



Pirelli & C. S.p.A.

Reports to the Shareholders' Meeting

Insurance policy designated D&O (Directors' and Officers' Liability Insurance)". Related and consequent resolutions

(Approved by the Board of Directors on March 31, 2015)

Dear Shareholders,

We propose the introduction of an insurance coverage instrument against civil liability of corporate officers and management for the risks that these parties, in execution of their duties, should cause extensive property damage to third parties or anyone with an interest in the company, called “*Directors’ and Officers’ Liability Insurance*” (hereinafter *D&O*).

The use of the insurance coverage instrument against civil liability of corporate officers and executives known as *D&O* currently represents a widespread international practice in financial markets, in order to provide a safeguard of members of boards of management and control, allowing them to perform with confidence and in the interest of the Company the tasks assigned mitigating risks associated with the performance of the functions.

The members of the corporate bodies (and group executives) are held harmless from the burden of compensation of financial damage resulting from civil liability, as well as legal expenses related to possible liability claims brought by third parties adversely affected by acts by members of the aforementioned bodies in the exercise of their functions.

The insurance policy protects the property of the members of corporate bodies and the assets of Group companies.

There are only a few exclusions to the proposed policy.

With the objective to evaluate the positioning of Pirelli compared to the major companies that have already adopted similar coverage, a benchmarking activity was carried out with companies with characteristics comparable with Pirelli.

The main terms and conditions of the proposed policy are specified below:

- ❖ Duration: 12 months;
- ❖ Yearly premium: €2-2.5 million.
- ❖ Limit of liability: €120-150 million.

There are deductibles for the different associated risks

For all the foregoing considerations, we believe, therefore, that it is beneficial to propose you to authorize the Board of Directors, and on its behalf the Chairman and Chief Executive Officer, to stipulate a *D&O* insurance policy according to the terms and conditions described above.

We therefore invite you to approve the following

RESOLUTION

"The Shareholders' Meeting, noting the Directors' proposal

APPROVES

- a) to authorize the Board of Directors to stipulate a *Directors & Officers Liability* insurance policy, under the terms and conditions described above;
- b) to grant the Board of Directors and, for it, the Chairman and Chief Executive Officer, the broadest possible powers to stipulate the D&O policy and, in any case, to also implement the aforesaid resolution through attorneys."