



# **Pirelli & C. S.p.A.**

## **Minutes of the Shareholders' Meeting held on 18 May 2022**

[ENGLISH COURTESY TRANSLATION]

**Pirelli & C. S.p.A.**  
**Ordinary Shareholders' Meeting**  
**18 May 2022 at 10.30 a.m.**  
**convened conventionally**  
**in Milan, at Via Agnello n. 18, c/o Studio Notarile Marchetti**

The Ordinary Shareholders' Meeting of Pirelli & C. S.p.A. (with registered offices in Milan, Viale Piero e Alberto Pirelli no. 25, share capital 1,904,374,935.66 euros, fully paid in, tax code and registration number with the Milan-Monza-Brianza-Lodi Companies Register: 00860340157, registered with the Milan R.E.A.(Economic, Administrative Index) under no. 1055, hereinafter "Pirelli" or the "Company") convened in Milan at the offices of Studio Notarile Marchetti in Via Agnello no. 18, commenced at 10.31 a.m. on 18 May 2022.

In accordance with the company Bylaws, in the absence of the Chairman of the Board of Directors, as Executive Vice Chairman and Chief Executive Officer, Marco Tronchetti Provera (hereinafter the "**Chairman**") chaired the Meeting.

He recalled that, pursuant to art. 106 of Decree Law no. 18 of 17 March 2020 (the "**Decree**", converted with Law no. 27 of 24 April 2020 and as subsequently extended), the Company has used the option to establish that those entitled to vote at the Shareholders' Meeting will only be able to attend through the Appointed Representative Computershare S.p.A. (hereinafter the "**Appointed Representative**") pursuant to article 135-undecies of Legislative Decree no. 58 of 24 February 1998 ("**TUF**"), without the physical participation of the entitled persons, and to establish that members of the corporate bodies and other persons authorised or entitled in various capacities to attend the Shareholders' Meeting may do so, in compliance with the provisions of the Bylaws, by using long distance communication devices, without the need for the Chairman, the Secretary and/or the Notary to be in the same place.

Therefore, all the participants (including the Chairman) attended by audio-video conference.

The Chairman confirmed that he had personally ascertained the identity and legitimacy of those in attendance, as well as the right of everyone to take part in the discussion and vote.

The Chairman asked everyone to set their devices to mute and recommended that anyone wishing to intervene should deactivate this mode before doing so.

He recalled that the Shareholders' Meeting had been called to discuss and resolve on the following:

**agenda**

***1. Financial Statements as at 31 December 2021:***

***1.1. approval of the financial statements as at 31 December 2021. Presentation of the consolidated financial statements as at 31 December 2021. Presentation of the Report on responsible management of the value chain related to 2021 financial year;***

***1.2 proposal on the allocation of the result of the financial year and distribution of dividends; related and consequent resolutions.***

***2. Remuneration policy and compensation paid:***

*2.1. approval of the remuneration policy for 2022 financial year pursuant to article 123-ter, paragraphs 3-bis and 3-ter of Legislative Decree 24 February 1998 n. 58;*

*2.2. advisory vote on the report on compensation paid for 2021 financial year pursuant to article 123-ter, paragraph 6 of Legislative Decree 24 February 1998 n. 58;*  
*related and consequent resolutions.*

*3. Three-year monetary incentive plans for Pirelli Group Management:*

*3.1. approval of the monetary incentive plan for the three-year period 2022-2024 for Pirelli Group Management;*

*3.2 approval of the adjustment mechanisms of the quantification of the objectives included in the monetary incentive plans for the three-year periods 2020-2022 and 2021-2023 for Pirelli Group Management;*

*related and consequent resolutions and granting of powers.*

and, nobody having raised an objection, called the Notary, Andrea De Costa, to act as secretary of the Shareholders' Meeting, who accepted.

The Chairman first pointed out that Camfin S.p.A. and China National Chemical Corporation Limited (ChemChina), as notified by them over the last few days (16 May 2022), had reached an agreement for the renewal of the shareholders' agreement on Pirelli's governance - with effect from the date on which the Pirelli shareholders' meeting was convened to approve the financial statements at 31 December 2022 and for a further period of three years from that date (and, therefore, until spring 2026) - stressing the stability of the existing partnership in continuity and coherence with the principles of governance already established by the current shareholders' agreement and, in any case, with the aim of creating value for Pirelli and all its shareholders, assuring the continuity of the Pirelli managerial culture.

The Chairman asked the Secretary to continue with the formal communications and the recall of the resolutions to be passed and the collection of votes expressed by the Appointed Representative.

The Secretary reported that:

- the following were in attendance at the meeting:

- for the Board of Directors, in addition to the Executive Vice Chairman and the Chief Executive Officer, Marco Tronchetti Provera, the Directors: Paola Boromei, Marisa Pappalardo, Giovanni Lo Storto and Giovanni Tronchetti Provera;
- for the Board of Statutory Auditors, the following were in attendance: Riccardo Foglia Taverna, Antonella Carù, Francesca Meneghel, Teresa Naddeo and Alberto Villani;
- for the Appointed Representative: Alberto Elia;
- the Chairman of the Supervisory Body, Carlo Secchi;

- with the consent of the Chairman, the Shareholders' Meeting was also attended by the meeting staff, again via electronic means;

- the call notice of the Shareholders' Meeting was published on the Company's website on 13 April 2022. The notice was also published in the newspapers "Il Sole 24 Ore" and "Milano Finanza" on 14 April 2022 and is also available at the Borsa Italiana S.p.A. and at the authorised storage mechanism eMarket Storage;

- the Company has not received any requests to supplement the Agenda or any new proposed resolutions, pursuant to and in the ways set out in art. 126-bis of the TUF and with the addition ways indicated in the call notice;
- the share capital of Pirelli & C. S.p.A. amounts to 1,904,374,935.66 euros and is divided into a total of 1,000,000,000 ordinary shares (all with voting rights at Shareholders' Meetings) with no par value. To date, the Company does not hold treasury shares;
- at present, those in attendance numbered 524 for a total of 836,822,580 shares representing 83.682258% of the share capital; the list of names of the subjects participating by proxy, with an indication of the shares held by each, as well as the names of the subjects voting as pledgees and usufructuaries, has been made available and is annexed to the minutes of the Shareholders' Meeting;
- the Shareholders' Meeting was properly constituted and entitled to discuss and resolve on the item on the relative Agenda;
- the documentation relating to all items on the Agenda has been published pursuant to the regulations applicable at the time of publication, as well as published on the Company's website and has been made available to the attendees;
- according to the information in the Shareholder Register supplemented by the communications received pursuant to art. 120 of Legislative Decree no. 58/1998 and the other information available, the following directly or indirectly hold a significant number of voting shares, pursuant to the current provisions of law and regulations:

|   |   | <b>Number of<br/>shares</b> | <b>% of ordinary<br/>share capital</b> |
|---|---|-----------------------------|--|
| 1 | <b>SINOCHEM HOLDINGS CORPORATION LTD</b> (the parent company of the Company).<br>All the shares are held indirectly through Marco Polo International Italy S.r.l. | 370,150,000                 | <b>37.015</b>                          |
| 2 | <b>MARCO TRONCHETTI PROVERA</b><br>All the shares are held indirectly through Camfin S.p.A.   | 140,959,399                 | <b>14.096</b>                          |
| 3 | <b>SILK ROAD FUND CO LTD</b><br>All the shares are held indirectly through PFQY S.r.l.  | 90,212,508                  | <b>9.021</b>                           |
| 4 | <b>BOMBASSEI ALBERTO</b><br>All the shares are held indirectly through Next Investment S.r.l. (o. 2,100,000 shares) and Brembo S.p.A. (no. 47,774,057 shares)     | 49,874,057                  | <b>4.987</b>                           |
| 5 | <b>TACTICUM INVESTMENTS S.A.</b>  | 42,708,270                  | <b>4.271</b>                           |
| 6 | <b>NIU TENG</b><br>All the shares are held indirectly through Longmarch Holding S.à.r.l   | 36,788,672                  | <b>3.680</b>                           |

- the Appointed Representative was invited to make any statement required by law, including on the issue of lack of entitlement to vote;

- since the documentation pertaining to all the items on the Agenda has been subject to the disclosure requirements mentioned above and is available to all the attendees, provided that no-one objects, its reading shall be omitted, and only the proposed resolutions contained in the Reports of the Board of Directors shall be read out;
- before today's Shareholders' Meeting, questions were received pursuant to art. 127-ter TUF from the shareholders Marco Bava and Blockchain Governance S.r.l.. The list of questions and answers was published on the Company's website on 14 May 2022 and is annexed to the minutes of the Shareholders' Meeting;
- the votes shall be at today's Shareholders' Meeting through communication by the Appointed Representative, of the votes expressed by it, on the basis of the voting instructions received.

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Moving on to the discussion of the **first item on the agenda** (*Financial Report*), the following intervention of the Chairman was read out:

*“As regards the significant events to report since the approval of the draft financial statements by the Board, on 17 March 2022, I would like to remind you that on 10 May 2022, the Board of Directors approved the interim financial report at 31 March 2022 the figures of which may be summarised as follows:*

- *Revenues: +22.2% to 1,521.1 million euros on the first quarter of 2021 (+19.0% the organic change, excluding the exchange effect of +3.2%). High value revenues at 74% of the total (73% in the first quarter of 2021)*
- *Price/Mix: +20.4%, record level thanks to the price increases and improved mix*
- *Adjusted EBIT: +35.4% to 228.5 million euros (168.8 million in the first quarter 2021). The improvement in the price/mix and efficiencies have more than offset the impact of the external scenario (raw materials and inflation)*
- *Adjusted EBIT margin at 15.0% (13.6% in the first quarter of 2021)*
- *Net income: +160.2% to 109.8 million euros (+42.2 million euros in the first quarter 2021)*
- *Net cash flow before dividends: -672.9 million euros (-653.5 million in the first quarter of 2021) due to the standard business seasonality*
- *Net Financial Position: -3,580.0 million euros (-3,911.9 million at 31 March 2021 and -2,907.1 million euros as at 31 December 2021)*
- *Liquidity margin: 1,940.7 million euros, due dates to banks and other lenders guaranteed until February 2024*

*As regards the 2022 targets and outlook:*

- *2022 macro-economic outlook held back by geopolitical tensions, inflation and drop in demand due to lockdown in China*
- *Further measures planned, in addition to efficiencies and price/mix, to compensate for the external scenario*

- *Estimated revenue between ~5.9 and ~6.0 billion euros (previous estimate ~5.6 and ~5.7 billion euros), with expected volumes between ~+0.5% and ~+1.5% (previous indication ~+1.5% and ~+2.5%) driven by High Value ~+5.5% / ~+6% (previous indication ~+6% / ~+7%)*
- *Price/mix growing between ~+10% and ~+11% (previous indication ~+5.5% / ~+6.5%)*
- *Adjusted EBIT Margin expected to be ~15% (previous estimate between ~16% and ~16.5%) due to Russia-Ukraine crisis and drop in demand in China due to lockdown*
- *Net cash generation before dividends expected to be 450 million (confirmed to be at the lower end of the previous indication between ~450 and ~480 million euros)*
- *Confirmed investments of ~390 million euros (~6.5% of revenues)*
- *Confirmed net financial position of ~-2.6 billion euros.*

*I would also recall that during said board meeting held last 10 May, Director Yang Shihao was appointed by cooptation in lieu of Yang Xingqiang. As the resignation of Yang Xingqiang (exclusively due to onset, unexpected concentration of new personal commitments) was tendered after today's meeting had been convened, the director coopted will stand down at the next shareholders' meeting."*

Moving on, the Secretary finally recalled that the meeting Chair had asked that it be recalled here that:

- *"in these first months of 2022 - even now where a gradual return to normality can be expected - Pirelli has continued the numerous initiatives aimed at safeguarding the health of its employees and safety in the workplace, priority objectives for the group since the onset of the COVID-19 emergency;*
- *as has now been the tradition since 2010, Pirelli has developed a communication project around the annual report to describe the company's values in an innovative and original manner along with the related emerging social and cultural trends. The Annual Report 2021, entitled "A Beautiful Place: l'arte della manifattura" (A Beautiful Place: the art of manufacture) values factories as places of production but also of inspiration of beauty, art and culture. Under the scope of the project, Pirelli has invited international artists to visit some of its production sites and create works of art inspired by the sounds, colours and atmospheres in the factories. The financial statements are completed by reflections on the inseparable duo of factory/beauty by theologian Vito Mancuso and a comment by the Ghanaian-American writer Nadia Owusu."*

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With regard to the fees for the external auditing of the accounts, in recalling what was reported in the financial statements, it was noted that the shareholders' meeting of 1 August 2017 determined the remuneration (and the criteria for adjusting the same) for the financial years 2017 to 2025; specifically with regard to the financial year 2021, these fees amounted to: (i) to 55,813 euros for the individual financial statements of the Company (501 hours worked) and for the consolidated financial statements of the Pirelli Group, as well as for the additional related activities (481 hours worked), and (ii) to 21,294 euros for the limited audit of the condensed half-year consolidated financial statements of Pirelli & C. S.p.A. for the six-month period ending on 30 June 2021 (345 hours worked).

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The proposed resolutions contained in the Report of the Board of Directors, as transcribed below, were then read out.

The Chairman then put to the vote (at 10.40 a.m.), through the Appointed Representative who shall vote on the basis of the voting instructions received, the proposals read out and reproduced below:

*“The Shareholders’ Meeting,*

- *having examined the annual financial report as at 31 December 2021;*
- *having acknowledged the Statutory Auditors’ Report;*
- *having acknowledged the report of the Auditing Firm;*

**RESOLVED**

*a) to approve the Company’s financial statements for the year ended 31 December 2021, as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, showing a profit of 216,618,625.00 euros;*

*b) to distribute to shareholders a dividend, gross of withholding taxes, of 0.161 euros for each of the 1,000,000,000 outstanding ordinary shares, for a total of 161,000,000.00 euros;*

*c) to carry forward the remaining profits, amounting to 55,618,625.00 euros;*

*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;*

*e) to establish, for the case in which, before the ex dividend date, the number of outstanding ordinary shares changes following the bond conversion of the equity-linked bond named “EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025”, that the abovementioned dividend unit remains unchanged and that the amount required for the distribution of any new shares is taken from the item “Reserve retained earnings”.*

**As regards the proposed resolution relative to item 1.1 on the agenda: the Shareholders’ Meeting approved by majority vote.**

Against: 531,884 votes

Abstained: 215,720 votes

For: 836,074,976 votes.

All as detailed in the annexes.

**As regards the proposed resolution relative to item 1.2 on the agenda: the Shareholders’ meeting approved unanimously.**

All as detailed in the annexes.

The Chairman announced the result, specifying that the dividend will be paid from 25 May 2022, with a coupon date of 23 May 2022 (record date 24 May 2022).

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Moving on to the discussion of the **second item on the agenda** (*Remuneration Report*), it was recalled that the Shareholders will be asked to approve Section I of the Remuneration Report, with a binding resolution pursuant to art. 123-ter, paragraph 3-ter, of the TUF. The Shareholders will also be asked, pursuant to Art. 123-ter, paragraph 6, of the TUF, to resolve in favour or against Section II of the Remuneration Report, with a non-binding resolution.

The Chairman therefore put to the vote (at 10.45 a.m.) by means of communication by the Appointed Representative of the votes expressed by it on the basis of the voting instructions received (1) the proposal to approve Section I of the Remuneration Report, by binding resolution pursuant to art. 123-ter, paragraph 3-ter of the TUF and (2) on the vote in favour or not in favour of Section II of the Remuneration Report.

**As regards the proposed binding resolution on Section I of the Remuneration Report item 2.1 on the agenda: the Shareholders' Meeting approved by majority vote.**

Against: 123,951,869 votes

Abstained: 0 votes

For: 712,870,711 votes.

All as detailed in the annexes.

**As regards the resolution in favour or not in favour of Section II of the Remuneration Report item 2.2 on the agenda: the Shareholders' Meeting approved by majority vote.**

Against: 129,356,499 votes

Abstained: 0 votes

For: 707,466,081 votes.

All as detailed in the annexes.

The Chairman announced the result.

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Moving on to discuss the **third item on the agenda** (*Incentive Plans*), the proposed resolutions set forth in the Report of the Board of Directors, as transcribed below, were then read out.

The Chairman then put to the vote (at 10.49 a.m.), through the Appointed Representative who shall vote on the basis of the voting instructions received, the proposals read out and reproduced below:

*“Shareholders, on the basis of the above, we hereby ask you to:*

*- in relation to item 3.1 on the agenda, given that the 2022-2024 LTI Plan states – inter alia – that a portion of the bonus be determined based on a Total Shareholder Return target calculated based on stock market price trends of Pirelli ordinary shares against an index made up of select Tier 1 peers in the Tyre sector:*

*1. approve – pursuant to Article 114-bis of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented – the adoption of the 2022-2024 LTI Plan for Pirelli Group Management, regarding the part where it is also based on the performance of Pirelli shares, under the terms set out herein and as better described in the Information Document (drawn up pursuant to Article 84-bis, paragraph 1, of the Issuers' Regulation);*



*2. grant the Board of Directors the broadest powers needed or appropriate to implement the 2022-2024 LTI Plan and to adjust or amend the performance indicators and respective targets of the 2022-2024 LTI Plan, submitting the new performance indicators and respective targets to the Shareholders' Meeting if they relate to or concern the relevant features pursuant to Article 114-bis of the TUF (compensation plan based on financial instruments);*

*- in relation to item 3.2 on the agenda:*

*3. approve the adjustment mechanisms of the quantification of targets under the LTI Plans for the 2020-2022 and 2021-2023 cycles for Pirelli Group Management and the updates and coordination in respect of such LTI Plans under the terms set out herein and better described in the Information Documents (drafted pursuant to Article 84-bis, paragraph 1, of the Issuers' Regulation), as amended, as a result of the adjustment made to mitigate any negative effects caused by a worse macroeconomic and geopolitical scenario due to a worsening of the crisis;*

*3. grant the Board of Directors – on the proposal of the Remuneration Committee and after consulting with the Board of Statutory Auditors – the broadest powers needed or appropriate to implement the 2020-2022 and 2021-2023 LTI Plans (last amended pursuant to the resolution passed under section 3) and to proceed with any further adjustment or amendment of the performance indicators and respective targets, submitting the new performance indicators and respective targets to the Shareholders' Meeting if they relate to or concern the features referred to in Article 114-bis of the TUF (compensation plan based on financial instruments).*

**As regards the proposed resolutions relative to item 3.1 on the agenda: the Shareholders' Meeting approved by majority vote.**

Against: 97,863,481 votes

Abstained: 0 votes

For: 738,959,099 votes.

All as detailed in the annexes.

**As regards the proposed resolutions relative to item 3.2 on the agenda: the Shareholders' Meeting approved by majority vote.**

Against: 120,312,387 votes

Abstained: 0 votes

For: 716,510,193 votes.

All as detailed in the annexes.

The Chairman proclaimed the result, thanked those in attendance and adjourned the meeting at 10.50 a.m.

The following are attached to these minutes:

- the list of names of the subjects who attended by proxy granted to the Appointed Representative with an indication of the shares held by each and the voting details, as "A";
- shareholder questions (and related answers) pursuant to art. 127-ter TUF as "B".

The Secretary

The Chairman

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**Attachments to the Minutes are not included.**