alternatively, the absence of these relations must be specified.
In particular, it is recommended to indicate the following relationships, if significant, at minimum:

- family relationships;
- participation in the recent past to a shareholders' agreement (also on the part of companies of the respective groups) provided for in Article 122 of the TUF, relating to shares of the issuer or of companies belonging to the group of the issuer;
- participation (also on the part of companies of the respective groups) to the same shareholders' agreement relating to shares of third party companies;
- the existence of shareholdings, whether direct or indirect, and the existence of crossholdings, if any, whether direct or indirect, including those between the companies of the respective groups;
- assuming offices in the governing or control bodies of the companies of the reference or relative majority shareholder's (or shareholders') group or having done that in the recent past, as well as working as an employee for any of these companies, or having done that the recent past;

- belonging, directly or through representatives, to the slate submitted by the shareholders holding, whether individually or together, a controlling or relative majority stake with regard to the previous appointment of the governing or control bodies;
- participating in the previous appointment of the governing or control bodies to submitting a slate with the shareholders holding, whether individually or together, a controlling or relative majority stake or voting a slate submitted by the same;
- having commercial, financial (other than the typical lender's activities) or professional relations, or having had those in the past;
- the presence of candidates, in the so-called minority slate, that are executive directors or manager with strategic responsibilities (or have been in the recent past) of the controlling or relative majority shareholder or shareholders or of companies belonging to the respective groups.

3. With regard to the appointment of the control bodies, without prejudice to the obligation to file the declaration of Art. 144-sexies*,* paragraph 4, letter b), of the Issuers' Regulation to ensure greater transparency on the relationship between those who present the "minority slate" and the controlling or majority shareholders, it is recommended that shareholders who submit a "minority slate" provide the following information in the aforementioned declaration:
- any relationships that may exist, if significant, with shareholders who hold, even jointly, a controlling interest or relative majority, if identifiable on the basis of notifications of significant shareholdings in Art. 120 of the TUF or the publication of shareholders' agreements pursuant to Art. 122 of said decree. In particular, it is recommended to at least indicate the relationships between those listed in paragraph 2. Alternatively, the lack of significant relationships should be indicated;
- the reasons for which such relationships were not considered relevant for the existence of any relationship of affiliation pursuant to Art. 148 of the TUF and Art. 144-quinquies of the Issuers' Regulation

4. The asset management companies that exercise at their discretion the right to vote inherent in the shares owned by the UCITS, set up or managed by them, in the exclusive interest of the participants and that have assessed the effective independence from the parent company, may not take into account , for the purpose of indicating any significant relationships with the controlling or relative majority shareholder (or shareholders), of the relationships maintained by subjects belonging to its group.
By "asset management company" we mean SGRs, SICAVs, harmonized management companies, European entities that carry out collective asset management activities under the conditions defined in Directive 85/611/EEC and which are supervised in compliance with the legislation of their own legal system, as well as non-EU subjects who carry out an activity for which, if they had their registered office in a EU country, authorization pursuant to Directive 85/611/EEC would be required.

5. With specific reference to listed cooperatives, it should be noted that the one-person vote and the extremely fragmented shareholding structure that characterizes these companies do not allow for the *ex ante* identification of the controlling or relative majority shareholders. Therefore, the aforementioned prior disclosure recommendations on any links between slates, as well as the obligation pursuant to art. 144-sexies, paragraph 4, lett. b), of the Issuers' Regulation, must be understood as not applicable to the shareholders of the aforementioned companies. Without prejudice to the provisions of articles 147-ter, paragraph 3, and 148, paragraph 2, of the TUF, according to which the "minority" director or auditor must be taken from the slate presented by shareholders who are not connected, even indirectly, with the shareholders who presented or voted for the slate that came first in terms of number of votes.

6. Companies with listed shares are also advised to make available to the public, in due time time and in accordance with the procedures set out in art. 144-octies, paragraph 1, of the Issuers' Regulation, the documentation and information indicated in paragraphs 2 and 3 of this Communication.

7. CONSOB, finally, invites members of control bodies, to fulfil their control obligations, with specific reference to what set out in art. 149 of the TUF, to pay specific attention to compliance with the regulations governing the appointment of the administration and control bodies and possibly to take, within the scope of their powers, any initiative necessary to avoid market uncertainties at every stage of the submission of the slates and of the appointment of the members of the administration and control bodies. With specific reference to the moment of submission of the slates for the appointment of the control bodies, for example, it should be noted that the presentation of connected slates involves, pursuant to art. 144-sexies, paragraph 5, of the Issuers' Regulation, the opening of a new period for submission of slates and the halving of the percentage of attendance required for the submission of the same. It ensues that the company responsible for informing the market, pursuant to art. 144-octies of the Issuers' Regulation, about the existence of the conditions for the reopening of the terms, has to evaluate any undeclared connection, obviously within the limits of what is known or knowable as required by ordinary diligence and taking into account the limited time available. Given that these activities fall

within the competence of the administration body, it ensues that also the verification of the correctness of directors' behaviour in carrying out of their activities is assigned to the board of statutory auditors as part of the supervision of compliance with legal requirements.

The Chairman
Lamberto Cardia

(1) Thus we read in the accompanying report to Legislative Decree no. 303/2006 ("*Coordination with Law no. 262 of 28 December 2005, of the consolidated act of banking and credit laws and the consolidated act of provisions on financial intermediation*").

(2) Art. 144-quinquies of the Issuers' Regulation ("*Relationships between reference shareholders and minority shareholders*") states:
"*1. Relevant connections exist, pursuant to Article 148, paragraph 2, of the TUF, between one or more reference shareholders* [the shareholders who voted or presented the slate with the highest number of votes according to the definition set out in art. 144-ter of the Issuers' Regulation; n.d.r.] *and one or more minority shareholders, at least in the following cases:*
a) family relationships;
b) belonging to the same group;
c) control relationships between a company and those who jointly control it;
d) relations of association pursuant to article 2359, paragraph 3 of the civil code, also with subjects belonging to the same group;
e) performance, by a shareholder, of managerial or managerial functions, with the assumption of strategic responsibilities, within a group to which another shareholder belongs;
f) adherence to the same shareholders' agreement provided for by Article 122 of the TUF concerning the shares of the issuer, a parent company of the latter or its subsidiary".

(3) Art. 144-sexies, paragraph 4, lett. b), of the Issuers' Regulation ("*Appointment of minority statutory auditors with slate vote*") provides:
"*The slates are filed at the registered office at least fifteen days before the date scheduled for the shareholders' meeting called to resolve on the appointment of statutory auditors, accompanied by: .... b) a declaration by shareholders other than those who hold, even jointly a controlling or relative majority shareholding, certifying the absence of relations with the latter provided for by article 144-quinquies;..*".

ABSTRACT OF THE ITALIAN CIVIL CODE – ARTICLES 2382, 2399 AND 2400

ARTICLE 2382 OF THE ITALIAN CIVIL CODE.

Causes of ineligibility and forfeiture.
1. Interdicted and banned persons, disqualified persons, bankrupt persons or those persons who have been sentenced to a penalty entailing a ban, even temporary, from public office or the inability to exercise managerial functions cannot be appointed as directors, and if appointed, forfeit their office.

ARTICLE 2399 OF THE ITALIAN CIVIL CODE.

Causes of ineligibility and forfeiture1. The following cannot be elected to the office of auditor and, if elected, must forfeit the responsibility:
a) those who are within the conditions outlined in Article 2382;
b) the spouse, family and relatives to within the fourth degree of kinship of the company managers, the managers, spouse, family and relatives to within the fourth degree of kinship of the company managers of the subsidiary companies, of the companies of which they themselves are subsidiaries and of those subject to common control;
c) those who are linked to the company or to its subsidiaries, or to the companies of which it is a subsidiary or those subject to common control by a work relationship or by a current advisory or remunerated agreements relationship, or by other property-related relationships which compromise their independence.
2. Cancellation or suspension from the register of auditors and the loss of the required elements outlined in the last paragraph of Article 2397 are a reason for forfeiture of the office of statutory auditor.
3. The company bylaws may provide for other causes of ineligibility or forfeiture, as well as causes of incompatibility and limits and criteria for the accumulation of offices.

(1) The paragraph does not apply to the Supervisory Board and the Management Control Committee of listed companies: see art. 154.3, legislative decree 24 February 1998, no. 58.
(2) The article does not apply to the board of statutory auditors of companies with listed shares: see art. 154.1, legislative decree 24 February 1998, no. 58.

ARTICLE 2400 OF THE ITALIAN CIVIL CODE.

Appointment and termination of office
1. The original board of statutory auditors is appointed by the bylaws, and subsequently thereafter, the statutory auditors are appointed by the shareholders' meeting, save for the provisions of articles 2351, 2449 and 2450. The statutory auditors serve a three-year term of office; such term expires on the date in which the shareholders' meeting is called to approve the company's financial statements relative to the third financial year of their appointment. The expiration of the term of office shall be effective from the moment in which the board of statutory auditors has been reconstituted.
2. Statutory auditors can be dismissed only for just cause. The revocation resolution must be approved by court decree, after hearing the interested party.
3 - The appointment and termination of each statutory auditor must be filed with the register of companies by the directors within 30 days. The appointment must indicate the auditor's surname, name, place and date of birth, and domicile.
4. Upon the moment of appointment of the statutory auditors, and before their acceptance of such appointment, the shareholders' meeting shall be informed of the appointments as directors or auditors that they hold in other companies.

DECREE OF THE MINISTER OF JUSTICE OF 30 MARCH 2000 No. 162

Regulations for the setting of the requirements of professionalism and respectability of the members of the Board of Statutory Auditors of listed companies to be issued pursuant to Art. 148 of Legislative Decree 24 February 1998, No. 58.

THE MINISTER OF JUSTICE
In agreement with the **MINISTER OF TREASURY, BUDGET AND ECONOMIC PROGRAMMING**

Having regard to "consolidated text of the provisions on financial intermediation" issued with legislative decree 24 February 1998, no. 58 ("TUF");
Having regard to article 148, paragraph 4, of the TUF, according to which the members of the board of statutory auditors of listed companies must possess the requisites of integrity and professionalism established by the regulation of the Minister of Justice, adopted in agreement with the Minister of the Treasury, Budget and Economic Planning, after consulting CONSOB, the Bank of Italy and ISVAP;
Having regard to article 13, paragraph 2, of the TUF, referred to by article 148, paragraph 4, on the basis of which the lack of requirements determines the forfeiture of the office, which must be declared by the board of directors within thirty days of the appointment or knowledge of the supervening defect;
Having heard CONSOB;
Having heard the Bank of Italy;
Having Heard the ISVAP;
Having regard to article 17, paragraph 3, of Law 23 August 1988, no. 400;
Having heard the opinion of the Council of State expressed in the meeting of the advisory section for regulatory acts on March 20, 2000;
Having regard to the note prot. no. 683 / U-24 / 7-2 of 28 March 2000 with which, pursuant to article 17, paragraph 3, of the aforementioned law no. 400/1988, the draft regulation was communicated to the Presidency of the Council of Ministers;

Adopt the following regulation:

Art. 1 - Requirements of professionalism
1. Italian companies listed in regulated markets in Italy or other countries in the European Union, choose, out of those people entered in the registry of auditors who have carried out the activity of legal auditing for no less than three years, at least one of the permanent auditors, if there are three of them, at least two of the permanent auditors, if there are more than three of them and at least one of the substitute auditors in both cases.
2. The auditors who do not meet the requirement provided for in Paragraph 1 above are chosen from those who have, as a whole, at least three years' experience in the field of:
a) director-level or control activities or non-managing tasks in capital companies having a share capital of no less than two million Euros, or
b) professional activities or tenured university teaching positions in legal, economic, financial and technical-scientific course subjects, strictly pertaining to the business of the Company, or
c) management duties in public entities or administration bodies in the credit, finance and insurance industries or in any case, in industries strictly connected the Company's business.
3. For the purpose of complying with the provisions of Paragraph 2, letters b) and c) above, the articles of association specify the matters and the industries which are strictly connected to the Company's business. The Articles of Association may include other additional conditions for the fulfilment of the professionalism requirements provided for in the previous paragraphs.
4. Those who have carried out director level, management-level or control functions in the categories of companies indicated below for at least eighteen months out of the two previous financial years preceding the adoption of the relevant orders and the current financial year, may not hold the post of auditor: a) companies that have been subject to proceedings of bankruptcy or compulsory administrative liquidation or equivalent procedures; b) companies operating in the credit, finance, securities-related and insurance markets, that have been subject to extraordinary administration procedures.
5. Nor can the position of auditor be held by individuals who have been subject to a cancellation order from the consolidated national register of stock brokers as required by Art. 201, Paragraph 15 of Legislative Decree 24 February 1998, No. 58, and the stock brokers who are excluded from negotiations in a regulated market.
6. The prohibition mentioned in Paragraphs 4 and 5 above shall have a duration of three years as of the adoption of the relevant orders. This length of time is reduced to one year in the event the order was adopted on request of the entrepreneur, the administration bodies of the undertaking, or the stock broker at issue.

Art. 2 - Requirements of respectability

1. The position of auditor for the companies indicated in Art. 1, Paragraph 1 above may not be held by individuals who:
   a) have been subject to preventative measures taken by the judicial authorities pursuant to Law 27 December 1956, No. 1423 or Law 31 May 1965, No. 575 and subsequent amendments and additions, except for the effects of discharge;
   b) have been sentenced, with a final judgment of conviction, except for the effects of discharge:
      1) to imprisonment for one of the crimes provided for in the regulations relating to banking, finance, and insurance fields and the regulations relating to markets, financial instruments, payment instruments and tax issues;
      2) to imprisonment for one of the crimes described under Section XI, BookV of the Italian Civil Code and in Royal Decree 16 March 1942, No. 267;
      3) to imprisonment for a term of no less than six months for a crime against government, public faith, property, public order and the public economy;
      4) to imprisonment for a term of no less than one year for any offence committed with criminal intent.

2. The position of auditor for any of the companies indicated in Art. 1, Paragraph 1 may not be held by individuals who are or have been subject to any of the sentences provided for in Paragraph 1, letter b) above, on request of any of the parties, except in the event of extinction of the related offences.

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ABSTRACT OF THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

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Definitions

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Control body: the collegial body in charge of the functions of the "audit committee" (called the "internal control and audit committee" within the Italian framework) pursuant to Directive 2006/43/EC or functions similar to these for companies that have no registered office in a European Union country to which this Directive does not apply.
For Italian companies, the control body is:
- the board of statutory auditors in the traditional model (i.e. “collegio sindacale”);
- the management control committee in the so-called “modello monistico” (i.e. “comitato per il controllo sulla gestione”;
- the *ad hoc* committee established within the supervisory board in the so-called “modello dualistico”, assigning to the supervisory board the so-called “high level” management powers (i.e. “comitato per il controllo interno e la revisione contabile”).

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VIII. The control body’s composition is appropriate for ensuring the independence and professionalism of its function.

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7. The circumstances that jeopardize, or appear to jeopardize, the independence of a director are at least the following:
a) if he or she is a significant shareholder of the company;
b) if he or she is, or was in the previous three financial years, an executive director or an employee: - of the company, of its subsidiary having strategic relevance or of a company subject to joint control; - of a significant shareholder of the company;
c) if he or she has, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which he or she is an executive director, or as a partner of a professional or a consulting firm): - with the company or its subsidiaries, or with their executive directors or top management; - with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management;
d) if he or she receives, or received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration other than the fixed remuneration for the position held within the board and for the membership in the committees recommended by the Code or required by law;
e) if he or she has served on the board for more than nine years, even if not consecutive, of the last twelve years;
f) if he or she holds the position of executive director in another company whereby an executive director of the company holds the office of director;
g) if he or she is a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the company;
h) if he or she is a close relative of a person who is in any of the circumstances set forth in previous letters.

The board of directors defines *ex ante*, at least at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d). If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.

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8. The company defines the diversity criteria for the composition of the board of directors and the control body and identifies the most suitable tool for their implementation, taking into account its ownership structures. At

least a third of the board of directors and the control body, where the latter is autonomous, is to be comprised of members of the less represented gender. Companies adopt measures to promote equal treatment and opportunities among genders within the entire organization, monitoring their specific implementation.

9. All members of the control body meet the independence requirements set out in *recommendation 7* for directors. The independence assessment is carried out, with the 9 timing and manner provided for by *recommendation 6*, by the board of directors or by the control body; such an assessment is based on the information provided by each member of the control body.

10. The outcome of the assessments of independence of directors and members of the control body referred to in *recommendations 6* and *9* is disclosed to the market immediately after the appointment through a specific press release and, later, in the corporate governance report. In both cases, the outcome of the assessment provides information about: the criteria used for the assessment of the significance of the relationships and, in case of any deviation from the circumstances set forth in *recommendation 7*, a clear and detailed reason for this choice motivated by the individual situation and characteristics of the director concerned.

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ABSTRACT OF THE LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

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Article 17 - Independence

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5. The external auditor or the responsible auditor on behalf of an auditing firm may not hold corporate positions in the administration and control bodies of the company that entrusted the auditing activity nor can they take self or subordinate employment relationships with the company, carrying out important managerial roles until at least two years have elapsed from the conclusion of the appointment, as external auditor or responsible auditor on behalf of an auditing firm.
This prohibition is extended, for a two years term from their involvement in the auditing activities, also to employees and partners, except for those who are responsible auditors, of the auditing firm or of the external auditor and also to any subject who works with or for the aforementioned entities, if licensed to practice the profession of external auditor.

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Pirelli & C. S.p.A. Independent Auditors: PricewaterhouseCoopers for the nine-year term 2017-2025.
Please take into account that the Shareholders' Meeting is called to also resolve upon the appointment of the new external independent auditor for the nine-year period 2026-2034 and that the auditors selected for the future assignment are EY S.p.A. and KPMG S.p.A..