

Shareholders agreement communicated pursuant to Art. 122 of Legislative Decree n. 58 of February 24, 1998 – Essential information pursuant to Art. 130 of Consob Regulation no. 11971/1999, as subsequently amended and supplemented

**PIRELLI & C. S.P.A.**

*This document has been updated in order to take into account the effectiveness of the SRF Attribution occurred on September 29, 2020.*

*The amendments to the excerpt are highlighted in italics. Capitalized terms indicated above shall have the same meaning ascribed to them in the excerpt.*

*The above is without prejudice to the contractual documentation executed by the Parties on August 1st, 2019.*

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**1. Recitals**

On August 1<sup>o</sup> 2019, China National Chemical Corporation Limited (“**CC**”), China National Tire & Rubber Corporation, Ltd. (“**CNRC**”), Silk Road Fund Co., Ltd. (“**SRF**”), CNRC International (HK) Limited (“**SPV HK1**”), CNRC International Holding (HK) Limited (“**SPV HK2**”), Fourteen Sundew S.à r.l. (“**SPV Lux**”), Marco Polo International Italy S.r.l. (“**MPI Italy**”), Camfin S.p.A. (“**CF**”) and Marco Tronchetti Provera & C. S.p.A. (“**MTP**”) executed an agreement for the renewal of the shareholders agreement (the “**Renewal Shareholders Agreement**”) signed on July 28, 2017 between CC, CNRC, SRF, SPV HK1, SPV HK2, SPV Lux, CF, MTP and Long-Term Investments Luxembourg S.A. (the “**New Shareholders Agreement**”), aimed at setting, among other things, the governance of Pirelli & C. S.p.A. (“**Pirelli**” or the “**Company**”) starting from October 4, 2017, date of listing of the shares of the Company on the Italian Stock Exchange.

The Renewal Shareholders Agreement has become effective on April 28, 2020.

*On September 29, 2020, in the context of a wider reorganization of the control chain of MPI Italy which has implied, among others, the exit of CNRC HK2 from the said control chain (the “**Reorganization**”), it has been completed the partial non proportional and asymmetrical demerger of MPI Italy in favour of PFQY S.r.l., a beneficiary company incorporated under Italian law, with registered office in Milan, via San Primo 4, fiscal code and number of registration with the Companies’ Register of Milan 11324920963 (“**PFQY**”), pursuant to which PFQY received, among others, no. 90,212,508 Pirelli shares, equal to 9.02% of the share capital (the “**SRF Assignment**”).*

*Therefore, following the execution of the Reorganization and the SRF Assignment:*

- *CC, through its direct interest in CNRC and the indirect interest in CNRC HK1, SPV Lux and MPI Italy, as of today owns no. 370,150,000 Pirelli shares, equal to 37.01% of the share capital of Pirelli;*
- *SRF, through its direct interest in PFQY, as of today owns no. 90,212,508 Pirelli shares, equal to 9.02% of the share capital of Pirelli.*

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The essential information of the Renewal Shareholders Agreement relating to Pirelli are described herein-below.

## 2. Company having financial instruments subject to the Renewal Shareholders Agreement

Pirelli & C. S.p.A., with registered office in Milan, Viale Piero e Alberto Pirelli no. 25, VAT, fiscal code and registration number at the Companies' Register of Milano–Monza–Brianza–Lodi 00860340157, having, as at today, a share capital equal to Euro 1,904,374,935.66, fully paid-in, divided into No. 1,000,000,000 ordinary shares with no par value.

## 3. Parties adhering to the Renewal Shareholders Agreement

The parties adhering to the Renewal Shareholders Agreement (the “Parties”) are the following:

- China National Chemical Corporation Limited, a company incorporated under the laws of the People's Republic of China, having its registered office in Beijing (People's Republic of China), no. 62 West Beisihuan Road, Haidian district, a state-owned enterprise subject to the control of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Republic of China;
- China National Tire & Rubber Corporation, Ltd., a company incorporated under the laws of the People's Republic of China, having its registered office in Beijing (People's Republic of China), no. 62 West Beisihuan Road, Haidian district, wholly controlled by CC;
- Silk Road Fund Co., Ltd., a limited liability company incorporated under the laws of the People's Republic of China, having its registered office at F210–F211, Tower B, Winland IFC, 7 Financial Street, Xicheng District, Beijing, People's Republic of China;
- CNRC International (HK) Limited, a company incorporated under the laws of Hong Kong (People's Republic of China), with registered office at RMS 05–15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China), wholly controlled by CNRC;
- CNRC International Holding (HK) Limited, a company incorporated under the laws of Hong Kong (People's Republic of China), with registered office at RMS 05–15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China), whose share capital *was, before the completion of the Reorganization*, held for 75% by SPV HK1 and for 25% by SRF;
- Fourteen Sundew S.à r.l., a company incorporated under the laws of the Grand Duchy of Luxembourg, with registered office in Luxembourg, *1, Rue Hildegard von Bingen, L-1282, now* wholly controlled by SPV HK2;
- Marco Polo International Italy S.r.l., a company incorporated under the laws of Italy, with registered office in Via San Primo 4, Milan, Italy, wholly controlled by SPV Lux;
- Camfin S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, Via Larga no. 2, controlled by MTP; and
- Marco Tronchetti Provera & C. S.p.A., a company incorporated under the laws of Italy, with registered office in via Bicocca degli Arcimboldi 3, Milan, controlled by Mr. Marco Tronchetti Provera.

## 4. Percentages and number of financial instruments subject to the Renewal Shareholders Agreement

The Renewal Shareholders Agreement is related to all the ordinary shares of Pirelli directly and indirectly owned by the Parties. The following table shows the participations held by the Parties *as of the date of effectiveness of the SRF Assignment*.

<i>Shareholder</i>	<i>Number of the contributed Pirelli ordinary shares</i>	<i>% on the overall issued Pirelli ordinary shares</i>	<i>% on the overall contributed Pirelli ordinary shares</i>
Marco Polo International Italy S.r.l.	370.150.000	37,015	65,943
PFQY S.r.l.	90.212.508	9,021	16,071
Camfin S.p.A.	100,959,399	10.096	17.986
<b>Total</b>	<b>561,321,907</b>	<b>56.132</b>	<b>100.000</b>

## 5. Content of the Renewal Shareholders Agreement

### 5.1 Corporate Governance of Pirelli

#### 5.1.1 General Principles

With the Renewal Shareholders Agreement MTP and CNRC confirmed the governance principles already expressed in New Shareholders Agreement aimed at continuing the Pirelli's business and entrepreneurial culture by leveraging on the management retention in the long run and inspired by the best international practice of listed companies. For this reason, MTP and CNRC acknowledged the pivotal role of the current top management, with a fundamental role of Mr. Marco Tronchetti Provera as Chief Executive Officer and Executive Vice Chairman of Pirelli in leading the top management of Pirelli ("**Management**") and ensuring the continuity of the Pirelli's business culture also through a leading role in the designation of his successor.

The CEO will: (i) continue to prepare challenging business plans of Pirelli in comparison with the peers (a) by leveraging on its unique positioning in the tire industry and on its strategy in the High Value segment and (b) by profiting from the opportunities coming from the growth of this segment in China where Pirelli is leader and worldwide; (ii) continue to analyse the opportunities offered by the market to create value in the interest of all the Pirelli's stakeholders, including by preparing and presenting to the Board of Directors of Pirelli a report which will evaluate and analyse, in the best interest of Pirelli, the opportunity of a possible double listing of the Company in other markets, including the Chinese market on the basis of the strategy of Pirelli in Chinese market to which Pirelli attaches high importance; and (iii) continue to inform the Strategies Committee at least quarterly and on the basis of a complete and adequate information flow – pursuant to the procedure adopted by the Company in this respect – so to allow the Strategies Committee: (i) to monitor and evaluate the achievements of the Management in the implementation of the business plan; and (ii) to propose to the Board any proper action and/or the adoption of any possible correction for the best and successful implementation of such business plan.

#### 5.1.2 Board of Directors of Pirelli

The Renewal Shareholders Agreement provides that the Board of Directors of Pirelli to be appointed on the date of the approval of the balance sheet of the Company as at December 31, 2019 shall remain in office for a period of three financial years until the date of approval of the balance sheet of the Company as at December 31, 2022, shall be composed of up to 15 members, 8 of whom independent and shall be appointed through a slate-voting mechanism which shall ensure the following composition: 3 directors will be designated by the minority slates and 12 directors by the majority slate, at least 5 of whom to be independent. In particular:

- the slate to be presented by CNRC will include Mr. Marco Tronchetti Provera, 1 non-independent candidate and 1 independent candidate designated by MTP;
- the other 9 candidates including the Chairman will be designated by CNRC;
- the additional three candidates at position 13, 14 and 15 of the slate will be indicated by CNRC.

All independent directors of Pirelli shall have the requisites of independence prescribed for directors of listed companies by Law and by the Corporate Governance Code ("Codice di Autodisciplina").

Should a director designated by the majority slate, resign or otherwise cease for any reason whatsoever to hold his/her office, the replacement shall be indicated by the relevant designating party of such director.

Moreover, should it be necessary to appoint a new board of directors during the Term (as defined below), CNRC will deposit a slate in accordance with Pirelli By-laws and vote (or cause to be voted, as the case may be) in the shareholders' meeting called for the appointment of the new board of directors, in favor of such slate.

MTP undertakes to cause CF to vote in favor of the list presented by CNRC.

#### *5.1.3 Matters reserved to the Board of Directors of Pirelli*

The Renewal Shareholders Agreement provides that any resolutions concerning the following matters, to be implemented by Pirelli and/or any other company (including any foreign unlisted company) which is subject to Pirelli's management and coordination power but excluding intercompany transactions, shall be subject to the approval of the Board of Directors of Pirelli; it is further agreed and understood that such matters shall be subject to the approval of the Board of Directors of Pirelli not only if the relevant threshold amount specified for each of such matters has been met, but also if any of the matters from (i) to (viii), as a single act or series of coordinated acts (performed in the context of a common executive program or strategic project) exceeds the annual budget/business plan or (only with respect to items from (i) to (viii) below) is not included in or listed or covered in the annual budget/business plan:

- (i) the receiving and granting of loans having a value exceeding Euro 200,000,000 and having a duration exceeding 12 months;
- (ii) the issuance of financial instruments to be listed on regulated European or non-European markets having a value exceeding Euro 100,000,000 and their delisting;
- (iii) the issuance of guarantees in favour of third parties for amounts exceeding Euro 100,000,000, it being understood that the issuance of guarantees in the interest of third parties other than the Company, its subsidiaries and its joint ventures shall be subject, in any case, to the approval of the Board of Directors of Pirelli;
- (iv) the entering into derivative agreements (a) having a notional value exceeding Euro 250,000,000, and (b) other than those which have as sole purpose and/or effect the hedging of corporate risks (e.g., hedging of interest rates, hedging of exchange rates, hedging of raw materials). The entering into

speculative derivative agreements shall be subject, in any case, to the approval of the Board of Directors of Pirelli;

- (v) the acquisition or sale of control or connection shareholdings in other companies having a value exceeding Euro 40,000,000 which entail the entering (or exiting) geographic and/or commodities markets;
- (vi) the acquisition or sale of shareholdings other than those described in point (v) above for amounts exceeding Euro 40,000,000;
- (vii) the acquisition or sale of businesses or business divisions having a strategic importance or, however, a value exceeding Euro 40,000,000;
- (viii) the acquisition or sale of assets or of other activities having a strategic importance or, however, a total value exceeding Euro 40,000,000;
- (ix) the entering into material transactions with related parties, to be intended as such those transactions which satisfy the conditions set out under the “Procedure for Related-Party Transactions” approved by Pirelli’s board of directors;
- (x) the definition of Pirelli’s general policy on remuneration;
- (xi) the determination, in compliance with Pirelli’s internal policies and the applicable laws, of the remuneration of managing directors and of those directors who are vested with special offices and, where required, the allocation among the members of the board of directors of the aggregate remuneration approved by the shareholders’ meeting;
- (xii) the approval of strategic, industrial and financial plans of Pirelli and its group;
- (xiii) the adoption of the rules for the corporate governance of Pirelli and definition of the group’s corporate governance guidelines;
- (xiv) the definition of the guidelines of the internal control system, including the appointment of a director responsible for supervising the internal control system, defining his tasks and powers;
- (xv) any other matter which should be vested with the competence of the board of directors of a listed company pursuant to the corporate governance code of Borsa Italiana (Codice di Autodisciplina), as amended from time to time.

#### 5.1.4 Pirelli Chairman

Pursuant to the Renewal Shareholders Agreement, CNRC and MTP agreed that the Pirelli Chairman shall have the power to legally represent the Company, as well as all the other powers granted to the Chairman according to the current by-laws of Pirelli, without prejudice to the powers and prerogatives of the Board of Directors.

#### 5.1.5 Pirelli CEO and Executive Vice Chairman – Significant Matters

The Renewal Shareholders Agreements provides that Mr. Marco Tronchetti Provera will continue to be the CEO and Executive Vice Chairman of Pirelli. The Pirelli CEO and Executive Vice Chairman shall be delegated the power and authority concerning the supervision and implementation by the General Manager and the Management of the business plan and the power to propose to the Board of Directors the adoption of the following resolutions:

- (i) approval of the business plan and the annual budget of Pirelli and its group of companies and any material amendments thereto. Such business plan and the annual budget will (a) cover operating and financing matters of Pirelli, including, but not limited to, all funding to finance the said business plan and annual budget, as well as the decisions related to operating assets underlying the business plan

and annual budget; and (b) be equipped with adequate and appropriate supporting schedules explaining the items in the business plan and annual budget;

- (ii) any resolution concerning industrial partnerships or strategic joint ventures of Pirelli and/or any company controlled, controlling or under common control of Pirelli, subject, in any case, to the prior examination and discussion in the Strategies Committee of Pirelli.

The resolutions upon the matters referred to points (i) and (ii) above (the “**Significant Matters**”) will be reserved to the Pirelli Board of Directors and/or shareholders’ meeting of Pirelli, as the case may be. In particular, the approval and/or amendment of the budget and/or the business plan of Pirelli and its group will always remain within the competences of the Board of Directors. Furthermore, CNRC and MTP have agreed that, with respect to the Significant Matters, any possible decision taken in the Pirelli Board of Directors against the relevant proposal submitted to the Board by the Pirelli CEO and Executive Vice Chairman shall be motivated and shall in any case take into account the best interest of Pirelli.

In addition the Pirelli Board of Directors shall continue to be reserved, upon proposal of the Pirelli CEO and Executive Vice Chairman, on the appointment and removal from office of the key managers (“*dirigenti con responsabilità strategica*”) of Pirelli as identified pursuant to the relevant internal procedure of Pirelli already in place, namely the following employees of Pirelli: (i) the General Manager, (ii) the Manager charged with preparing the Company’s financial reports; (iii) all positions currently to be defined as Executive Vice President and (iv) the Company’s secretary.

#### 5.1.6 General Manager

The Pirelli general manager (the “**General Manager**”) is an officer of Pirelli to be appointed by the Board of Directors and shall be delegated the power and authority concerning (i) the implementation of the business plan and the budget – under the supervision of the Pirelli CEO and Executive Vice Chairman – and (ii) the ordinary management of Pirelli and of the Pirelli group – with the exclusion of the powers which shall be reserved to the Pirelli Board of Directors or to the competence of the Pirelli Chairman and of the Pirelli CEO and Executive Vice Chairman –, and with the limitations of the list of matters of the Board of Directors of the Company set out under paragraph 5.1.3 above.

#### 5.1.7 Resolutions of the shareholders’ meeting

The Renewal Shareholders Agreement confirms that (i) Pirelli’s technological know-how shall remain in the ownership of Pirelli and shall not be transferred to third parties (except for the licenses granted at arm’s length and for the renewal, extension, amendment and/or review of what already agreed and executed as of October 1, 2017 with respect to the use of said technological know-how in the industrial sector); and (ii) the operating and administrative headquarters of Pirelli shall remain in Milan.

The Renewal Shareholders Agreement provides also that the resolutions of the extraordinary shareholders’ meetings of Pirelli relating to Pirelli’s technological know-how and/or the operating and administrative headquarter shall be taken with a majority of 90% of the ordinary share capital.

#### 5.1.8 Management of Pirelli

The Renewal Shareholders Agreement provides that the Management will benefit of the value creation at the level of Pirelli, through challenging incentive mechanisms (also including a stock option plan with cash settlement option for Pirelli) to be developed on the basis of a long term incentive plan according to the best international market practice. The Pirelli’s Management – led by the General Manager and under the supervision

of Pirelli CEO and Executive Vice Chairman and the Board of Directors – shall be in charge of the day-to-day management of Pirelli, of the implementation of the business plan and of the recruitment and growth of key personnel of Pirelli and its group, except the appointment and removal from office of the key managers of Pirelli indicated above (to be resolved by the Board of Directors as indicated above) under the supervision of the Remuneration Committee and the Committee for the Appointment and Succession as applicable.

#### 5.1.9 Succession Procedure

CNRC and MTP acknowledged and agreed that on 26 July 2019 the Board of Directors of Pirelli has further detailed the procedure for the succession of Mr. Marco Tronchetti Provera in his office (the “**Succession Procedure**”). In this respect, as indicated in the Succession Procedure, the Pirelli CEO and Executive Vice Chairman will pursue and complete the Succession Procedure within October 31, 2022 to allow a smooth transition.

If: (i) Mr. Marco Tronchetti Provera will not indicate the candidate to the Committee for the Appointment and Succession or (ii) Mr. Marco Tronchetti Provera is no longer able for any reason whatsoever to accomplish the above activities and the member designated by MTP in the Committee for the Appointment and Succession, as indicated by MTP, does not indicate the candidate to the Committee for the Appointment and Succession, the abovementioned provisions will lose effect and, as a consequence, CNRC will be free to choose and propose its candidate successor (without going through the succession procedure) and insert him in its slate for the appointment of the New Pirelli Board of Directors.

Following completion of the Succession Procedure (in any of the scenarios indicated above) and identification of the proposed candidate, then CNRC (and MTP to the extent possible) shall (i) cause that the new shareholders meeting of Pirelli for the approval of the balance sheet of the Company as at December 31, 2022 as well as for the appointment of the new Board be held to approve the list within the Term (as defined below), (ii) insert the proposed candidate in the slate for the appointment of the New Pirelli Board of Directors and (iii) cause to the extent possible that the non-independent directors to vote at the first board meeting – to be held within expiration of the Term (as defined below) – the proposed candidate as new Pirelli CEO.

#### 5.1.10 Internal Committees of the Board of Directors

CNRC and MTP agreed and acknowledged that Pirelli constituted internal committees and procedures in line with the best practice of international and Italian listed companies, with a significant role attributed to the independent directors.

Pursuant to the Renewal Shareholders Agreement, it is provided that the internal committees of the Company are composed as follows:

- (i) Internal Control and Risks Committee, composed of 3 independent directors, of which: (a) 1 designated by CNRC (Chairman), (b) 1 designated by the CEO and (c) 1 designated by the Board of Directors among the minority directors, provided that such director is evaluated by the Board of Directors skilled and professionally fit for the relevant role;
- (ii) Related Parties Transactions Committee, composed of 3 independent directors, of which: (a) 1 designated by CNRC (Chairman), (b) 1 designated by the CEO and (c) 1 designated by the Board of Directors among the minority directors, provided that such director is evaluated by the Board of Directors skilled and professionally fit for the relevant role;

- (iii) Strategies Committee, composed of 7 directors, of which: (a) the Pirelli CEO and Executive Vice Chairman, who shall be the Chairman of the Strategies Committee, and 1 director designated by the Pirelli CEO and Executive Vice Chairman, (b) 3 non-executive directors designated by CNRC, (c) 1 independent director chosen by the Chairman of Pirelli and (d) 1 independent director designated by the Board of Directors among the minority directors;
- (iv) Committee for the Appointment and Succession, composed of 4 directors, of which: (a) the Pirelli CEO and Executive Vice Chairman, who shall chair the Committee for the Appointment and Succession and 1 director designated by the Pirelli CEO and Executive Vice Chairman (on condition that the MTP Succession Procedure did not lose effect); and (b) 2 directors designated by CNRC, one of them to be the Pirelli Chairman, or 3 directors designated by CNRC (on condition that the MTP Succession Procedure did lose effect); and
- (v) Remuneration Committee, composed of 2 independent directors and 1 non-executive director, of which: (a) 1 independent director designated by the Pirelli CEO and Executive Vice Chairman, (b) 1 non-executive director chosen by the Chairman of Pirelli, and (c) 1 independent director designated by CNRC, who shall be the Chairman of the Remuneration Committee.

## **5.2 Term and termination of the Renewal Shareholders Agreement**

### **5.2.1 Term**

The provisions of the Renewal Shareholders Agreement described above has become effective on April 28, 2020, date of publication of the notice of the shareholders meeting of Pirelli for the approval of the balance sheet of the Company as at December 31, 2019, and will expire after 3 years from such date (the “**Term**”).

### **5.2.2 Automatic Termination**

Notwithstanding the above, all the rights and prerogatives granted to MTP and CNRC and to Mr. Marco Tronchetti Provera with respect to Pirelli (including the Succession Procedure) are subject to (i) Mr. Marco Tronchetti Provera and/or his heirs directly or indirectly, during the Term, maintaining the Control over CF and (ii) CF directly or indirectly maintaining during the Term a stake in the share capital of Pirelli that shall not fall below the 10% of Pirelli share capital, to be calculated with respect to the Pirelli share capital at the date of the Renewal Shareholders Agreement, without taking into account any subsequent extraordinary transaction concerning or having an impact on the share capital of Pirelli; otherwise the Renewal Shareholders Agreement shall automatically terminate.

## **6. Control**

Pursuant to Article 93 of the Consolidated Financial Act, the control over Pirelli is exercised by MPI Italy, which is, in turn, *de jure* controlled by CNRC. Furthermore, the Renewal Shareholders Agreement provides that Pirelli shall not be subject to the management and coordination activity pursuant to Article 2497 et seq. of the Italian Civil Code by CNRC or its subsidiaries.

## **7. Type of shareholders agreement**

The provisions set forth in the Renewal Shareholders Agreement are relevant pursuant to Article 122,

paragraphs 1 and 5, letter a), of the Consolidated Financial Act.

#### **8. Bodies of the Renewal Shareholders Agreement**

The Renewal Shareholders Agreement does not provide for any relevant body.

#### **9. Penalties in case of failure to comply with the obligations**

The Renewal Shareholders Agreement does not provide for any penalty in case of failure to comply with the obligations set forth therein.

#### **10. No obligation to file shares**

The Renewal Shareholders Agreement does not provide any obligation to file the shares of the Company contributed to the same.

#### **11. Office of Companies Register**

The Renewal Shareholders Agreement has been filed on August 1, 2019 at the Companies Register of Milano–Monza–Brianza–Lodi. The update relating to the effective date of the Renewal Shareholders Agreement and of the number of Pirelli shares held by MPI Italy and contributed into the Renewal Shareholders' Agreement was filed with the Milan–Monza–Brianza–Lodi Companies Register on April 29, 2020. *The update relating to the variations following the SRF Assignment was filed with the Milan–Monza–Brianza–Lodi Companies Register on September 30, 2020.*

**Milan, September 30, 2020**