

9. REMUNERATION COMMITTEE

9.1 COMPOSITION

The Corporate Governance System adopted by Pirelli & C. since 2000 envisages establishing a Remuneration Committee.

The Committee is composed of four members who are exclusively independent based on the more rigorous approach recommended by the Self-Regulatory Code of the Italian Stock Exchange (Borsa Italiana) of December 2011⁴⁰.

The Committee is appointed by the Board of Directors (that also indicates the Chairman) and remains in office for the Board of Directors' entire mandate. The entire Board of Statutory Auditors has the authority to participate in the Committee's activities.

The Committee was composed of the following persons at the Date of the Report⁴¹:

- Luigi Roth (Chairman);
- Anna Maria Artoni;
- Luigi Campiglio;
- Pietro Guindani.

It is important to note that compared to the Committee's composition as at December 31, 2012, following the resignation on August 5, 2013 of the Director Carlo Acutis⁴² as a Member and Chairman of the Committee, the Board of Directors appointed the Director Roth – already a Committee member – as the Committee's Chairman and appointed the Director Luigi Campiglio as a "new" member of the Committee.

Two members of the Committee (Anna Maria Artoni and Pietro Guindani) have adequate experience in financial

and remuneration matters as duly assessed by the Board of Directors at the date the appointment was made.

The Secretary of Board of Directors, Ms. Anna Chiara Svelto, acts as the Secretary to the Committee.

9.2 DUTIES ASSIGNED TO THE COMMITTEE

The Committee has advisory, proposing and supervisory functions to assure the definition and application of the remuneration policies to the entire Group which are designed, on the one hand, to attract, motivate and retain the resources which have the professional qualities requested to achieve profitably the Group's objectives and, on the other hand, are capable of aligning the management's interests with the interests of the shareholders.

In particular, the Committee⁴³:

- supports the Board to define the Group's General Remuneration Policy and the respective Implementation Criteria;
- periodically assesses the adequacy, overall consistency and the effective application of the General Remuneration Policy and the Implementation Criteria;
- formulates proposals to the Board with reference to the Directors invested with special offices, the General Managers and the Executives with strategic responsibilities:
 - concerning their remuneration, in line with the General Remuneration Policy and with the respective Implementation Criteria;
 - establishing the performance objectives related to the variable component of such remunerations;
 - defining possible non-competition agreements;
 - defining possible agreements to terminate the

⁴⁰ The 2011 Self-Regulatory Code Principle 6.P.3.

⁴¹ The reader is referred to Table 4 for further details.

⁴² On July 17, 2013 the Director Carlo Acutis informed that he considered he no longer met the independence requirements due to his role as a controlling shareholder of Vittoria Assicurazioni S.p.A. and Yura International B.V. – companies which acted together with Lauro Sessantuno S.p.A. in the full public purchase offer promoted with reference to the shares of Camfin S.p.A. – and for this reason he resigned as Chairman and member of the Remuneration Committee.

⁴³ 2011 Self-Regulatory Code Application Criterion 6.C.5.