



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

**Report on the remuneration policy and  
compensation paid**

**(Report approved by the Board of Directors of Pirelli & C. S.p.A. on 17 March 2022)**

# REPORT ON THE REMUNERATION POLICY AND COMPENSATION PAID

## PREAMBLE

This Report on remuneration policy and compensation paid (the “**Report**” or the “**Remuneration Report**”), approved by the Board of Directors on 17 March 2022, on the proposal of the Remuneration Committee, subject to the opinion of the Board of Statutory Auditors, is structured into two sections:

- Section I: “Remuneration Policy” for FY 2022 (the “**2022 Policy**” or the “**Policy**”) and;
- Section II: “Report on Compensation Paid” in FY 2021 (the “**2021 Compensation Report**” or the “**Compensation Report**”).

The Report is prepared in accordance with Art. 123-*ter* of the Consolidated Law on Finance (“**TUF**”), as amended and supplemented by Art. 3 of Italian Legislative Decree no. 49 of 10 May 2019 (the “**Decree**”), as well as art. 84-*quater* and Scheme 7-*bis* of Annex 3A to the Consob regulation (no. 11971 of 14 May 1999 on issuers), as also amended by Consob Resolution no. 21623 of 10 December 2020 (the “**Issuers’ Regulation**”).

For the purposes of the Report, due consideration was given to the European Commission recommendations on the remuneration of directors of listed companies, as well as to the recommendations on remuneration adopted by the Corporate Governance Code for listed companies, approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, to which Pirelli has adhered, as well as the more recent recommendations of the Corporate Governance Committee.

The Policy has also been drafted in accordance with and for the effects of Pirelli’s Related-Parties Transactions Procedure.

The Report is made available to the public at the company’s registered office, at the authorised storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Pirelli & C. S.p.A. (“**Pirelli & C.**” or the “**Company**”) website at [www.pirelli.com](http://www.pirelli.com).

The 2022 Policy submitted for the binding vote to the Shareholders’ Meeting called to approve the financial statements for the year ended 31 December 2021 pursuant to art. 123-*ter*, paragraph 3-*bis* and 3-*ter*, TUF defines the principles and guidelines for the 2022 financial year:

- for determining the remuneration of the Company Directors, in particular Directors holding specific offices, General Managers and KM, as well as, without prejudice to the provisions of art. 2402 of the Italian Civil Code, for determining the remuneration of members of the control body;
- to which Pirelli & C. refers in defining the remuneration of Senior Managers and, more generally, Group Executives.

The 2022 Policy: (i) sets out its contribution to the company strategy, the pursuit of long-term interests and the sustainable success of Pirelli & C., understood as the creation of long-term value to the benefit of shareholders, taking into account the other relevant stakeholders of the Company; (ii) also takes account of the need to have, retain and motivate people with the expertise and professional standing required by the role held in the Company; and (iii) indicates the purposes, methods of operation and the beneficiaries of the remuneration, as well as the bodies involved and the procedures used for its adoption and implementation.

The 2021 Compensation Report, submitted for the advisory and non-binding vote of the Shareholders' Meeting in accordance with art. 123-ter, paragraph 6, TUF, provides, by name, for the Directors, Statutory Auditors and General Managers and, in aggregate form, for the KM:

- adequate information about each component of their remuneration, including payments prescribed in the event of resignation from office or termination of employment, pointing out their compliance with the remuneration policy adopted by the Company for the 2021 financial year;
- an analytical indication of the sums paid in the 2021 financial year for any reason and in any form by the Company and its subsidiaries or affiliates, indicating any components of payments that are referable to activities undertaken in years preceding 2021 (and also highlighting the payments to be made in one or more subsequent years for activity undertaken in the 2021 financial year, providing, if applicable, estimates for the components that cannot be objectively quantified in the 2021 financial year);
- an illustration of how the Company took account of the votes cast by the Shareholders' Meeting in 2021.

## EXECUTIVE SUMMARY

<b>Purposes and principles of the Policy</b>	The Policy aims to achieve long-term interests, thereby contributing to the achievement of strategic objectives and sustainable growth of the company as well as bringing the interests of the Management into line with those of the shareholders.		
	<b>PURPOSE</b>	<b>HOW IT OPERATES</b>	<b>BENEFICIARIES IN OFFICE ON THE DATE OF THE REPORT</b>
<b>Fixed Remuneration</b>	To reward managerial and professional competence and experience, and the contribution made to the role.	It is defined in relation to the characteristics, responsibilities and powers, if any, assigned to the role, taking account of the market references, in order to assure that it is competitive.	<b>Chairman:</b> € 400,000 <b>Executive Vice Chairman and CEO:</b> € 2,400,000 <b>Deputy-CEO:</b> € 1,100,000 <b>General Manager:</b> € 750,000 <b>KM:</b> no more than 50% of Annual Total Direct Compensation on-Target <b>Senior Managers and Executives:</b> no more than 60% (Senior Manager) and 75% (Executive) of the Annual Total Direct Compensation on-Target
<b>Annual variable remuneration STI</b>	Intended to motivate managers to achieve the Company's annual objectives, maintaining strong alignment with the business strategy and the Company's interests and medium-long term sustainability, including through a sustainability target and a partial deferral mechanism together with a business matching component.	<p>Directly linked to the achievement of performance objectives, assigned to each beneficiary in coherence with the role they cover:</p> <ul style="list-style-type: none"> <li>• EBIT (Group/Region/BU)</li> <li>• Net Cash Flow (Group/Region)</li> <li>• Group Net Income</li> <li>• Two sustainability objectives</li> <li>• Unit/department objectives (for Senior Managers and Executives)</li> </ul> <p>In addition to an on-off condition (which determines access to the Plan), represented by a cash indicator (typically Net Cash Flow).</p> <p>There will be a minimum level for each objective, below which the related pro-quota of the incentive is not accrued.</p> <p>There is also a maximum cap to the incentive that can be achieved (if all maximum performance objectives are achieved), equal to twice the incentive that can be achieved at target performance.</p> <p>Finally, for General Managers, KM and selected Senior Managers, with a view to retention, a portion of the incentive accrued ranging from a minimum of 25% to a maximum of 50% is subject to three-year deferral. The relative payment, together with a corporate matching component, is subject to the continuation of employment at the company at the end of this period. For the rest of the Management, on the other hand, 25% of the incentive accrued is deferred and its payment, together with any increase, is subject to the achievement of the following year's STI objectives.</p>	<p><b>Chairman:</b> not one of the beneficiaries of the plan.</p> <p><b>Executive Vice Chairman and CEO:</b></p> <ul style="list-style-type: none"> <li>• <i>Minimum:</i> 80% of fixed remuneration</li> <li>• <i>Target:</i> 125% of fixed remuneration</li> <li>• <i>Cap:</i> 250% of fixed remuneration</li> </ul> <p><b>Deputy-CEO:</b></p> <ul style="list-style-type: none"> <li>• <i>Minimum:</i> 65% of fixed remuneration</li> <li>• <i>Target:</i> 100% of fixed remuneration</li> <li>• <i>Cap:</i> 200% of fixed remuneration</li> </ul> <p><b>General Manager:</b></p> <ul style="list-style-type: none"> <li>• <i>Minimum:</i> 50% of the GABS</li> <li>• <i>Target:</i> 75% of the GABS</li> <li>• <i>Cap:</i> 150% of the GABS</li> </ul> <p><b>KM:</b></p> <ul style="list-style-type: none"> <li>• <i>Minimum:</i> 35% of the GABS</li> <li>• <i>Target:</i> 50% of the GABS</li> <li>• <i>Cap:</i> 100% of the GABS</li> </ul> <p><b>Senior Managers and Executives:</b></p> <ul style="list-style-type: none"> <li>• <i>Minimum:</i> from 10% to 25% of the GABS</li> <li>• <i>Target:</i> from 15% to 40% of the GABS</li> <li>• <i>Cap:</i> from 30% to 80% of the GABS</li> </ul>

	PURPOSE	HOW IT OPERATES	BENEFICIARIES IN OFFICE ON THE DATE OF THE REPORT
<b>Medium-long term variable remuneration (LTI)</b>	<p>The intention is to promote the creation of success that is sustainable in the long-term and achievement of the objectives in the Company's strategic plans, while also promoting management engagement and retention.</p>	<p>2020-2022 LTI Plan, 2021-2023 LTI Plan and 2022-2024 LTI Plan: a monetary incentive dependent on achievement of the following, independent long term objectives:</p> <ul style="list-style-type: none"> <li>Cumulative Group Net Cash Flow (before dividends)</li> <li>Relative TSR versus a panel of peers (TIER1: Continental, Michelin, Nokian, Goodyear and Bridgestone)</li> <li>a third objective linked to two Sustainability indicators for the 2020-2022 and 2021-2023 LTI Plans; Dow Jones Sustainability World Index ATX Auto Component sector and CDP Ranking, for the 2022-2024 LTI Plan: Dow Jones Sustainability World Index ATX Auto Component sector and CO2 Emissions Reduction.</li> </ul> <p>There will be an "access threshold" level for each objective, equal to 75% of the target premium, below which the related pro-quota of the incentive is not accrued.</p> <p>There is also a maximum cap to the incentive that can be achieved, if all maximum performance objectives are achieved.</p> <p>The plans are rolling ones and have a vesting period of 3 years.</p> <p>A potential move from cash-based to equity-based LTI Plans is being considered for future rolling cycles.</p>	<p><b>Chairman:</b> not one of the beneficiaries of the Plan.</p> <p><b>Executive Vice Chairman and CEO (annual opportunities)</b></p> <ul style="list-style-type: none"> <li>"Access threshold": 52.5% of fixed remuneration</li> <li>Target: 70% of fixed remuneration</li> <li>Cap: 200% of fixed remuneration</li> </ul> <p><b>Deputy CEO (annual opportunities):</b></p> <ul style="list-style-type: none"> <li>"Access threshold": 45% of fixed remuneration</li> <li>Target: 60% of fixed remuneration</li> <li>Cap: 160% of fixed remuneration</li> </ul> <p><b>General Manager (annual opportunities):</b></p> <ul style="list-style-type: none"> <li>"Access threshold": 45% of the GABS</li> <li>Target: 60% of the GABS</li> <li>Cap: 160% of the GABS</li> </ul> <p><b>KM (annual opportunities):</b></p> <ul style="list-style-type: none"> <li>"Access threshold": 37.5% of the GABS</li> <li>Target: 50% of the GABS</li> <li>Cap: 130% of the GABS</li> </ul> <p><b>Senior Managers and Executives (annual opportunities):</b></p> <ul style="list-style-type: none"> <li>"Access threshold": from 11.25% to 37.5% of the GABS</li> <li>Target: from 15% to 50% of the GABS</li> <li>Cap: from 40% to 130% of the GABS</li> </ul>
<b>Other tools</b>	<p>To assure organisational stability and the contribution made to the implementation of the Company's strategic plans, also for the purpose of promoting sustainable success over the long-term.</p> <p>Safeguard company know-how and protect it from competitors.</p> <p>Promote attractiveness of the Company and loyalty of managerial staff.</p>	<ul style="list-style-type: none"> <li><b>Non-competition agreements:</b> constraint regarding the market sector in which the Group operates and the territorial coverage. The extent varies according to the role covered. The Chairman and Executive Vice Chairman and CEO are not included among the beneficiaries of the non-competition agreements.</li> <li><b>Welcome bonus:</b> one-off bonuses that can be assigned with a view to attracting managerial resources exclusively during the hiring phase.</li> <li><b>Benefit:</b> non-monetary benefits currently assigned on the basis of market practices.</li> </ul>	

## **REMUNERATION POLICY FOR THE 2022 FINANCIAL YEAR**

### **1. STAKEHOLDERS IN THE PROCESS OF POLICY PREPARATION, ADOPTION AND IMPLEMENTATION**

#### **Stakeholders in the process**

The definition of the remuneration policy and any amendments made thereto are the result of a clear and transparent process in which the Remuneration Committee and the Board of Directors play a central role. It is, in fact, adopted and approved by the Board of Directors annually – based on a proposal by the Remuneration Committee – and the Board then submits it to the Shareholders' Meeting for a vote.

The Board of Statutory Auditors issued its opinion on the policy, including the part regarding the remuneration of Directors holding specific offices.

The Remuneration Committee, the Board of Statutory Auditors and the Board of Directors supervise the application thereof. To such purpose, at least once per year, when the report on compensation paid is submitted, the Head of the Human Resources & Organisation Department reports on the application of the remuneration policy to the Remuneration Committee, the chairman of which in turn reports to the Board of Directors.

For the sake of completeness, it should be noted that, in accordance with current legislation, it is the role of the Board of Directors to propose to the Shareholders' Meeting the adoption of incentive mechanisms for members of the board of directors, employees or collaborators via the attribution of financial instruments or options on financial instruments, which, if approved, are later made public by the legal deadline (without prejudice to any further transparency requirements laid down in the applicable regulations). As at the date of this Report, the Company has no incentive plans based on financial instruments in place<sup>1</sup>.

A potential move from cash-based to equity-based LTI Plans is being considered for future rolling cycles.

In preparing the 2022 Policy, the Company was assisted by Willis Towers Watson and Korn Ferry for the preparation of national and international benchmarks used to define the structure of the remuneration of the Directors holding specific offices, General Managers and KM, in addition to Senior Managers and Executives.

Amongst the measures aimed at avoiding or managing conflicts of interest, it is noted that, in compliance with the recommendations of the Corporate Governance Code, no member of the Board

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<sup>1</sup> It should be noted that the Board of Directors' meeting of 17 March 2022, in application of the "rolling" mechanism introduced with the 2020-2022 LTI Plan, established the objectives of the 2022-2024 LTI Plan, related to the objectives contained in the 2021-2022/2025 Strategic Plan. Such LTI plan will be submitted for approval of the Shareholders' Meeting as regards the part establishing determination of the incentive on the basis of a target total shareholder return, calculated as the performance of the Pirelli share, compared to a panel of selected peers from the Tyre sector. For a more extensive description, reference is made to paragraphs 2, 4, 5 and 6 below.

of Directors shall attend meetings of the Remuneration Committee during which proposals are made to the Board of Directors regarding their remuneration.

Below is a summary of the activities carried out by the parties involved in the process of policy preparation, adoption and implementation:

BODY	ROLE AND COMPETENCE ACTIVITIES
Shareholders' Meeting	<ul style="list-style-type: none"> <li>- determines at the time of appointment the gross annual remuneration to be paid to members of the Board of Directors, except for the remuneration to be attributed, by the Board, to Directors holding specific offices;</li> <li>- determines at the time of appointment the gross annual remuneration to be paid to the members of the Board of Statutory Auditors;</li> <li>- approves the first section of the remuneration report;</li> <li>- issues an advisory vote on section 2 of the remuneration report;</li> <li>- decides, upon the proposal of the Board of Directors, on any incentive mechanisms based on the attribution of financial instruments or options on financial instruments.</li> </ul>
Board of Director	<p>defines:</p> <ul style="list-style-type: none"> <li>- the breakdown of the total remuneration defined for Directors by the Shareholders' Meeting;</li> <li>- the policy on remuneration of members of the Board of Directors, General Managers, KM and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, members of the Board of Statutory Auditors;</li> <li>- the remuneration of Directors holding specific offices in accordance with art. 2389, paragraph 3 of the Italian Civil Code, and that of General Managers;</li> <li>- the performance objectives related to the variable part of the remuneration of executive directors, General Managers and KM;</li> <li>- the remuneration of the Head of the Internal Audit department upon a proposal by the Audit, Risk, Sustainability and Corporate Governance Committee.</li> </ul>
Related-Parties Transactions Committee	<p>In the cases envisaged by law and the procedures for related-parties transactions adopted by the Company in implementation of the Consob regulation in force pro-tempore, the Related-Parties Transactions Committee expresses the relevant opinions.</p>

## Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors (which also appoints the chairman thereof) and remains in office for the entire duration of the mandate granted by the Board of Directors.

As at the date of this Report, the Committee, consistently with the recommendations of the Corporate Governance Code, is composed of five members, all of whom are non-executive and the majority of whom are independent. The Chairman of the Committee is an independent director.

As at the date of this Report, the Committee members are as follows:

REMUNERATION COMMITTEE

	Name and Surname	Office
	Bai Xiping	Director
	Paola Boromei	Independent Director
	Fan Xiaohua	Independent Director
	Marisa Pappalardo	Independent Director
	Tao Halsu	Independent Director

Director Paola Boromei was considered by the Board of Directors as having sufficient experience in matters of accounting, finance and remuneration policies.

The entire Board of Statutory Auditors is entitled to participate in the work of the Remuneration Committee.

The Secretary to the Board of Directors acts as the Secretary to the Remuneration Committee.

The Committee has investigatory, advisory, propositional and supervisory functions and ensures the definition and application, within the Group, of remuneration policies that, on the one hand, aim at pursuing the sustainable success of the Company/Group and aligning the interests of management with those of the shareholders and, on the other, at attracting, retaining and motivating human resources with the expertise and professional standing required of the role held in the Company.

In particular, the Remuneration Committee:

- assists the Board of Directors with defining the remuneration policy;
- assesses periodically the adequacy and overall consistency of the remuneration policy for directors of the Company and in particular Directors holding specific offices, General Managers and KM;
- with regard to the executive directors, other Directors holding specific offices and General Managers, it makes recommendations or expresses opinions to the Board:
  - about their remuneration, in compliance with the remuneration policy;
  - about setting performance objectives linked to the variable part of that remuneration;



- o about the definition of any no-competition agreements;
- o about the definition of any agreements for the termination of working relationships, on the basis of the principles established in the remuneration policy;
- monitors the correct application of the remuneration policy and checks the actual achievement of performance objectives;
- verifies compliance of the remuneration of executive directors, other Directors holding specific offices, General Managers and KM with the remuneration policy and expresses an opinion on this, also in accordance with the related party transaction procedure adopted by the Company in application of the Consob regulation in force at the time<sup>2</sup>;
- assists the Board of Directors in the examination of proposals to the Shareholders' Meeting for the adoption of remuneration plans based on financial instruments;
- examines and submits to the Board of Directors the report on compensation paid, on behalf of the governing and supervisory bodies, of the General Managers and in aggregate form the KM:
  - o provides adequate information about each component of their remuneration;
  - o explains in detail the remuneration paid during the financial year in question, for whatever reason and in whatever form, by the Company and its subsidiaries or affiliates;
- in any case, provides the Related-Parties Transactions Committee with opinions if the responsibilities of said Committee regarding related-parties transactions do not cover issues pertaining to the remuneration of executive directors, including Directors holding specific offices, General Managers and KM;
- assesses whether there are exceptional circumstances that allow for a derogation from the remuneration policy. Where derogations to the Policy on the matters indicated in paragraph 10 below exist, they are approved by the Remuneration Committee, as the Related-Parties Transactions Committee, or by the Related-Parties Transactions Committee, on the basis of the procedures adopted by the Company for related-parties transactions, in implementation of the applicable Consob regulation *pro-tempore*.

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<sup>2</sup> In accordance with the Procedure for Related-Parties Transactions adopted by the Company on 15 June 2021 and effective from 1 July 2021, the Board of Directors resolved to assign to the Remuneration Committee the functions of the Committee for Transactions with Related Parties in relation to transactions with related parties that refer to the remuneration and treatment of directors and other KM and, more generally, to the matters covered by the report on the remuneration policy and remuneration paid (including any exceptions), within the limits and according to the criteria allowed by Consob Regulation no. 17221 of 12 March 2010 and by the applicable legal or regulatory provisions. The Procedure for Related-Parties Transactions was most recently updated on 17 March 2022 only to take into account the changes made to the Company's organisational structure at the end of 2021.

A timetable of the Remuneration Committee’s main activities in 2022 is shown below.

2022	SUBJECT	ACTIVITIES
1Q	2022 Remuneration Policy and Variable Incentive Plans	<ul style="list-style-type: none"> <li>• Presentation of the timetable</li> <li>• Draft 2022 Remuneration Policy</li> <li>• Approval of the incentive plan by the Remuneration Committee: <ul style="list-style-type: none"> <li>○ Review of the 2021 STI closure targets and definition of 2022 targets</li> <li>○ 2022-2024 LTI</li> </ul> </li> <li>• Analysis of market remuneration benchmarks</li> <li>• Analysis for adoption of the LTI equity based plan</li> </ul>
2Q	Shareholders’ Meeting and publication of the 2022 Remuneration Policy	<ul style="list-style-type: none"> <li>• Remuneration Report Approval</li> <li>• Shareholders’ vote on 2022-2024 LTI incentive plans</li> <li>• Analysis for adoption of the LTI equity based plan</li> </ul>
3Q	Analysis of votes received from Shareholders and review of Governance	<ul style="list-style-type: none"> <li>• Analysis of votes received from Shareholders</li> <li>• Analysis of 2022 Remuneration Policy and quality benchmark</li> <li>• Analysis of Remuneration Policy and assessment of potential changes</li> <li>• Analysis for adoption of the LTI equity based plan</li> </ul>
4Q	Market analysis and review of Remuneration Policy	<ul style="list-style-type: none"> <li>• Guidelines for the new Remuneration Policy</li> <li>• Analysis of variable incentive plans and assessment of potential changes (e.g. Equity Based LTI)</li> </ul>

In relation to the operating methods of the Remuneration Committee, see the Report on Corporate Governance and the Ownership Structure.

## 2. PURPOSES AND PRINCIPLES OF THE 2022 REMUNERATION POLICY

### Purposes of the 2022 Policy and guiding principles

The aims of the Policy are to attract, motivate and retain resources in possession of the professional qualities required to pursue business objectives.

In addition, through the multi-year variable components assigned, in particular, to the Executive Vice Chairman and Chief Executive Officer, Deputy-CEO, General Managers, KM, Senior Managers and Executives, it aims to achieve long-term interests, contributing to the achievement of strategic objectives and the sustainable success of the company, as well as aligning the interests of Management with those of shareholders.

The Policy is intended to strengthen the pay for performance link and, as better explained below, provides for the objectives underlying the incentive plans in place to be set consistently with those disclosed to the market.

The Policy is valid for one year and in any case until the Shareholders' Meeting approves a new remuneration policy.

It is defined taking into account various factors such as remuneration, which in turn is defined on the basis of market benchmarks aiming at a level of attractiveness differentiated according to the company role and skills, the compensation mix and the working conditions of Company employees.

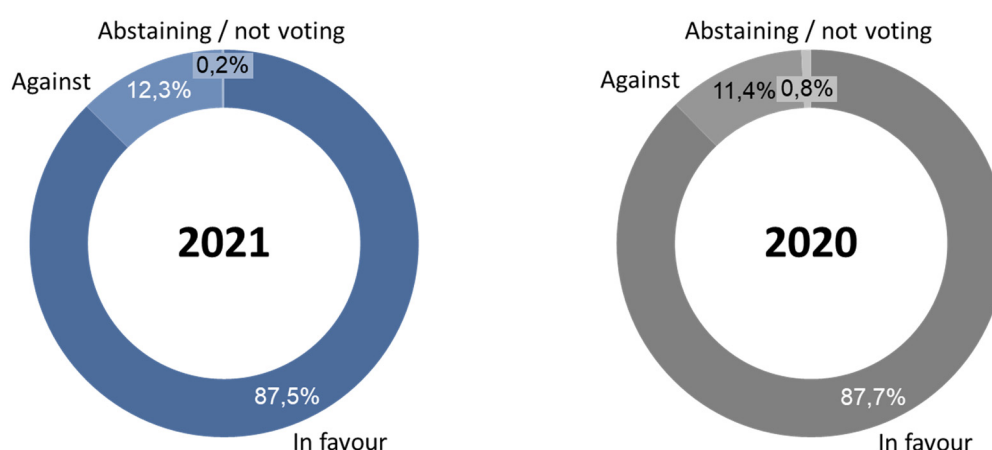
With reference to this last aspect, the 2022 Policy also in fact refers to the remuneration of the Senior Managers and Executives of the Group. Moreover, Pirelli:

- applies and complies with, where existing, the national collective bargaining agreements applicable from time to time to which it adheres.
- adopts for all the Group's managers and the remaining employees meritocratic policies, variable incentive systems, welfare initiatives and services to benefit employees or their families, as well as, in order to protect the company assets, non-competition agreements for specific individuals.

### Results of the voting and feedback from investors

The Policy is established taking into account the analysis and investigations made of the results of the Shareholders' Meeting vote and the feedback received from shareholders and key proxy advisors on the 2021 Remuneration Policy and the Report on Compensation paid in FY 2020.

The diagram below presents the result of the binding vote expressed by the Shareholders' Meeting on 15 June 2021 compared to the result of the voting in 2020.



Pirelli attaches great importance to analysing this voting result and the feedback received and, following the analysis of the results of the 2021 voting and the main rationale for the votes against,

in the course of 2021 and in the first months of 2022, took the action required to ensure the consistency of the 2022 Policy with the shareholders' expectations for the future.

### **Description of the changes with respect to the 2021 Policy**

With respect to the 2021 Remuneration Policy, the following aspects of the 2022 Policy were reviewed:

- the reference panel used to compare the Annual Total Direct Compensation on-Target of the Executive Vice Chairman and Chief Executive Officer was redefined by excluding Cooper Tyre, given its delisting following the acquisition by Goodyear, and FCA, following the merger with Stellantis. Brembo was also added, thus maintaining the focus on the size and sector in which Pirelli operates;
- increased weight of sustainability objectives in the STI, taking it from 10% to 15% with the introduction of the "Diversity and Inclusion (D&I): Women Hiring objective;
- replacement, starting from the LTI 2022-2024 cycle, of the CDP Ranking objective with the CO<sub>2</sub> Emissions Reduction objective;
- benchmarking of the Chairman conducted by Willis Towers Watson in line with what was done for the Executive Vice Chairman and Chief Executive Officer;
- in the event of the hiring of a new General Manager, in addition to Willis Towers Watson and Korn Ferry, other leading firms specializing in executive compensation may be engaged;
- the possibility of revising the targets or closing the STI and LTI plans early is limited to circumstances in which extraordinary transactions affecting the Group perimeter and/or profound changes in the macroeconomic and geopolitical scenario take place;
- increase in the value of the consideration under the non-competition agreement up to a maximum of 80% of the GABS (compared to the previous 60%) to include roles with a high technical content and specialist know-how, consequently an increase in the regular payment percentages to a maximum of 15% of the GABS (compared to the previous 10%);
- the quantification of the objectives of the STI and LTI plans (at minimum level/access threshold, target and maximum) have been set on the assumption that the prices of energy and oil will remain at the levels they were in February 2022 until the end of the year 2022, this quantification does not take into account the potential impacts on local operations of imports and exports from and to Russia of raw materials and finished products, not even the possibility of a total interruption of import and export flows from and to Russia and a recession in Europe due to worsening geopolitical tensions. Referring to the STI and LTI plans in force<sup>3</sup> in implementation

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<sup>3</sup> Including the LTI plan for the 2022-2024 cycle.

for the latter of the option to modify the objectives in the event of deep changes in the macro-economic scenario to ensure alignment between the corporate objectives and the objectives underlying the Management incentive systems, the Board of Directors, upon proposal of the Remuneration Committee, with favourable opinion from the Board of Statutory Auditors has established adjustment criteria of the sole quantification of the objectives of these plans (which for the rest are unchanged) to make allowance for any negative effects resulting from a worsening geopolitical and macroeconomic referring scenario. In particular, the approved criteria allow to reduce the quantification of the objectives in a less than proportional way the negative effects generated (in order to push Management towards compensatory actions) by factors resulting from the deepening of the crisis and affecting, for example, the trend of sales of products produced in Russian plants, the increase of the landed cost in Europe due to productions in alternative plants and the substitution of suppliers of raw materials or the use of alternative raw materials.

The 2022 Policy takes into account the definition of the objectives of the LTI Plan for the three-year period 2022-2024, applying the rolling mechanism already provided for in the 2020 Policy, in support of the objectives of the 2021-2022/2025 Strategic Plan.

The 2022 Policy no longer includes the medium-long-term Retention Plan approved on 26 February 2018 and terminated in 2021 for the General Manager Operations, the KM and selected Senior Managers/Executives.

The 2022 Policy also provides for the launch of an analysis process for the possible adoption of equity-based long-term plans (LTI).

### **Market references and peer group**

Pirelli defines and applies a policy:

- for the Chairman, aiming for the reference market median;
- for the remaining of Top Management and Senior Managers, with reference to the third quartile;
- for Executives, aiming for the median.

The Annual Total Direct Compensation on-Target constitutes the benchmark for market comparison.

The analysis of the positioning, the make-up and more generally the competitiveness of the remuneration of Directors holding specific offices is conducted by the Remuneration Committee and the Board of Directors with the assistance of companies specialised in executive compensation, on the basis of methodological approaches that allow the full assessment, if within the typical limits of benchmark analyses, of the complexity of their positions from an organisational point of view, the specific duties assigned thereto and any individual's impact on the final business results.

In regard to the comparative market, in the definition of the panel of reference companies updated annually by the Remuneration Committee, it takes account of various components such as business sector, geography, specific features and size of the company.

The reference sample of companies used to analyse the competitiveness and for the possible review of the remuneration of the Chairman of Pirelli & C. has been established with the assistance of Willis Towers Watson and consists of twelve FSEMIB companies, excluding financial companies.

The sample of reference companies used for the competitiveness analysis and possible review of the remuneration of the Executive Vice Chairman and Chief Executive Officer of Pirelli & C. has been defined with the assistance of Willis Towers Watson, also taking into account the main recommendations on pay for performance, and consists of the 14 companies shown in the table below, all belonging to the Vehicles, Auto Component & Tyre industry, thus restricting the comparison to companies operating in the same sector as Pirelli.

Aston Martin	BMW	Brembo	Continental
Ferrari	Goodyear	Harley-Davidson	Magna International
Michelin	Navistar	Renault	Stellantis
Volkswagen		Volvo Car	

The sample of reference companies used for the competitiveness analysis and for the possible review of the Deputy-CEO's remuneration was established with the help of Korn Ferry; in this regard, it should be noted that the source used for the market comparison is the European Top Executive Compensation Survey covering 250 listed European companies included in the FTSE500 list, which includes the 500 biggest European companies by capitalisation.

Finally, the remuneration structure for General Managers, KM, Senior Managers and Executives is defined on the basis of national and international benchmarks which, in view of the complexity and specific nature of the role, were prepared by Willis Towers Watson and/or Korn Ferry and agreed with the Remuneration Committee.

### Elements of the 2022 Policy

In keeping with previous remuneration policies, the 2022 Policy provides for the Management remuneration to consist of various elements:

- gross annual base salary;
- an annual variable component (STI);

- medium-long term variable component (LTI);
- non-monetary benefits.

### **Fixed component**

The base salary is established on the basis of the complexity of the position, professional seniority, the skills required to perform in the role, performance over time, and the trend in the comparison remuneration market related to the position held by the individual.

### **Variable components**

The STI and LTI variable components are established - taking account of the benchmarks for each - as a percentage of base salary which increases according to the position held by the beneficiary.

### **Annual variable component (STI)**

The STI component, except for specific cases, is extended to all the Management - except for the Chairman - and is intended to reward the beneficiaries' short term performance; moreover, it can be extended to managers who joined the Group during the year. The STI objectives for Directors holding specific offices to whom further specific duties have also been attributed, for General Managers and for KM are established by the Board of Directors upon a proposal by the Remuneration Committee (see §4 and §5).

The objectives underlying the STI plan represent performance consistent with the corresponding objectives disclosed to the market, in particular the objectives for obtaining the incentive at minimum level are set as equal to the value disclosed to the market. For 2022, the targets assigned to the Directors holding specific offices to whom further specific duties have also been attributed, to General Managers and KM in the context of the STI plan are the following:

Weight <b>35%</b>	Weight <b>30%</b>	Weight <b>20%</b>	Weight <b>10%</b>	Weight <b>5%</b>
<b>EBIT Adj. Group level</b>	Group Net Cash Flow (before dividends)	<b>Net income</b>	<b>Eco &amp; Safety Rev.</b>	D&I: Women Hiring

The STI objectives of the Senior Managers and Executives are, instead, defined by the hierarchical manager in accordance with the Human Resources & Organisation and Planning and Controlling departments and envisage, amongst others, also objectives connected with the economic performance of the relevant business unit/geography/department (cf. §6).

At the end of the year and based on the finalised performance figures (and included in the draft financial statements approved by the Board of Directors), the Department of Human Resources & Organization, with the assistance of the Planning, Controlling and Administration Department, checks the level to which the objectives have been achieved, on which basis the Board of Directors then resolves, after examination by the Remuneration Committee, having obtained the opinion of the Board of Statutory Auditors, on the amount of the variable compensation to be disbursed.

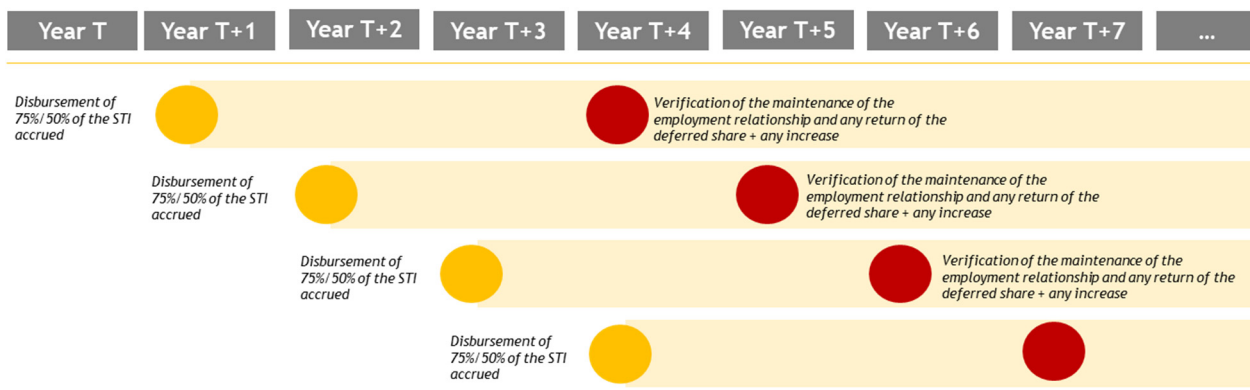
In the event of extraordinary transactions affecting the scope of the Group and/or major changes in the macroeconomic and geopolitical scenario, the Remuneration Committee may adjust the targets in the STI plan, in order to protect the plan's value and aims and ensure that the objectives of the company and the objectives that underpin the Management incentive systems are constantly aligned, or close the plan early.

The quantification of STI 2022 objectives (at minimum, target and maximum) have been set on the assumption that the prices of energy and oil will remain at the levels they were in February 2022 until the end of the year 2022, this quantification does not take into account the potential impacts on local operations of imports and exports from and to Russia of raw materials and finished products, not even the possibility of a total interruption of import and export flows from and to Russia and a recession in Europe due to worsening geopolitical tensions. Referring to the STI 2022 plan and to ensure alignment between the corporate objectives and the objectives underlying the Management incentive systems, the Board of Directors, upon proposal of the Remuneration Committee, with favourable opinion from the Board of Statutory Auditors, has established adjustment criteria of the sole quantification of the objectives of this plan (which for the rest is unchanged) to make allowance for any negative effects resulting from a worsening geopolitical and macroeconomic referring scenario. In particular, the approved criteria allow to reduce the quantification of the objectives in a less than proportional way the negative effects generated (in order to push Management towards compensatory actions) by factors resulting from the deepening of the crisis and affecting, for example, the trend of sales of product produced in Russian plants, the increase of the landed cost in Europe due to productions in alternative plants and the substitution of suppliers of raw materials or the use of alternative raw materials.

Achievement of the individual objectives will be assessed by the Remuneration Committee, neutralising the effects of any extraordinary decisions that could have impacted the results (either positively or negatively). The Board of Directors resolves on any review proposal submitted for its examination.

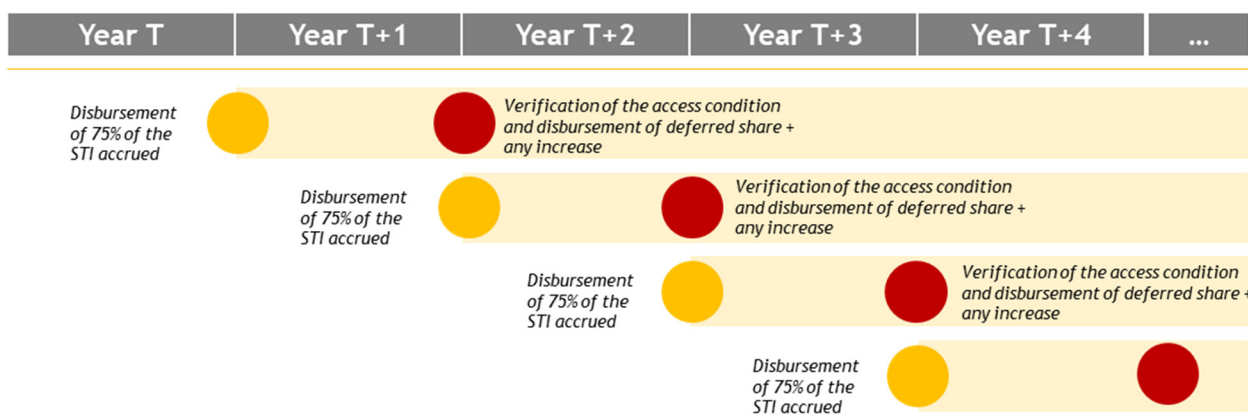
For 2022, for General Managers, KM and selected Senior Managers, part of the remuneration accrued as STI, from a minimum of 25% to a maximum of 50%, is deferred, with a view to retention, and disbursed at the end of a three-year period subject to the continuation of employment and together with a corporate matching component which can vary from a minimum of 1 time to a maximum of 1.5 times the amount of the deferred STI (see the diagram below).





For the rest of the Management, on the other hand, part of the variable remuneration accrued as STI is deferred to the benefit of continued results over time and thereby the creation of sustainable value for shareholders in the medium-long term. Indeed, 75% of any STI accrued is paid, since the remaining 25% is deferred by 12 months and subject to achievement of the STI objectives for the following year. More specifically (see graph below):

- in the event that no STI is accrued in the following year, the deferred STI share of the previous year is definitively “lost”;
- in the event that the payout percentage of the STI accrued in the following year is below target level, the STI share deferred from the previous year is paid;
- in the event that the payout percentage of the STI accrued in the following year is equal to or higher than target value, the STI share deferred from the previous year is paid, together with an additional amount equal to the portion deferred (increase).



### Medium-long term variable component (LTI)

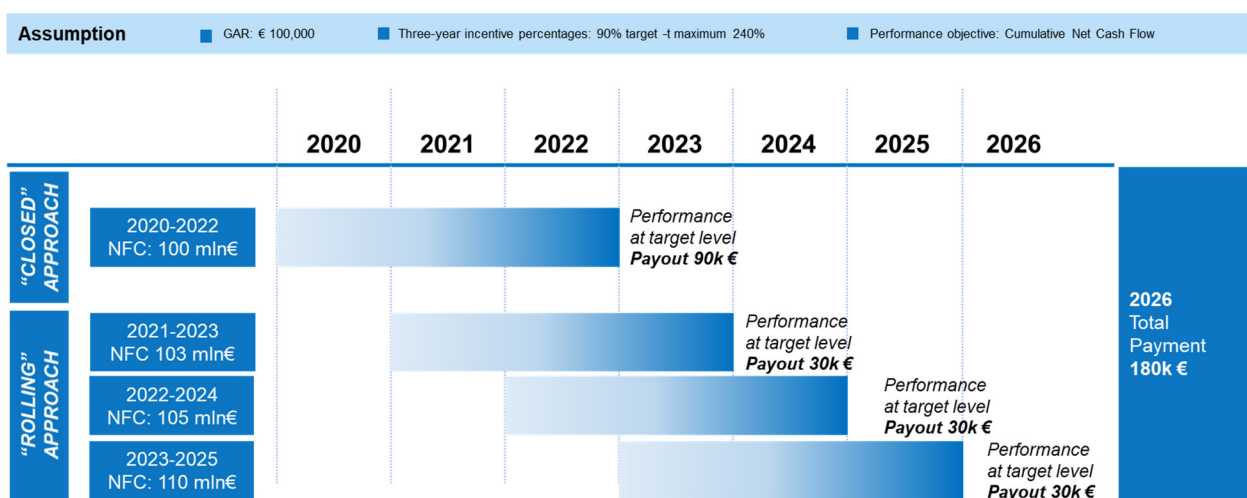
As for the medium to long term variable remuneration (LTI), it is assigned to Top Management – except for the Chairman – and extended, except in specific cases, to all Executives whose grade, determined with the Korn Ferry method, is equal to or above 20.

The medium-long term incentive plans (LTI) are intended to:

- link Management remuneration with the medium-long term performance of the Group;
- promote the creation of shareholder value and sustainable success for the Company;
- align the interests of shareholders with those of the Management;
- retain Managers.

The “rolling” mechanism introduced starting from the LTI Plan for the 2020-2022 period allows flexibility to be guaranteed by ensuring that, for each new three-year period, the performance indicators are aligned with the evolution of the market and the company and, therefore, the Company’s Strategic Plan.

Below is an example diagram showing how the rolling mechanism works:



The LTI plans assign each beneficiary an incentive opportunity (the “LTI Bonus”), equal to a percentage of the gross annual fixed component in place in the first year of the plan. This incentive percentage increases in relation to the position held and takes into account the benchmarks for each role.

The full cost of the LTI plans is included in the economics of the Strategic Plan, so that their cost is “self-funded” by achievement of the expected results.

The risk governance process is fully integrated into the strategic planning process in order to ensure that the objectives envisaged for achieving the variable incentive do not expose Pirelli to managerial behaviour inconsistent with an acceptable level of risk (“risk appetite”) as defined by the Board of Directors when approving the Plans.

The targets set in the LTI plans represent a performance consistent with the corresponding targets disclosed to the market. In particular, the objectives for obtaining the incentive at “access threshold” level are set as equal to the value disclosed to the market (net of the sustainability objectives).

The targets assigned to the Directors holding specific offices to whom further specific duties have also been attributed, to General Managers and KM in the context of the 2022-2024 LTI Plan are the following:

Weight <b>40%</b>	Weight <b>40%</b>	Weight <b>10%</b>	Weight <b>10%</b>
<b>Group Net Cash Flow</b>	<b>Related TSR vs TIER 1 Panel</b>	<b>DJS Index</b>	<b>CO2 Emissions Reduction</b>
<b>KPI</b>			
Value disclosed to the market	Performance equal to panel average*  <small>* The period of comparison is the second half of 2024 vs the second half of 2021.</small>	From -1% to -5% vs Top Industry cluster	Value disclosed to the market

In the event of extraordinary transactions affecting the Group’s perimeter and/or profound changes in the macroeconomic and geopolitical scenario, the Board of Directors, on a proposal from the Remuneration Committee, subject to the opinion of the Board of Statutory Auditors, may decide:

- any adjustment of the targets (both upward or downward) of the 2022-2024 LTI Plans, so as to protect their value and relative targets, thus ensuring constant alignment between the company’s objectives and the objectives underlying the Management incentive schemes;
- possible early closure thereof.

The quantification of the LTI plans objectives for 2022 (access threshold, target and maximum) have been set on the assumption that the prices of energy and oil will remain at the levels they were in February 2022 until the end of the year 2022, this quantification does not take into account the potential impacts on local operations of imports and exports from and to Russia of raw materials and finished products, not even the possibility of a total interruption of import and export flows from and to Russia and a recession in Europe due to worsening geopolitical tensions. Referring to the LTI plans in force<sup>4</sup> in implementation for the latter of the option to modify the objectives in the event of deep changes in the macro-economic scenario, to ensure alignment between the corporate objectives and the objectives underlying the Management incentive systems, the Board of Directors, upon proposal of the Remuneration Committee, with favourable opinion from the Board of Statutory Auditors, has established adjustment criteria of the sole quantification of the objectives of these plans (which for the rest are unchanged) to make allowance for any negative effects resulting from a worsening geopolitical and macroeconomic referring scenario. In particular, the approved criteria allow to reduce the objectives in a less than proportional way (in order to push Management towards compensatory actions) by factors resulting from the deepening of the crisis and affecting, for example, the trend of sales of product produced in Russian plants, the increase of the landed cost

<sup>4</sup> Including the LTI plan for the 2022-2024 cycle.

in Europe due to productions in alternative plants and the substitution of suppliers of raw materials or the use of alternative raw materials.

The diagram below shows the link between the corporate strategy and the KPIs of the incentive systems.

STRATEGIC PLAN PILLARS	SHORT TERM INCENTIVE (STI)	LONG TERM INCENTIVE (LTI)
High-end focus	Net Result	Relative TSR
Competitiveness Plan	EBIT	
Cash flow generation	Net Cash Flow	Cumulative Group Net Cash Flow
Sustainability	Eco & Safety Performance Revenues D&I: Women Hiring	Dow Jones Sustainability Index CO <sub>2</sub> Emissions Reduction

### ***Non-monetary benefits***

When a new General Manager or an KM is hired, the Company may define, in line with market practice, the experience gained and the conventional seniority that may be due to such person.

Lastly, non-monetary elements of remuneration are benefits provided to beneficiaries, depending on the position held, as a result of contractual provisions/company policies or aimed at reinforcing attraction during the recruitment phase (e.g. accommodation and student grants for limited periods of time).

## **3. REMUNERATION OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS**

### **The Board of Directors**

Within the Board of Directors, a distinction can be made between:

- (i) Directors holding specific offices to whom further specific duties have also been attributed;
- (ii) Directors holding no specific offices.

The attribution to Directors of powers for specific matters, which are not covered by the duties delegated under Art. 2381 of the Italian Civil Code, does not per se make them directors to whom specific duties are attributed.

The total gross annual salary established by the Shareholders' Meeting<sup>5</sup> was allocated by the Board of Directors as follows for the years 2020, 2021 and 2022:

Directors' remuneration		
Body	Office	Remuneration
Board of Directors	Director	€65,000
Audit, Risks, Sustainability and Corporate Governance Committee	Chairman	€35,000
	Member	€30,000
Remuneration Committee	Chairman	€35,000
	Member	€30,000
Strategies Committee	Chairman	€50,000
	Member	€30,000
Appointments and Successions Committee	Chairman	€50,000
	Member	€30,000
Related-Parties Transactions Committee	Chairman	€75,000
	Member	€50,000

In line with best practice, Directors with no specific offices do not receive a variable part of their salary. Expenses incurred for official reasons are also reimbursed to the directors.

In any case, the compensation granted to non-executive directors is determined in such an amount as to guarantee adequacy in terms of the skill, professionalism and effort required by their appointment. In deciding said allocation, the Board of Directors takes into account the effort required for the directors' attendance of the individual board committees, on the basis of the previous mandate.

In the event that during the current term of office the Board of Directors is called on to resolve again on the allocation of the remuneration established by the Shareholders' Meeting, and unless the Shareholders' Meeting provides otherwise, an allocation of said remuneration that envisages the attribution (i) of a remuneration that is at most +25% of the Directors' remuneration attributed during the previous term of office and (ii) +25% of the remuneration for the office held in the committees in the previous term of office for committee members, should be considered compliant with the policy. If new committees should be established, the maximum limit is that of the highest remuneration envisaged for the corresponding office in other committees.

<sup>5</sup> On 18 June 2020, the Pirelli & C. Shareholders' Meeting resolved to establish, for the years 2020, 2021, 2022 and until cessation of office with the approval of the financial statements as at 31 December 2022, a maximum of euro 2 million as the total annual salary of the Board of Directors in accordance with Art. 2389, paragraph 1 of the Italian Civil Code, excluding the remuneration to be assigned by the Board to Directors holding specific offices, as envisaged by Art. 2389 of the Italian Civil Code.

Again in line with best practices, a Directors & Officers Liability (“**D&O**”) insurance policy is envisaged to cover the third party liability of the corporate bodies, the General Managers, the KM, the Senior Managers and Executives, in going about their duties. Consequent to the provisions established on the matter by the applicable national collective bargaining agreement and rules governing mandates, this policy aims to indemnify Pirelli from any expenses deriving from the related compensation, excluding cases of wilful misconduct or gross negligence.

No insurance coverage, whether for social security or pensions, other than the obligatory coverage is provided for Directors holding specific offices.

## Supervisory Body

On 22 June 2020, the Board of Directors confirmed the remuneration paid to members of the Supervisory Body during the previous term of office.

Supervisory Body	Chairman	€60,000
	Member	€40,000

For completeness, it is reported that the remuneration assigned to members of the Supervisory Body is not included in the total gross annual salary established by the Shareholders’ Meeting.

## The Board of Statutory Auditors

The remuneration of members of the controlling body is determined by the Shareholders’ Meeting as a fixed annual amount, appropriate to the competence, professionalism and commitment required by the importance of the position held and the size and sector characteristics of the company.

The Shareholders’ Meeting of 15 June 2021, called to resolve on the renewal of the Board of Statutory Auditors, whose mandate expired with the approval of the financial statements as of 31 December 2020, determined a gross annual fixed remuneration, pursuant to Art. 2402 of the Italian Civil Code - for its Chairman, for the years 2021, 2022, 2023 and until cessation of office with the approval of the financial statements as of 31 December 2023, of €90,000 and for the other regular members of €75,000.

For the Statutory Auditor called to be part of the Supervisory Body, following the Shareholders’ Meeting of 15 June 2021, in line with the resolutions passed by the Board of Directors’ meeting of 22 June 2020, the Board of Directors confirmed for the years 2020, 2021, 2022 and until the end of the term of office of the current Board of Directors and in any case until renewal by the next Board of Directors, a gross annual remuneration of €40,000.

Expenses incurred for official reasons are also reimbursed to the Statutory Auditors.

In line with best practices, a D&O insurance policy is envisaged to cover the third party liability of the corporate bodies, including the members of said controlling bodies.

#### 4. REMUNERATION OF DIRECTORS HOLDING SPECIFIC OFFICES

The remuneration of Directors holding specific offices is proposed by the Remuneration Committee to the Board of Directors when they are appointed, or at the first useful meeting thereafter.

##### **Chairman of the Board of Directors**

If a Director has been appointed to hold specific offices, but no further specific duties have been assigned (at the date of the Report, this applies to Chairman Ning Gaoning) the remuneration consists solely of a fixed gross annual component, as well as the compensation for the office of director and any participation in committees.

At the time of appointment, the Board of Directors determines the remuneration for the Chairman of the Board of Directors, considering the remuneration assigned during the previous mandate (if the same holder) and the market benchmark (if a different person).

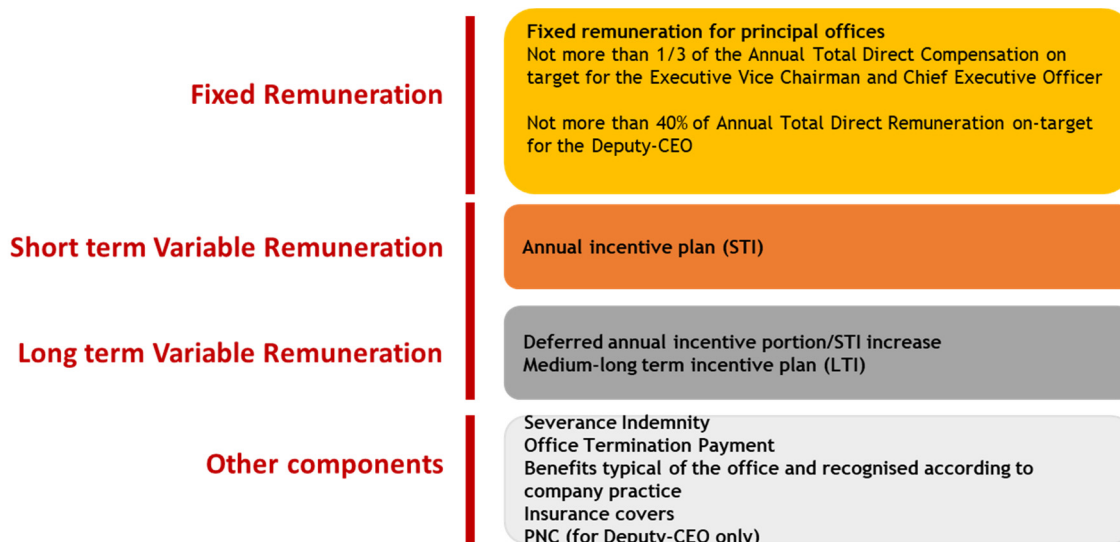
Chairman Ning Gaoning will receive an annual gross remuneration of €400,000 for the years 2020, 2021 and 2022 and until cessation of office with the approval of the financial statements as of 31 December 2022.

In the event that the Board of Directors is called on to resolve again on the compensation of the Chairman during the current term of office, a Chairman's compensation that is at most equal to +10% of the remuneration assigned during the previous term of office (in the case of the same holder) or with respect to the market benchmark - median - (in the case of a different person), is considered compliant with the Policy.

For those Directors holding specific offices to whom no further specific duties have been assigned, no non-monetary benefits, social security or pension cover is provided other than the obligatory schemes.

## Directors holding specific offices to whom further specific duties have also been attributed

The remuneration of Directors holding specific offices to whom further specific duties have also been attributed (as of the date of this Report this applies to the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera) consists of the following elements:



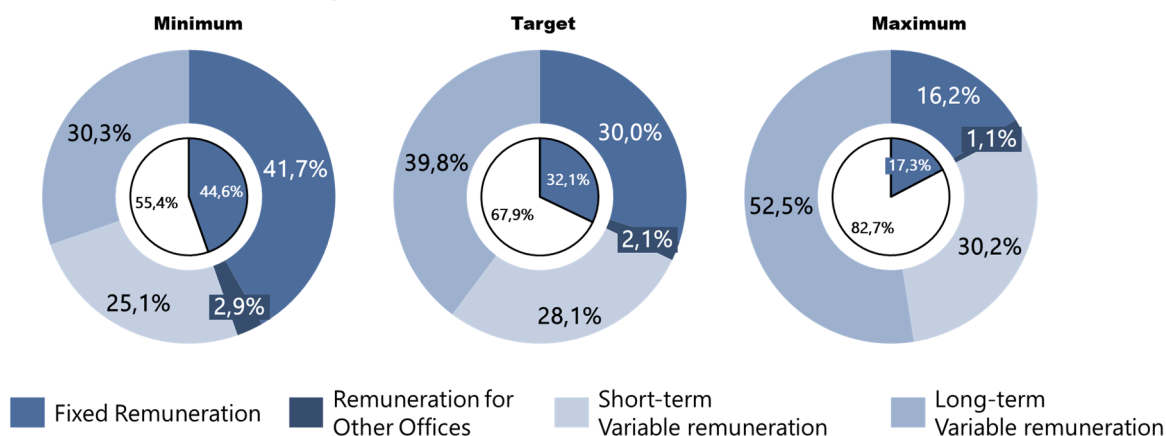
Directors holding specific offices to whom further specific duties have also been attributed, shall also be due the compensation for the office of director and any participation in committees<sup>6</sup>.

With regard to the incidence of the various components, the structure of the compensation package of the current Executive Vice Chairman and Chief Executive Officer and Deputy-CEO in the event of achievement of the minimum target and maximum 2022 STI 2022 and 2022-2024 LTI targets is shown below.

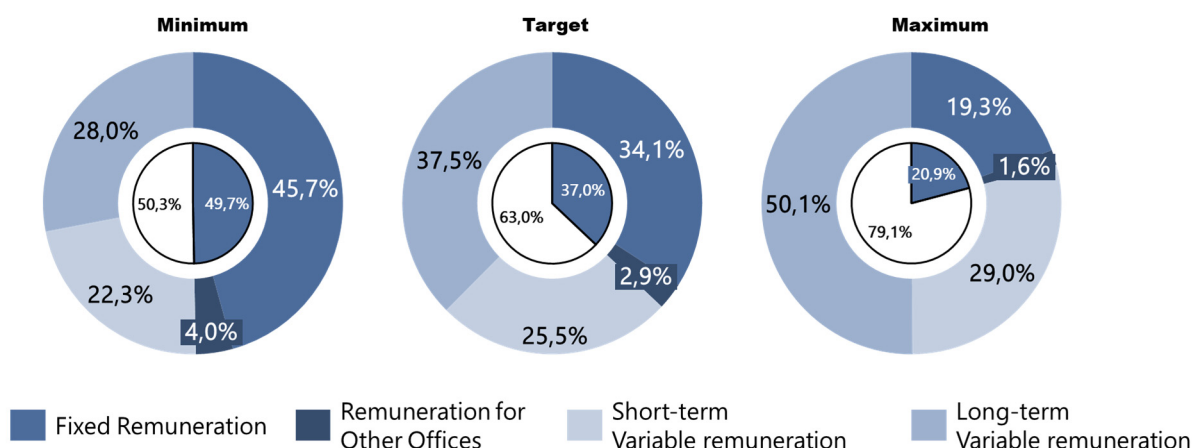
<sup>6</sup> The Executive Vice Chairman and Chief Executive Officer is also entitled to the compensation for serving as a Director (€65,000), and as Chairman of the Strategies Committee (€50,000) and Appointments and Successions Committee (€50,000). The Deputy-CEO is entitled to the compensation for serving as a Director (€65,000) and member of the Strategies Committee (€30,000).



## PAY MIX - EXECUTIVE VICE CHAIRMAN AND CEO



## PAY MIX - DEPUTY-CEO



### **Fixed Remuneration**

The gross annual base salary for the office of Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO is determined at the time of appointment, taking into account the compensation attributed during the previous mandate (in the case of the same holder) and the market benchmark (in the case of a different person), in an amount that would ensure a balance between the fixed component and the variable component that is adequate and consistent with the strategic objectives and the risk management policy, taking into account the characteristics of the business and the sector in which the Company operates, in any case establishing that the variable component represents a significant part of the total remuneration.

The gross annual fixed component for financial years 2020, 2021 and 2022 and up until approval of the financial statements for the year ended 31 December 2022 attributed to the Executive Vice Chairman and Chief Executive Officer is €2,400,000.

The gross annual fixed component for financial years 2021 and 2022 and up until approval of the financial statements for the year ended 31 December 2022 attributed to the Deputy-CEO is €1,100,000.

In the event that during the current term of office the Board of Directors is called on to resolve again on the gross annual fixed component of the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO, the allocation of a gross annual base salary or a review of such, which, considering the annual and medium-long term incentive percentages, determines an Annual Total Direct Compensation on-Target equal to (i) at most +5% of the value assigned during the previous mandate (in the case of the same holder) or with respect to the market benchmark third quartile (if the office is assumed by a different person) for the Executive Vice Chairman and Chief Executive Officer and (ii) 10% of the value assigned during the previous mandate (in the case of the same holder) or with respect to the market benchmark third quartile (if the office is assumed by a different person) for the Deputy-CEO, is compliant with the Policy.

### ***Annual variable component (STI)***

The Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO are entitled to an annual variable remuneration (STI) equal to a percentage of the fixed remuneration determined at the time of appointment and thereafter when launching the individual annual plans.

In the event that during the current term of office the Board of Directors is called on to resolve again on the STI incentive percentages for the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO, the allocation of an STI incentive percentage no higher than the previous financial year is considered compliant with the Policy.

For each objective there is a minimum and a maximum (cap) to the amount of the incentive that can be achieved; for performance below the minimum level, no payment is envisaged.

The on/off condition is represented by the Group Net Cash Flow (before dividends) and is established as an amount equal to the value announced to the market. Failure to achieve the on/off condition shall result in the cancellation of the STI incentive regardless of the level of achievement of the other objectives.

The finalisation of the bonus between the minimum value and target and between the target and maximum is carried out by linear interpolation.

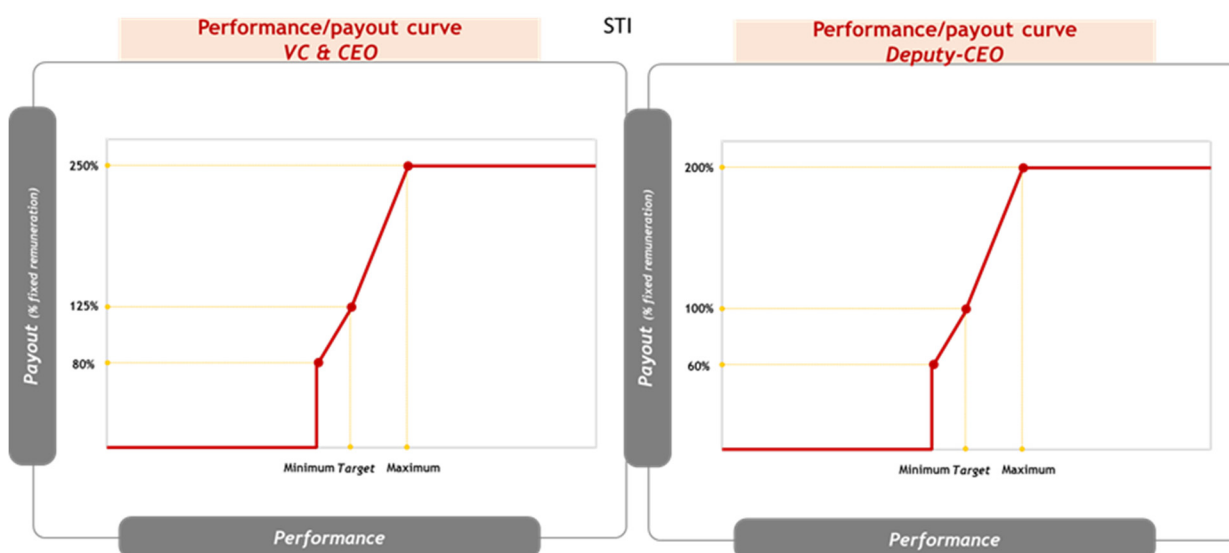
Depending on the level of performance achieved, the Executive Vice Chairman and Chief Executive Officer will be paid an incentive of 80% of fixed remuneration for minimum level performance,

amounting to 125% of the fixed remuneration in the case of on-target performance and 250% for maximum level performance.

Depending on the level of performance achieved, the Deputy-CEO will be paid an incentive of 65% of fixed remuneration for minimum level performance, amounting to 100% of the fixed remuneration in the case of on-target performance and 200% for maximum level performance.

Once the on/off condition has been achieved, all the objectives envisaged on the STI scorecard shall apply independently, according to the incentive curve shown below. Therefore, according to the performance achieved, each objective will go towards calculating the total payout, on the basis of the weighting shown on the scorecard.

*Example curve if all objectives are achieved at minimum, target and maximum level by the Executive Vice Chairman and CEO and the Deputy-CEO.*



Part of the remuneration accrued by to the Executive Vice Chairman and CEO and by the Deputy-CEO as STI is deferred to support the continuity of results over time as stated in paragraph 2. In the event that the payout percentage of the STI accrued in the following year is equal to or higher than target value, the STI share deferred from the previous year is paid, together with an additional amount equal to the portion deferred (increase).

**Medium-long term variable component (LTI)**

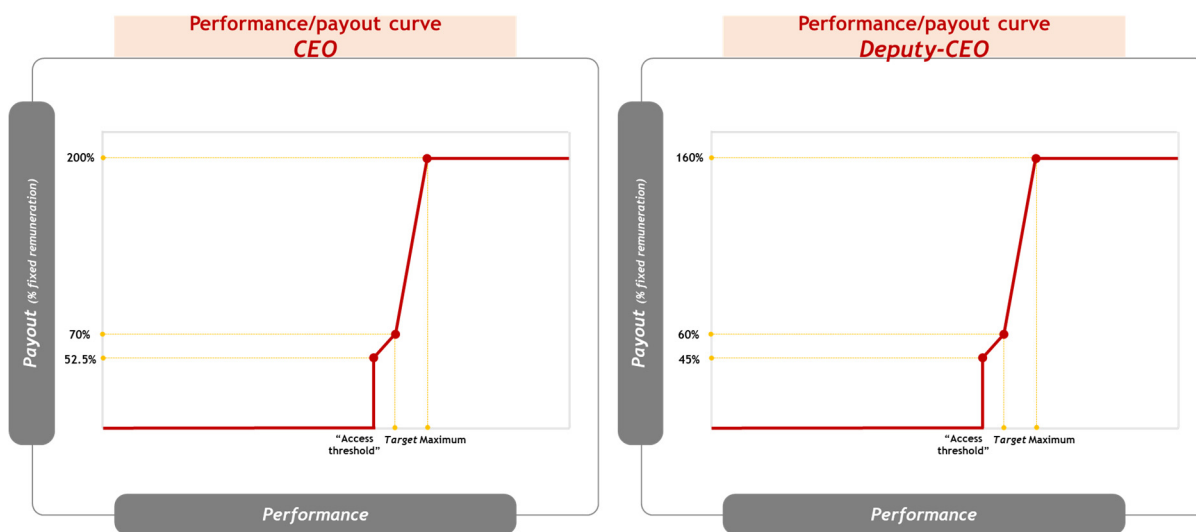
The Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO will be assigned a medium-long term incentive plan so as to contribute to the Company’s strategy and sustainability, and the pursuit of its long-term interests. For 2022, the Executive Vice Chairman and Chief Executive

Officer is a beneficiary of the 2022-2024 LTI Plan related to the goals of the 2021-2022/2025 Strategic Plan and the 2021-2023 and 2020-2022 LTI Plan. For 2022, the Deputy-CEO is a beneficiary of the 2022-2024 LTI Plan and the 2021-2023 LTI Plan. He is also a beneficiary of the 2020-2022 LTI Plan on a pro quota basis.

An “access threshold” level – associated with payment of 75% of the bonus achievable on-target – and a maximum (cap) are envisaged for each objective of the LTI plans.

The performance range for the economic-financial objectives is defined as the more challenging out of the target and maximum level with respect to that envisaged between the “access threshold” level and target. In order to offer an incentive for achieving results above target, the incentive curve is fixed in such a way that the incentive opportunity grows faster between the target and the maximum than in the range between the “access threshold” and the target (see graph below). All the objectives envisaged on the LTI scorecard shall apply independently, according to the incentive curve shown below. Therefore, according to the performance achieved, each objective will go towards calculating the total payout, on the basis of the weighting shown on the scorecard.

*Example curve if all objectives are achieved at minimum, target and maximum level by the Executive Vice Chairman and CEO and the Deputy-CEO.*



For the TSR and cumulative Group Net Cash Flow (before dividends) objectives, for results falling between the “access threshold” and the target, or between the target and the maximum, performance will be calculated by linear interpolation.

For the sustainability objectives, except for the CO<sub>2</sub> emissions indicator, which will be assessed as described above, performance will be calculated in three steps: “access threshold”, target and maximum, without considering intermediate performances.

Within the scope of the 2022-2024 LTI Plan, depending on the level of performance achieved, the Executive Vice Chairman and Chief Executive Officer will be recognised an annually based bonus opportunity of 70% of fixed remuneration for on-target performance, 52.5% of fixed remuneration if the “access threshold” performance is achieved (75% of the on-target bonus), and 200% of the fixed remuneration (cap) in the case of maximum performance.

Within the scope of the 2022-2024 LTI Plan, depending on the level of performance achieved, the Deputy-CEO will be granted an annual bonus opportunity of 60% of fixed remuneration for on-target performance, 45% of fixed remuneration if the “access threshold” performance is achieved (75% of the on-target bonus), and 160% of the fixed remuneration (cap) in the event of maximum performance.

In the case of lapsing from office at the end of mandate or cessation of the entire Board of Directors, and subsequent non-appointment even as director, the LTI Bonus is to be paid pro-quota.

### **Office Termination Payment and non-monetary benefits**

In addition, the Board of Directors has made the following provision for Directors holding specific offices to whom further specific duties have also been attributed, in the event that said duties are not related to their executive employment relationship (on the date of this Report, the Executive Vice Chairman and Chief Executive Officer Marco Tronchetti Provera and the Deputy-CEO Giorgio Luca Bruno), as guaranteed by the law and/or national collective employment agreement for the Group’s Italian executives:

- an Office Termination Payment (TFM) pursuant to Art. 17, subsection 1, letter c) of the TUIR (Italian consolidated law on income tax) no. 917/1986, with similar characteristics to those typical of Severance Indemnity Payment (TFR) pursuant to Art. 2120 of the Italian Civil Code, comprising:
  - a) an amount equal to the amount that would be due as manager by way of TFR; the basis for calculation consists of the gross annual fixed compensation received for the specific role held in the Company;
  - b) an amount equal to the contributions paid by the employer that would be due to social security and welfare institutes or funds in the event of a contract of employment as manager *ex lege* and/or National Collective Bargaining Agreement for the Italian Managers of the Group with the same degree of seniority of employment; the basis for calculation consists of the gross annual fixed compensation received for the specific role held in the Company, in addition to any other payments due by way of medium-long term annual variable component.

TFM, including the relevant value adjustment of such amounts, will be due as a lump sum to the beneficiary at the end of the current mandate or, in the event of premature death, their assignees;

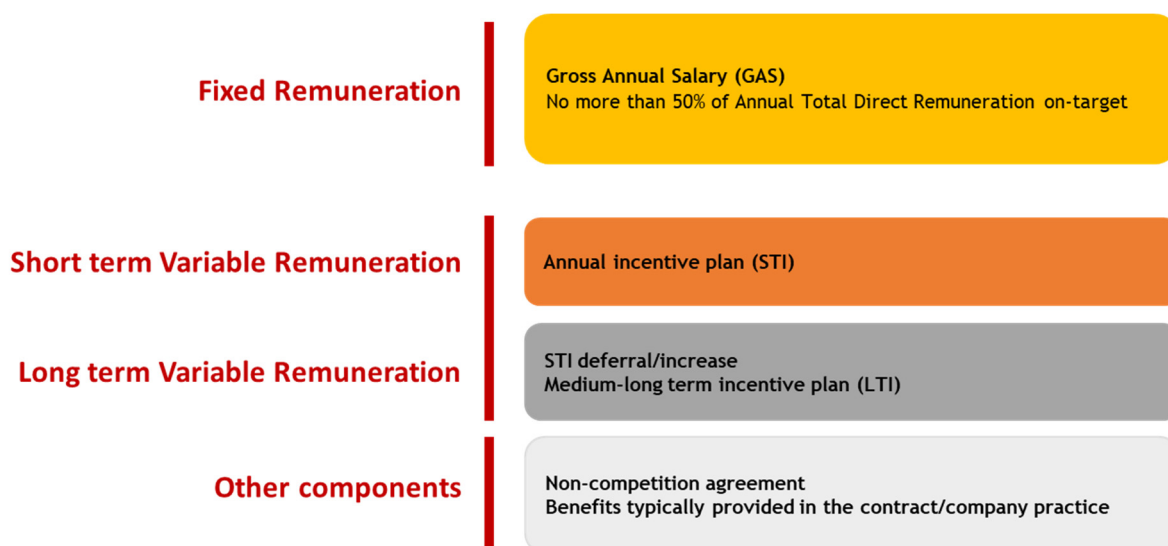
- a compensation allowance for death from any cause and permanent invalidity following illness as well as a compensation allowance for death from any cause and permanent invalidity

following accidents, the terms, limits and conditions of which are in line with what was guaranteed for the previous mandate for the Executive Vice Chairman and CEO and with Pirelli policies for executives for the Deputy-CEO;

- further benefits typical of the role and currently paid within the Group to General Managers, KM and Executives (e.g. company car).

## 5. GENERAL MANAGERS AND KM

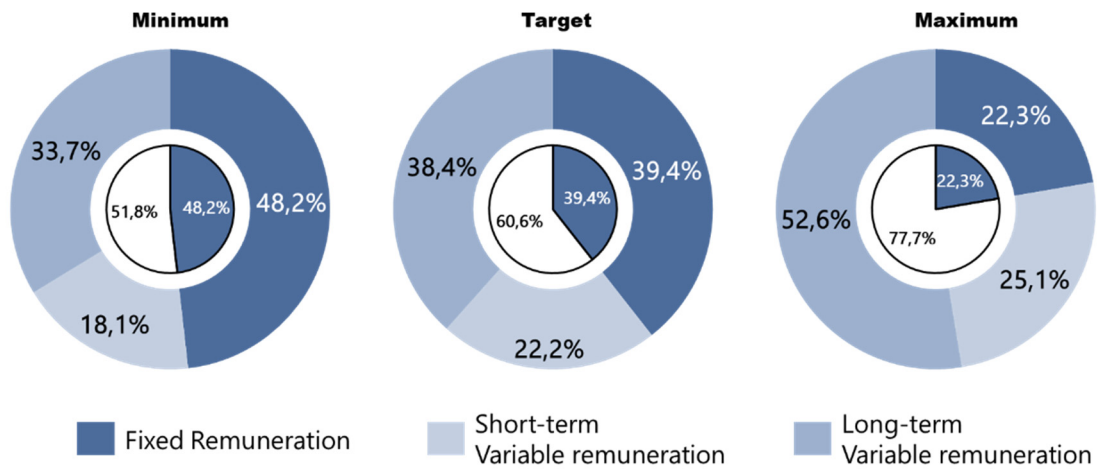
The remuneration of the General Managers (at the date of the Report the General Manager Operations is Andrea Casaluci) and the KM has the following elements:



With regard to the incidence of the various components, the structure of the compensation package of the General Manager Operations and KM in the event of achievement of the minimum, target and maximum 2022 STI and 2022-2024 LTI targets is shown below.

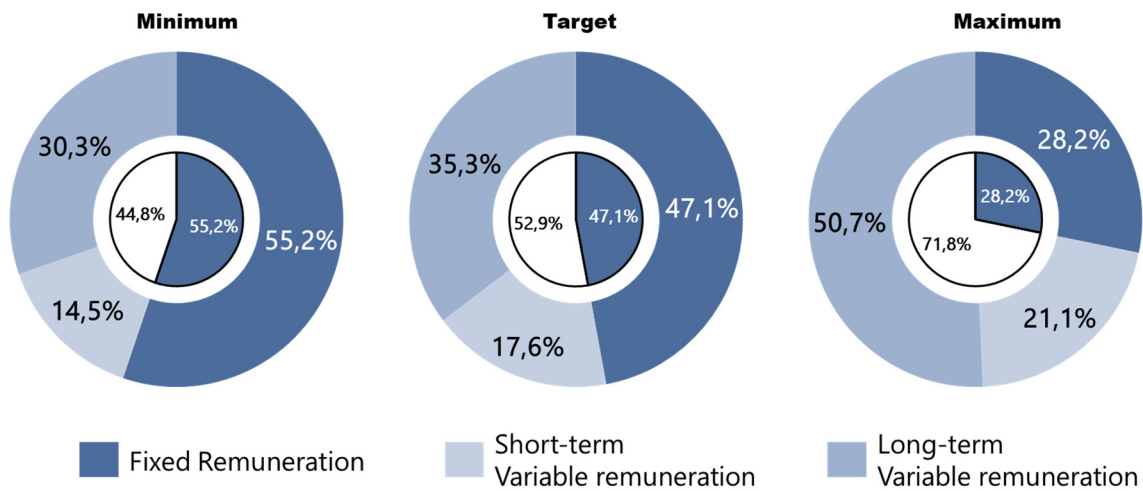
### PAY MIX - GENERAL MANAGER OPERATIONS

(IN THE EVENT OF DEFERRAL OF 25% OF THE STI ACCRUED)



### PAY MIX - KM

(IN THE EVENT OF DEFERRAL OF 25% OF THE STI ACCRUED)



The comparative analysis of the remuneration of the General Manager Operations and the KM, yearly carried out, is carried out with the help of an independent company specialised in executive compensation (Korn Ferry). The method used is “Job Grading”, which compares the roles on the basis of three different components (know-how, problem solving and accountability), whereby the weighting of each role is determined within the organisation.

The market benchmark used to verify the competitiveness of the related remuneration includes approximately 400 listed European companies selected by Korn Ferry, included on the FTSE500 list - which includes the 500 highest cap European companies.

In the case of hiring a new General Manager, in addition to the company mentioned above, Pirelli may also use the services of other leading companies specialised in executive compensation with the relative methodology and comparison market in view of the complexity and specific nature of the role, after obtaining the agreement of the Remuneration Committee, in compliance with the Procedure for Related-Parties Transactions.

### ***Fixed remuneration of the General Managers and KM***

The fixed remuneration of the General Managers is determined at the time of appointment by the Board of Directors, based on an opinion provided by the Remuneration Committee, in line with the Policy.

The fixed remuneration of KM is determined by the Executive Vice Chairman and Chief Executive Officer in accordance with the Policy, assessed by the Remuneration Committee.

If a new General Manager or a new KM is appointed, the Remuneration Committee determines the grade and benchmark of reference based on their role and responsibilities, with the support of selected external partners.

In case of hiring of a new General Manager, a fixed remuneration not exceeding 85% of that of the Executive Vice Chairman and Chief Executive Officer and an Annual Total Direct Compensation on-Target which, taking into account the annual and medium-long term percentages, does not exceed 80% of the Annual Total Direct Compensation on-Target of the Executive Vice Chairman and Chief Executive Officer.

In case of hiring a new KM, a fixed remuneration not exceeding that of the General Manager Operations and an Annual Total Direct Compensation on-Target not exceeding +20% of the market benchmark (third quartile) are deemed to comply with the Policy.

The proposed revisions of the fixed remuneration are carried out with reference to the purpose of the Policy to attract, retain and motivate key resources to achieve the company's objectives. Subject to the above, a review that, considering the annual and medium-long term incentive percentages, determines an Annual Total Direct Compensation on-Target equal to at most + 10% of the market benchmark (third quartile), is compliant with the Policy. Otherwise the Procedure for Related-Parties Transactions is applicable.



### ***Annual variable component (STI)***

The General Managers and KM are beneficiaries of the STI plan, defined according to the same structure and objectives as for the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO.

On the basis of the performance level achieved, the following shall be paid:

- an incentive of 50% of the GABS for the General Manager Operations and an incentive of 35% of the GABS for KM if the minimum performance level is achieved;
- an incentive of 75% of the GABS for the General Manager Operations and an incentive of 50% of the GABS for KM if the on-target performance is achieved;
- an incentive of 150% of the GABS for the General Manager Operations and an incentive of 100% of the GABS for KM if the maximum performance is achieved (double the on-target incentive).

In the event of hiring a new General Manager, the Remuneration Committee, having as reference the purpose of the Policy to attract key resources for the achievement of corporate objectives, may set incentive percentages higher than those indicated above, provided that they are not higher than those of the Executive Vice Chairman and Chief Executive Officer. In such case the Procedure for Related-Parties Transactions applies.

For General Managers and KM a percentage of the STI accrued, from a minimum of 25% to a maximum of 50%, is deferred at the end of the three-year period, as stated in paragraph 2.

### ***Medium-long term variable component (LTI)***

In order to contribute to the Company's strategy, the pursuit of long-term interests and the sustainability of the Company, General Managers and KM are beneficiaries of medium-long term incentive plans and, in particular, of the 2020-2022, 2021-2023 and 2022-2024 LTI Plans. The LTI plans have the same structure, mechanisms and objectives as those envisaged for the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO. Within the scope of the LTI Plan for the period 2022-2024, on the basis of the performance level achieved, the following is paid:

- an annually based bonus opportunity of 45% of the GABS for the General Manager Operations and 37.5% of the GABS for KM if the "access threshold" performance level is achieved (75% of the on-target incentive);
- an annually based bonus opportunity of 60% of the GABS for the General Manager Operations and 50% of the GABS for KM if the on-target performance is achieved;

- an annually based bonus opportunity of 160% of the GABS for the General Manager Operations and 130% of the GABS for KM if the maximum performance is achieved.

In the event of appointment of a new General Manager, the Remuneration Committee, having as reference the purpose of the Policy to attract key resources for the achievement of corporate objectives, may set incentive percentages higher than those indicated above, provided that they are not higher than those of the Executive Vice Chairman and Chief Executive Officer. In such case the Procedure for Related-Parties Transactions applies.

In the event of termination of the employment relationship for any reason before the end of the three-year period, the General Managers and KM will no longer form part of the LTI plans and no award nor pro-rated award will be paid.

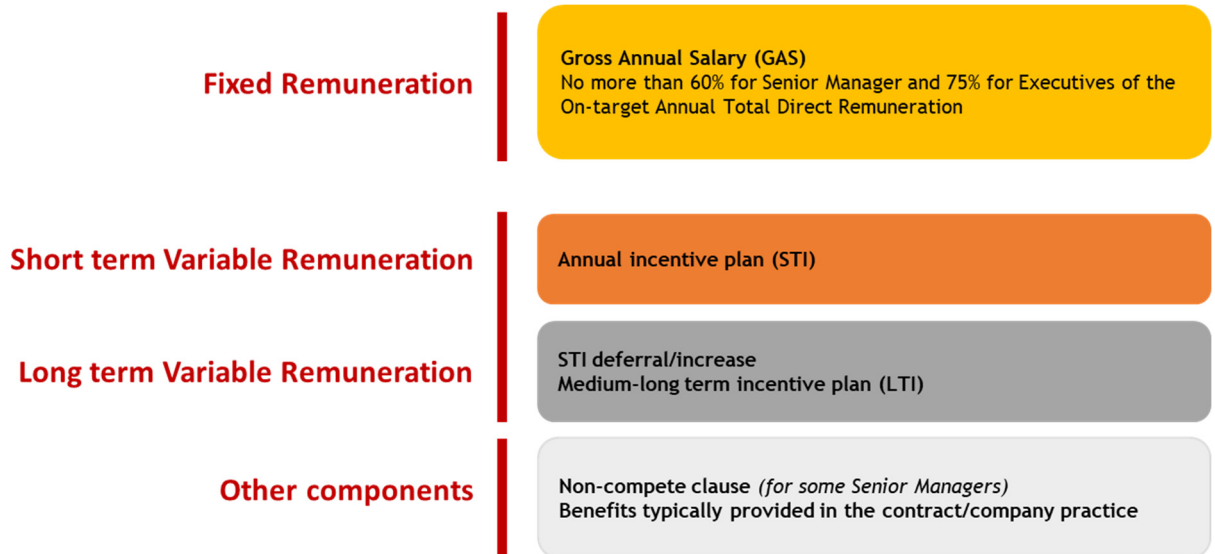
### ***Non-monetary benefits, conventional seniority and welcome bonus***

Non-monetary elements of remuneration are benefits provided to General Managers and KM as a result of contractual provisions/company policies or aimed at reinforcing attraction during the recruitment phase (e.g. accommodation and student grants for limited periods of time).

Moreover, if a new General Manager or KM is hired, the Remuneration Committee in compliance with the Procedure for Related-Parties Transactions, may establish (i) an agreed seniority recognised on the basis of previous experience in similar roles, (ii) the allocation of a one-off bonus not exceeding 100% of the beneficiary's fixed gross annual remuneration, taking into account the Policy's objective of attracting key resources to achieve the company's objectives.

## 6. SENIOR MANAGERS AND EXECUTIVES

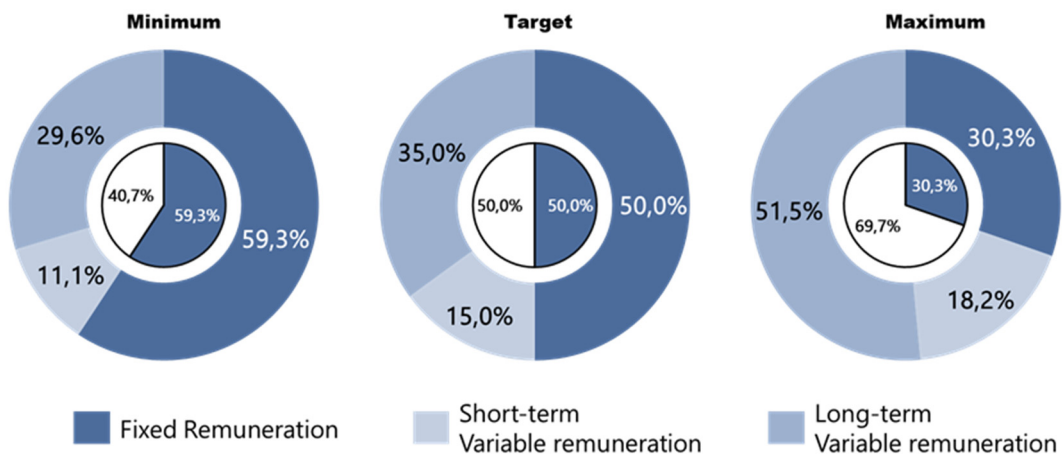
The remuneration of Senior Managers and Executives consists of the following elements:



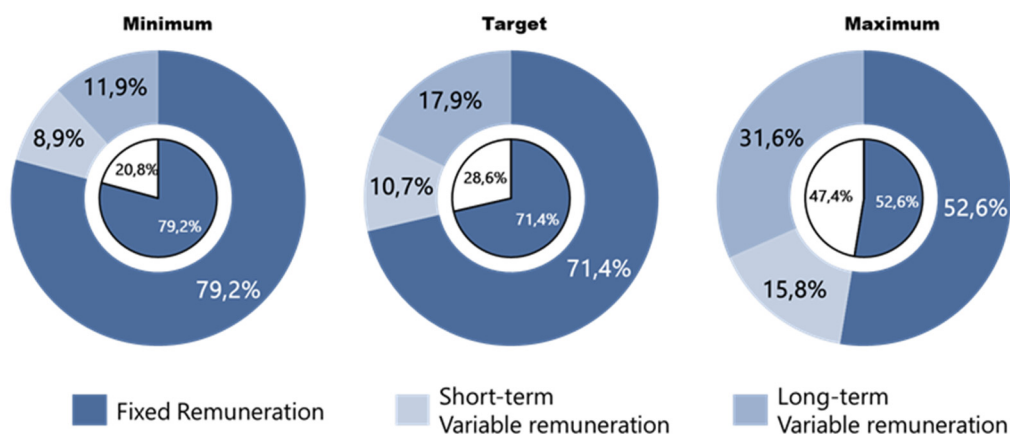
The remuneration structure for Senior Managers and Executives (as a whole) with evidence of the incidence of the various parts of their compensation packages, in the event that they achieve the minimum, target and maximum levels of the 2022 STI and 2022-2024 LTI objectives is shown below.

### PAY MIX - SENIOR MANAGERS

(IN THE EVENT OF DEFERRAL OF 25% OF THE STI ACCRUED)



## PAY MIX – EXECUTIVES



Also, the analysis of the remuneration of Senior Managers and Executives is carried out with the help of an independent company specialised in executive compensation (Korn Ferry) with the same methodology as described previously with regard to General Manager Operations and KM.

For managers of the Internal Audit department, it should be noted that, in line with best practices, the fixed component has a higher incidence than the variable.

### **Annual variable component (STI)**

Senior Managers and Executives are beneficiaries of the STI plan, defined according to the same structure as for the Executive Vice Chairman and Chief Executive Officer, the Deputy-CEO, the General Managers and the KM.

For the year 2022, the objectives assigned to Senior Managers and Executives are as shown in the table below:

STI DATA SHEET SENIOR/EXECUTIVE HEADQUARTERS		STI DATA SHEET SENIOR/EXECUTIVE OF REGIONS/BU <sub>s</sub>	
WEIGHT OF OBJECTIVES		WEIGHT TARGET	
<b>Group Net Cash Flow (before dividends)</b>	<b>ON/OFF condition</b>	<b>Group - BU - Region Net Cash Flow (before dividends) Region DSO for Sales Managers*</b>	<b>ON/OFF condition</b>
<b>Group adjusted EBIT</b>	<b>From 25% to 30%</b>	<b>Adjusted EBIT of Region/BU/Country</b>	<b>From 25% to 35%</b>
<b>Group Net Cash Flow (before dividends)</b>	<b>20%</b>	<b>Group/Region Net Cash Flow (before dividends)</b>	<b>From 10% to 20%</b>
<b>Functional objective/s with Group scope</b>	<b>40%</b>	<b>Functional objective/s with Region/BU/Group scope</b>	<b>40%</b>
<b>Sustainability objective - value of the «Eco &amp; Safety Performance Revenues» on the whole range</b>	<b>10%</b>	<b>Sustainability objective - value of the «Eco &amp; Safety Performance Revenues» on the whole range</b>	<b>10%</b>
<b>D&amp;I: Women Hiring[**]</b>	<b>5%</b>	<b>D&amp;I: Women Hiring**</b>	<b>5%</b>

\*If the on/off NCF Region or DSO condition is not met, the on/off NCF Group condition will apply with a 25% reduction of the total payout accrued.

\*\* Objective assigned to Senior Managers

According to the performance level achieved, the Senior Managers and Executives are assigned:

- a bonus ranging between 10% and 25% of the GABS, depending on the position held, if minimum performance is achieved;
- a bonus ranging between 15% and 40% of the GABS, depending on the role held if on-target performance is achieved;
- a bonus ranging between 30% and 80% of the GABS, depending on the position held, if maximum performance is achieved (200% of the on-target bonus).

For selected Senior Managers, as for General Managers and KM, a percentage of the STI accrued is deferred as stated in paragraph 2.

For the remaining Senior Managers and Executives, 75% of the accrued bonus is paid, and the remaining 25% is deferred by 12 months and payable upon the achievement of the STI objectives of the following year, according to the same parameters specified for the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO.

### ***Medium-long term variable component (LTI)***

Senior Managers and Executives (with a Korn Ferry grade of 20 or more) are beneficiaries of the medium-long term incentive plan so as to contribute to the Company's strategy and sustainability, and the pursuit of its long-term interests. The 2020-2022, 2021-2023 and 2022-2024 LTI Plans are defined according to the same structure, mechanisms and objectives as envisaged for the Executive Vice Chairman and Chief Executive Officer, the Deputy-CEO, the General Managers and the KM.

Within the scope of the LTI plan for the period 2022-2024, on the basis of the performance level achieved, Senior Managers and Executives are paid:

- an annually based bonus opportunity ranging between 11.25% and 37.5% of the GABS, depending on the position held if "access threshold" performance is achieved (75% of the on-target bonus);
- an annually based bonus opportunity ranging between 15% and 50% of the GABS, depending on the position held if on-target performance is achieved;
- an annually based bonus opportunity ranging between 40% and 130% of the GABS, depending on the position held if maximum performance is achieved.

In the event of termination of the employee-employer relationship for any reason before the end of the three-year period, the beneficiary will no longer form part of the LTI plan and no award nor pro-rated award will be paid.

### ***Non-monetary benefits***

Non-monetary elements of remuneration are benefits provided to Senior Managers and Executives as a result of contractual provisions/company policies or aimed at reinforcing attraction during the recruitment phase (e.g. accommodation and student grants for limited periods of time).

## **7. CLAWBACK CLAUSES**

The annual STI and multi-year (LTI) incentive plans for Directors holding specific offices to whom further specific duties have also been attributed, General Managers and KM provide inter alia for clawback mechanisms.

In particular, without prejudice to the possibility of any other action permitted by the order to protect the interests of the Company, contractual agreements will be signed with the aforementioned persons, enabling Pirelli to claim back (in whole or in part), within three years of the payment thereof, incentives paid to persons who, due to wilful misconduct or gross negligence, are held responsible for (or are accomplices to) the facts, as indicated below, related to economic and financial indicators included in the Annual Financial Report that involve subsequent comparative information adopted as parameters for the determination of the variable awards in the aforementioned incentive plans:

- (i) proven significant errors resulting in non-compliance with the accounting standards applied by Pirelli, or
- (ii) proven fraudulent conduct aimed at obtaining a specific representation of Pirelli's financial and equity situation, economic result, or cash flow.

## 8. COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL OR TERMINATION OF RELATIONS

It is Pirelli Group policy not to enter into with Directors, General Managers, KM, Senior Managers or Executives agreements regulating economic aspects related to any early termination of relations in retrospect at the initiative of the Company or the individual.

Pirelli aims at agreements to "terminate" relations in a consensual manner. Without prejudice to any legal and/or contractual obligations, agreements to end relations with the Pirelli Group are inspired by the benchmarks in the matter and are within the limits laid down in case law and by the practices in the country in which the agreement was signed.

The Company sets its own internal criteria, with which the other Group companies also comply, for managing early termination agreements of relations with executives and/or those of Directors holding specific offices. If an executive director or General Manager should cease to hold office and/or their employment be terminated, the Company will, upon completion of the internal processes that lead to the attribution or award of indemnities and/or other benefits, provide detailed information on the issue, by means of a press release disseminated to the market.

With regard to Directors holding specific offices to whom further specific duties have been attributed and who are not bound by executive employment relationships, Pirelli does not pay compensation or extra bonuses in relation to the end of their mandate. Specific compensation may be paid subject to assessment by the competent corporate bodies, in the following cases:

- termination by the Company for other than just cause;
- termination by the director for just cause, including but not limited to substantial changes to the role or duties attributed and/or cases of a "hostile" takeover bid.

In such cases, the indemnity amounts to 2 years of gross annual salary, i.e. the sum of (i) the gross annual base salary for the duties performed in the Group, (ii) the average annual variable remuneration (STI) accrued in the previous three years and (iii) severance pay on the aforementioned amounts.

As regards General Managers and KM, agreements for consensual termination of employment are submitted to the Remuneration Committee, which assesses their compliance with the Policy and authorises their negotiation by setting the maximum amounts that can be disbursed, including the maintenance of non-monetary benefits for a predetermined period.

The closure amounts are determined with reference to the applicable category national collective bargaining agreements. In particular, as regards General Managers and KM, reference is made to the contract for Industry managers in Italy and the incentive to take voluntary redundancy is determined with reference to the number of months of notice reimbursable by entities and supplementary indemnity in the event of arbitration, depending on the employee's length of service in the Group. Below is an explanatory table:

NO. MONTHS		ARBITRATION PANEL	
YEARS OF SENIORITY	NOTICE	MIN	MAX
more than 15 years	12	18	24
up to 15 years	10	12	18
up to 10 years	8	8	12
up to 6 years	6	4	8
up to 2 years	6	4	4

After review, evaluation and approval by the competent Committee, it may also be granted to General Managers and KM:

- an additional amount by way of general and novative transaction, within the limits of the low thresholds established for related parties transactions
- a period of paid leave or equivalent substitute indemnity between the stipulation of the exit agreement and the effective date of termination of employment.

Finally, a consultancy (or collaboration) agreement may be stipulated between General Managers and KM and a Group company, which is predefined in the term subsequent to termination of the employment contract and subject, in this case too, to the assessment and approval of the competent Committee.



Remuneration due to General Managers and KM by virtue of positions occupied on the Board of Directors is not included in the calculation of severance pay and is due in the amount determined solely for the period during which the position was held on the Board of Directors.

Finally, as regards the medium-long term incentive system (LTI):

- for the Executive Vice Chairman and CEO and the Deputy-CEO, in the event of termination of office due to completion of term or termination of office of the entire Board of Directors, and subsequent non-appointment even as director, the bonus is paid pro-quota;
- for General Managers, KM, Senior Managers and Executives, in the event of termination of the employment relationship for any reason before the end of the three-year period, no award nor pro-rated award will be paid.

## 9. NON-COMPETITION AGREEMENT

The Group enters into non-competition agreements with the Deputy-CEO, General Managers and KM and, for particularly crucial duties, with Senior Managers and Executives, which provide for the payment of a consideration in proportion to the GABS in relation to the duration and extent of the constraints arising from the agreement itself.

The constraints refer to the market sector in which the Group was operating when the agreement was made and to territorial size. The extent varies according to the position held when the agreement was completed and can in some highly critical cases, as in the case of the Deputy-CEO, General Managers and KM, extend to a wider geographical area covering the main countries where the Group operates.

The Executive Vice Chairman and Chief Executive Officer are not subject to a non-competition agreement.

In the case of the Deputy-CEO, General Managers and KM, the non-competition agreement has the following characteristics:

- the list of competitors: companies operating in the tyre sector and, according to the role held, identification of more specific clusters;
- geography: all the main countries in which the Pirelli Group operates;
- the duration of the non-competition agreement: 24 months from when the employment contract ends;
- the fee: from a minimum of 30% to a maximum of 80% of the GABS on the basis of the role held, the technical skills, the specialised know-how and the reason for leaving for each year of the duration of the clause following a potential redundancy, less any portion disbursed during

the contract of employment, amounting to between 10% and 15% of the GABS per year of validity of the agreement (usually 5 years). When hiring a new General Manager, the consideration for the non-competition agreement may be determined as a percentage also above 80% of the GABS and in any case not above 100% and, in this case, the annual payment during employment may be a maximum of 20% of the GABS.

## 10. EXCEPTIONS TO THE REMUNERATION POLICY

In compliance with Art. 123-*ter* of the TUF and Art. 84-*quater* of the Issuers' Regulation, the Company may adopt any decisions that temporarily make an exception to the Policy.

With reference to parties for whom the Board of Directors defines remuneration in accordance with the Policy, in the presence of exceptional circumstances, it is possible to make a temporary exception to the fixed or variable remuneration criteria indicated in the Policy or the structure of non-competition agreements and the attribution of non-monetary benefits.

Exceptional circumstances are situations in which an exception to the Policy is necessary for the purposes of pursuing the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay on the market, such as, for example (i) the need to replace, due to unforeseen events, the chief executive officer, general managers or key managers and to negotiate a remuneration package quickly, without limits to the possibility of attracting managers with the most suitable professional skills to manage the business and to ensure that the same levels of sustainable success and market positioning are at least maintained; (ii) significant changes in the scope of the company's business during the term of the policy, such as the sale of a company/business unit or acquisition of a significant business.

The Remuneration Committee assesses the existence of exceptional circumstances that allow for a derogation from the Policy. In exceptional circumstances, derogations to the Policy are approved in compliance with the procedures adopted by the Company for related parties transactions, in implementation of the applicable current Consob regulation *pro-tempore*.

The Company provides information about any derogations to the Policy applied in exceptional circumstances, in accordance with the terms and conditions of current provisions of law and regulations *pro-tempore*.

## 11. OTHER INFORMATION

Pursuant to Scheme 7-*bis* of Annex 3A of the Issuers' Regulations, introduced by Consob Resolution no. 18049 of 23 December 2011 and amended thereafter by resolution no. 21623 of 10 December 2020, it should be noted that:

- Pirelli has no shareholder incentive plans in place;

- in defining the 2022 Policy, Pirelli has not used the specific remuneration policies of other companies as a benchmark. The Policy has been prepared on the basis of scheme no. *7-bis* adopted by Consob and in force as at the date on which the Policy was approved. This scheme establishes that the section of the Report provided for by Art. 123-*ter* with reference to members of the governing bodies, General Managers and KM, shall contain at least the information set out in the scheme referred to above.

## ANNEX 1– GLOSSARY

**Directors:** members of the Board of Directors of Pirelli & C.

**Directors holding specific offices:** the Directors of Pirelli & C. holding the office of Chairman, Executive Vice Chairman and Chief Executive Officer and Deputy-CEO. The Directors holding special offices in other Group companies, who are also managers, are, for the purpose of the Policy, Executives or Senior Managers, depending on the role held and, unless otherwise resolved by the Board of Directors of Pirelli & C. which classifies them as KM.

**Directors with no specific offices:** are the Directors of Pirelli & C. other than those holding special offices. Directors not holding special offices in other Group companies, who are also managers, are, for the purpose of the Policy, Executives or Senior Managers, depending on the role held and unless otherwise resolved by the Board of Directors of Pirelli & C., which classifies them as KM.

**Annual Total Direct Compensation on-Target:** means the sum total of the following components, regardless of whether they were disbursed by Pirelli & C. or by another Group company:

- (i) gross annual base salary of the remuneration;
- (ii) annual variable short-term incentive (STI), if target objectives are achieved;
- (iii) medium-long term variable component consisting of;
  - a. annual value of the long-term incentive (LTI) plan if multi-year target objectives are achieved;
  - b. pro-quota value of the STI accrued and deferred, to be paid if the underlying conditions are met;
  - c. an additional value of an equal or higher amount in respect of the pro-quota of the STI accrued and deferred, to be paid if the underlying conditions are met.

**Shareholders' Meeting:** means the meeting of the shareholders of Pirelli & C..

**Remuneration Committee:** the Remuneration Committee of Pirelli & C..

**Board of Directors:** indicates the Board of Directors of Pirelli & C..

**General Manager(s):** the persons chosen by the Pirelli & C. Board of Directors to be assigned extensive powers of business segment management. The subjects holding the office of General Manager in other Group companies are, for the purpose of the Policy, Executives or Senior Managers, depending on the role held and unless otherwise resolved by the Board of Directors of Pirelli & C., which classifies them as KM.

**KM:** executives, chosen by the Pirelli & C. Board of Directors in accordance with the procedure confirmed and adopted by Board resolution passed on 22 June 2020, having the power or responsibility for planning, directing and controlling the Company's activities or the power to make

decisions that can impact its evolution or future prospects and, more generally, those of Pirelli. In accordance with the procedure, in any case all employees holding the following positions must be classified as KM: (i) General Manager; (ii) Executive Vice President; (iii) Manager responsible for the preparation of financial and corporate documents; (iv) Company Secretary.

**Executives:** managers of the Italian companies or employees of the Group's foreign companies with a position or role that is comparable to that of an Italian manager.

The **Pirelli Group** or **Pirelli** or the **Group**: means all the companies included in the Pirelli & C. consolidation scope.

**Management:** means all Directors holding specific offices, General Managers, KM, Senior Managers and Executives.

**2020-2022 LTI Plan:** means the Long-Term Incentive plan relating to the three-year period 2020-2022 supporting achievement of the objectives set by the 2020-2022 Strategic Plan approved by the Board of Directors' meeting of 19 February 2020 and, subsequently, by the Shareholders' Meeting held on 18 June 2020, as subsequently amended by the Board of Directors' meeting of 31 March 2021 (amendment submitted to the Shareholders' Meeting of 15 June 2021).

**2021-2023 LTI Plan:** means the Long-Term Incentive plan for the three-year period 2021-2023 approved by the Board of Directors' meeting of 31 March 2021 and subject to the approval of the Shareholders' Meeting scheduled for 15 June 2021, in support of the achievement of the new objectives set by the 2021-2022/2025 Strategic Plan.

**2022-2024 LTI Plan:** means the Long-Term Incentive plan relating to the three-year period 2022-2024, approved by the Board of Directors' meeting of 17 March 2022, to support the achievement of the objectives set by the 2021-2022/2025 Strategic Plan.

**2021-2022/2025 Strategic Plan:** means the business plan approved by the Pirelli & C. Board of Directors on 31 March 2021.

**GABS:** means the gross annual base remuneration of the compensation for those employed by a Pirelli Group company.

**Senior Managers:** means the persons to whom the following shall first report, except where they are KM (i) Directors holding special offices to whom further specific duties have also been attributed; (ii) General Managers, where the work of the Senior Manager significantly impacts business results.

**Statutory Auditors:** members of the Board of Statutory Auditors of Pirelli & C.

The **Company** or **Pirelli & C.:** means Pirelli & C. S.p.A.

**STI:** means the annual variable component of remuneration that can be achieved if the predefined corporate objectives are achieved, as more fully described in paragraphs 2, 4, 5 and 6.

**Top Management:** means all Directors holding specific offices, General Managers and KM.

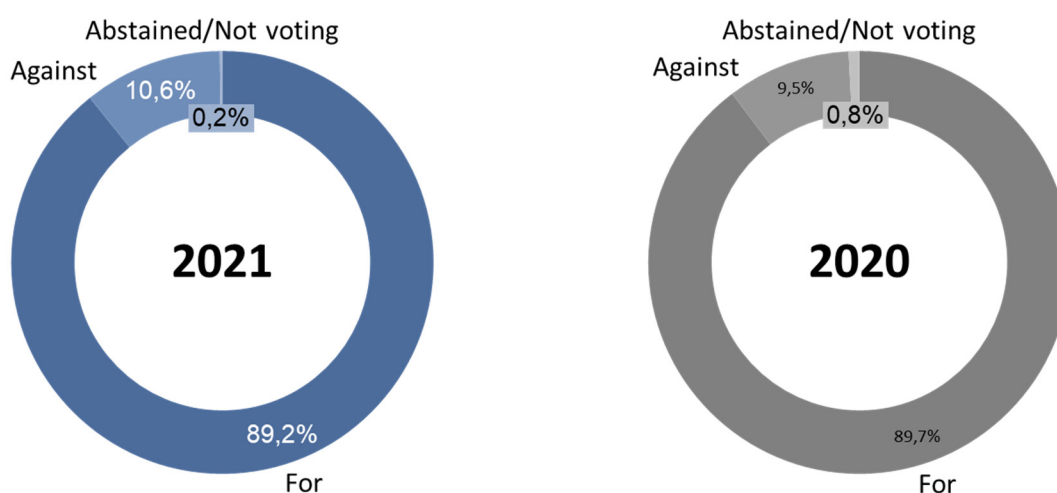
## REPORT ON COMPENSATION PAID IN 2021

### 1. ILLUSTRATION OF REMUNERATION COMPONENTS

The Remuneration Report illustrates the Policy implemented by the Pirelli Group during the 2021 financial year in relation to remuneration and provides a summary of the same in relation to the different types of persons involved, without prejudice to the transparency obligations provided for by other applicable legal or regulatory provisions, highlighting compliance with the Remuneration Policy approved the previous year (“**2021 Policy**”).

The subject appointed to carry out the external audit of the financial statements verifies that the Directors have prepared the Report on Compensation paid. The Shareholders’ Meeting deliberates on the second section of the Report with an advisory vote.

In implementing the 2021 Policy, the Company took into account the vote in Shareholders’ Meeting held on 15 June 2021, which voted in favour of the Report on Compensation Paid in 2020. The chart below illustrates the outcome of advisory votes in 2021 on the compensation paid in 2020 and in 2020 on the compensation paid in 2019.



#### 1.1 TOTAL REMUNERATION

##### **Fixed Remuneration**

The remuneration of the Directors not holding special offices for 2021 includes the remuneration for the office and the additional remuneration for participation in the board committees, as resolved by the Board of Directors on 22 June 2020.

The remuneration paid to Chairman Ning Gaoning includes the remuneration for his main office, equal to an annual gross remuneration equal to euro 400,000, and the remuneration for the office of

Director and for participation in the Strategies Committee, determined by the Board of Directors on 22 June 2020.

The Executive Vice Chairman and Chief Executive Officer was paid the gross annual fixed component for the main office of euro 2,400,000 and the remuneration for the office of Director, Chairman of the Strategies Committee and Chairman of the Appointments and Succession Committee as resolved by the Board of Directors on 22 June 2020.

The remuneration paid to the Deputy-CEO for the year 2021 includes - pro-rata, as of the date of his appointment - the gross annual fixed component for the main office, of euro 1,100,000, determined by the Board of Directors on 15 June 2021, and the remuneration for the office of Director and member of the Strategies Committee as resolved by the Board on 22 June 2020.

The General Manager co-CEO, who ceased to hold office as of 28 February 2021, was paid pro-rata the gross annual remuneration determined by the Board of Directors on 23 July 2020. He also received pro-rata, until 24 March 2021, the remuneration for the office of Director and member of the Strategies Committee as resolved by the Board of Directors on 22 June 2020.

The General Manager Operations received a gross annual remuneration of euro 750,000, in line with the resolution of the Board of Directors, after consulting the Remuneration Committee.

KM received gross annual remuneration, in line with that determined by the Executive Vice Chairman and Chief Executive Officer, amounting, at an aggregate level, to euro 3,139,615<sup>7</sup>.

The Statutory Auditors appointed by the Shareholders' Meeting of 15 May 2018, whose term of office expires with the approval of the financial statements for the year ended 31 December 2020, were paid pro-rata the fixed remuneration approved by the Shareholders' Meeting that appointed them (euro 75,000 for the Chairman and euro 50,000 for the Standing Auditors). The remuneration paid to the Statutory Auditors appointed by the Shareholders' Meeting of 15 June 2021 includes, pro-rata, the fixed annual gross remuneration set for the Chairman at euro 90,000 and that of the other regular members at euro 75,000. The Statutory Auditor appointed to the Supervisory Board also received a gross annual remuneration of euro 40,000, established by the Board of Directors on 22 June 2020.

The amounts relating to fixed remuneration are shown in the respective columns of Table 1.

For more details, please refer to paragraphs 3, 4 and 5 of Policy 2021.

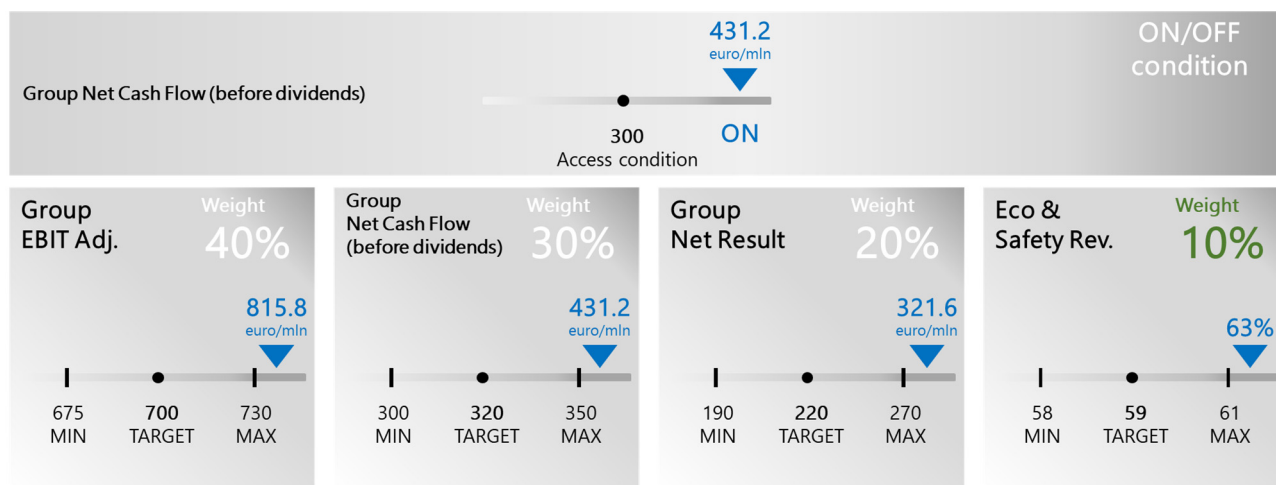
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<sup>7</sup> As of 31 December 2021, in addition to the General Manager Operations, 6 KM have been identified. The aggregate remuneration also includes, *pro-rata temporis*, the remuneration received by 2 KM who ceased to hold office in June 2021 and 1 KM identified on the same date.

## Annual variable remuneration STI

Management remuneration achieved in FY 2021 contributed to the sustainability of the Company's long-term results thanks to the variable components (both short and medium-long term) represented by the STI plan and the deferral mechanism of a portion of it.

With reference to the 2021 STI plan, the table below summarises the achievement of the performance targets for the year in relation to the targets set out in the 2021 STI plan, which represent a performance consistent with the corresponding targets disclosed to the market.



In light of the results achieved, the payout percentage accrued by each beneficiary in respect of the STI 2021 plan is at the maximum value (*cap*) as shown in the table below.

Role	MIN	TGT	MAX	% achieved on fixed component
Exec. Vice Chairman and CEO	80%	125%	250%	250%
Deputy-CEO	65%	100%	200%	200%
General Manager Operations	50%	75%	150%	150%
KM*	35%	50%	100%	98%

\* It should be noted that one KM, as a result of being appointed with effect from 15 June 2021, held different percentages for the first part of the year.



Note that the amounts accrued under the 2021 STI shall be paid with the following procedures and mechanisms, in accordance with Policy:

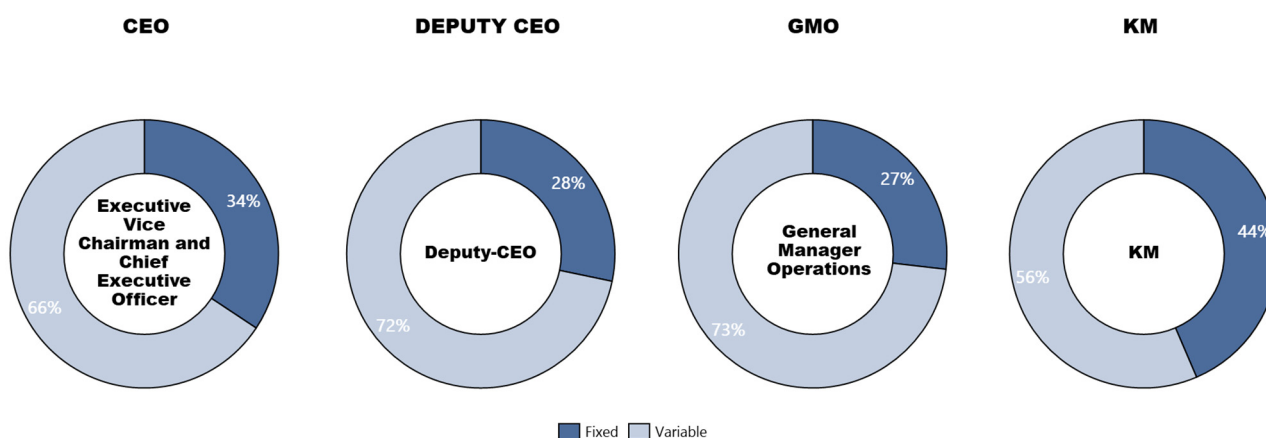
- the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO are paid 75% of the accrued incentive upfront while payment of the remaining 25% is deferred for 12 months and put at risk/opportunity as it is subject to the achievement of the 2022 STI targets as defined in the 2022 Policy. For this reason, both the deferral quota and any bonus are not represented in the column “Bonuses and other incentives” in Table 1;
- the General Manager Operations and the KM are instead subject to the co-investment mechanism as defined in the 2021 Policy, which provides for the deferral of a portion of the accrued incentive that can vary from a minimum of 25% to a maximum of 50%, depending on the individual choice. This deferred portion will be paid in 2025 subject to the permanence of the employment relationship until 31 December 2024 and together with a company matching component that may vary from a minimum of 1 to a maximum of 1.5 times the deferred amount. Since the deferred amount and the company matching are already determined in their amount as they are not subject to further performance conditions, both components are represented in the column “Bonuses and other incentives” of Table 1.

It should also be noted that pursuant to the resolution adopted by the Board of Directors of 3 April 2020, the instalments of STI 2019 that had been deferred were disbursed in 2021.

For further details please refer to paragraph n. 2, 3, 4 and 5 of 2021 Policy.

The above amounts for the STI plans are shown in the respective headings of Tables 1 and 2.

Finally, the following graph shows the proportion of fixed and variable remuneration<sup>8</sup> achieved in relation to the results of the year 2021 for top management figures.



<sup>8</sup> Corresponding for the fixed part to the items represented in the columns “Fixed remuneration” and “Remuneration for participation in committees” and for the variable part in the column “Bonuses and other incentives” of Table 1.

### **Other remuneration**

It should be noted that Pirelli has non-competition agreements in place for the Deputy-CEO, the General Manager Operations, the KM and, more generally, for selected Senior Managers and Executives, to protect the Group's strategic and operational know-how.

On the other hand, it should be noted that the Executive Vice Chairman and Chief Executive Officer does not have a non-competition agreement.

Finally, it should be noted that during 2021, the last instalment of the four-year Retention Plan launched in 2017 was paid to all participants in this plan (General Manager Operations, KM and selected Senior Managers/Executives). A stability bonus was also paid to the General Manager Operations, as provided for in the 2021 Policy.

Please refer to paragraph 9 of Policy 2021 for more details.

## **1.2 INDEMNITIES IN THE EVENT OF TERMINATION OF OFFICE AND/OR TERMINATION OF EMPLOYMENT DURING THE 2021 FINANCIAL YEAR**

It should be noted that on 28 February 2021, the agreement for the consensual termination of the employment relationship with the General Manager co-CEO Angelos Papadimitriou became effective; he also ceased to be a Director at the Shareholders' Meeting of 24 March 2021.

As announced to the market, pursuant to the agreement for consensual termination of the executive employment relationship, in accordance with 2021 Policy, Angelos Papadimitriou was paid during the year, in addition to the amounts due as compensation (pro-rata for his position as Director and as a member of the Strategies Committee) and other legal benefits accrued up to the date of termination: (i) 10 months' gross annual salary as a redundancy incentive, equal to the value of what would have been the indemnity in lieu of notice on the basis of the agreed seniority granted to him upon his recruitment as an executive; (ii) euro 100,000 gross as a general novation settlement; (iii) non-monetary benefits granted upon his recruitment as an executive, quantifiable in an amount not exceeding euro 95,000.

In accordance with 2021 Policy, Angelos Papadimitriou did not have any rights in relation to the incentive plans in place at the time of his leaving the position of co-CEO.

Angelos Papadimitriou will be bound, for the two years following his termination of office as Director (March 24, 2021), by a non-competition agreement, valid for the main countries in which Pirelli operates, in exchange for payment, for each year in office, equal to 100% of his gross annual salary, to be paid in 8 quarterly instalments in arrears starting from July 1, 2021; the non-competition agreement includes a *non-solicit* clause as well as penalties in the event of breach of the obligations arising from the agreement.

During 2021, there were no further cases of termination of office of directors or members of the Board of Statutory Auditors and/or termination of employment with General Managers and KM leading to the allocation of indemnities and/or other benefits.

For the sake of completeness, it should be noted that on 31 December 2021, the resignation of the KM Francesco Tanzi took effect, with no allocation of indemnities and/or other benefits. On the other hand, the non-competition agreement he held will be automatically apply. For further details see paragraph 9 of the 2021 Policy.

### **1.3 EXCEPTIONS TO THE 2021 POLICY**

It should be noted that there were no cases of exemption from the 2021 Policy for Directors (including Directors holding special offices), General Managers, KM and members of the Board of Statutory Auditors.

### **1.4 CLAWBACK CLAUSES**

It should also be noted that during the year the conditions for the application of the mechanisms for *ex post* repayment of the variable component (clawback clause) envisaged by the STI annual and LTI multi-year incentive plans did not occur.

## 1.5 COMPARISON INFORMATION

Below is a summary of comparative information for the last three years: (i) the remuneration of each of the persons for whom the information in this section of the Report is provided by name, (ii) the Company's results, (iii) the average remuneration of employees of Pirelli & C..

### Annual variation in remuneration and performance

Values in €

	2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	
<b>Executive Vice Chairman and Chief Executive Officer</b>	<i>Actual Total Cash<sup>[1]</sup></i>		<i>Change</i>		
Marco Tronchetti Provera	7.474.184	234%	-47%	-11%	
<b>Deputy-CEO</b>	<i>Actual Total Cash<sup>[1]</sup></i>		<i>Change</i>		
Giorgio Luca Bruno <sup>[2]</sup>	2.300.347	-	-	-	
<b>General Manager of Operations</b>	<i>Actual Total Cash<sup>[1]</sup></i>		<i>Change</i>		
Andrea Casaluci	2.795.472	292%	-33%	23%	
<b>Board of Directors</b>					
<b>Name</b>	<b>Office</b>	<i>Actual Total Cash<sup>[1]</sup></i>	<i>Change</i>		
Ning Gaoning <sup>[3]</sup>	Chairman	525.000	20%	-11%	148%
Yang Xingqiang	Director	95.000	20%	-12%	0%
Bai Xiping	Director	155.000	20%	-11%	0%
Tao Haisu	Director	100.000	22%	-9%	0%
Haitao Zhang	Director	95.000	100%	-	-
Paola Boromei	Director	95.000	100%	-	-
Domenico De Sole	Director	145.000	19%	-19%	0%
Roberto Diacetti	Director	95.000	100%	-	-
Giovanni Lo Storto	Director	175.000	38%	15%	58%
Marisa Pappalardo	Director	200.000	58%	27%	0%
Angelos Papadimitriou <sup>[4]</sup>	Director	273.750	-59%	-	-
Giovanni Tronchetti Provera	Director	526.036	92%	3%	23%
Fan Xiaohua	Director	130.000	34%	8%	0%
Wei Yin Tao	Director	95.000	20%	-12%	0%
<b>Board of Statutory Auditors</b>					
<b>Name</b>	<b>Office</b>	<i>Actual Total Cash<sup>[1]</sup></i>	<i>Change</i>		
Francesco Fallacara	Chairman (outgoing)	34.375	-54%	0%	0%
Riccardo Foglia Taverna	Chairman	48.750	-	-	-
Antonella Carù	Standing auditor	108.097	8%	0%	3%
Fabio Artoni	Standing Auditor (outgoing)	32.325	-54%	0%	7%
Luca Nicodemi	Standing Auditor (outgoing)	27.500	-54%	0%	6%
Alberto Villani	Standing auditor	63.542	27%	0%	0%
Francesca Meneghel	Standing auditor	40.625	-	-	-
Teresa Cristiana Naddeo	Standing auditor	40.625	-	-	-
<b>Results</b>					
	<i>Actual Result</i>	<i>Change</i>			
Relative TSR <sup>[5]</sup>	-	12,1%	-7,6%	-2,2%	
Group Adjusted EBIT (mln euros)	815,8	62,8%	-45,4%	-4,0%	
<b>Average remuneration of employees</b>					
	<i>Actual Total Cash<sup>[1]</sup></i>				
Employees of Pirelli & C. S.p.A. active at 31/12	108.719	39%	-11%	-3%	

<sup>[1]</sup> Corresponds to the sum of "Fixed remuneration", "Fees for participation in committees" and "Bonuses and other incentives" of Table 1

<sup>[2]</sup> Appointed as of 15 June 2021

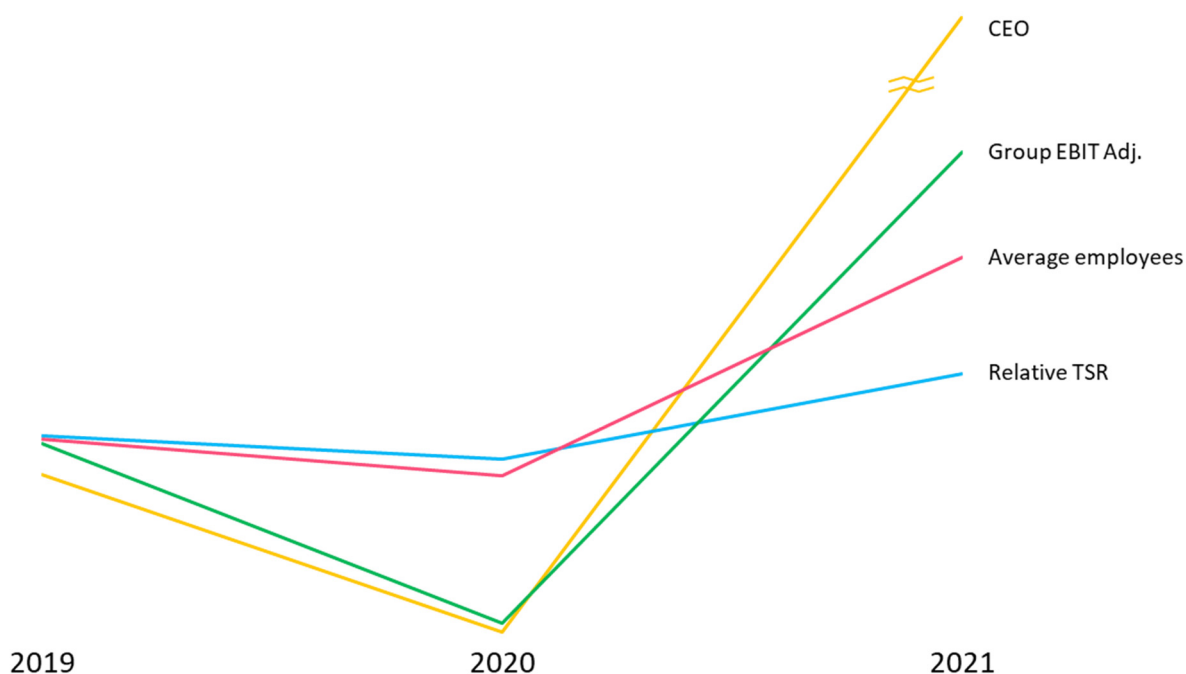
<sup>[3]</sup> Appointed Chairman in 2018

<sup>[4]</sup> Ceased to hold office as General Manager Co-CEO on 28 February 2021 and as Director from 24 March 2021

<sup>[5]</sup> Calculated as [(average market cap. current year - average market cap. previous year + dividends paid current year) / average market cap. previous year].

The percentages indicated represent, for each year, the difference in percentage points between Pirelli's TSR and the peers' average: Nokian, Michelin, Continental, Goodyear and Bridgestone. Goodyear's TSR was normalised following the acquisition of Cooper.

The graph below compares the above changes in the Executive Vice Chairman and Chief Executive Officer, employees of Pirelli & C. S.p.A. and the Group's Relative TSR and Adjusted EBIT performance.



## 2. THE “TABLE”: REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND KM.

The following tables set out:

- by name, the remuneration paid to Directors, Statutory Auditors and General Managers;
- in aggregate form, that of KM<sup>9</sup>. As at 31 December 2021, in addition to the General Manager Operations (Andrea Casaluci), 6 KM had been identified.

Remuneration is reported on an accruals basis and the notes to the tables indicate the office for which the remuneration is received (for example, where a director is a member of more than one

<sup>9</sup> Subparagraph (b) of Section II of Schedule 7-bis of Annex 3A of the C.C.. Issuers' Regulation provides that the so-called Report on Remuneration paid is in two parts:

- the remuneration of the members of the administrative and supervisory bodies and of the general managers;*
- the remuneration of any other key management personnel who received during the financial year total remuneration (obtained by adding the monetary remuneration and the remuneration based on financial instruments) higher than the highest total remuneration attributed to the persons indicated in letter a).*

*For executives with strategic responsibilities other than those indicated in letter b), the information is provided at an aggregate level, indicating instead of the name of the persons to whom it relates” aggregate level in special tables, indicating instead of the name the number of persons to whom it refers”.*

Board Committee) and the company Pirelli & C. or subsidiary and/or investee company thereof paying it (not for remuneration waived or transferred to the Company).

The tables include all persons who held the above-mentioned offices during the financial year 2021, even if only for a fraction of the year<sup>10</sup>. Non-monetary benefits, where received, are also reported on an accrual basis and reported in accordance with the 'tax basis' of the *benefit* granted.

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<sup>10</sup> In this case the fees are represented *pro rata temporis*.

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Marco Tronchetti Provera	Executive Vice Chairman and CEO	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	2,465,000.00	100,000.00	4,909,184.00	0.00	670,863.00	0.00	8,145,047.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				2,465,000.00 (1)	100,000.00 (2)	4,909,184.00 (3)		670,863.00 (4)		8,145,047.00		
Of which remuneration by subsidiary and affiliated Companies												
Ning Gaoning	Chairman	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	465,000.00	60,000.00	0.00	0.00	0.00	0.00	525,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				465,000.00 (5)	60,000.00 (6)					525,000.00 (7)		
Of which remuneration by subsidiary and affiliated Companies												
Yang Xingqiang	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	30,000.00	0.00	0.00	0.00	0.00	95,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				65,000.00 (8)	30,000.00 (9)					95,000.00 (7)		
Of which remuneration by subsidiary and affiliated Companies												
Bai Xinping	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	90,000.00	0.00	0.00	0.00	0.00	155,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				65,000.00 (8)	90,000.00 (10)					155,000.00 (7)		
Of which remuneration by subsidiary and affiliated Companies												
Paola Boromei	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	30,000.00	0.00	0.00	0.00	0.00	95,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				65,000.00 (8)	30,000.00 (11)					95,000.00		
Of which remuneration by subsidiary and affiliated Companies												
Giorgio Luca Bruno	Deputy-CEO	15/06/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	634,097.00	16,250.00	1,650,000.00	0.00	6,973.00	150,000.00	2,457,320.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				634,097.00 (12)	16,250.00 (9)	1,650,000.00 (13)		6,973.00 (14)	150,000.00 (15)	2,457,320.00		
Of which remuneration by subsidiary and affiliated Companies												
Domenico De Sole	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	80,000.00	0.00	0.00	0.00	0.00	145,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.				65,000.00 (8)	80,000.00 (16)					145,000.00		
Of which remuneration by subsidiary and affiliated Companies												

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
<b>Roberto Diacetti</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	30,000.00	0.00	0.00	0.00	0.00	95,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
<b>Fan Xiaohua</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	65,000.00	0.00	0.00	0.00	0.00	130,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
<b>Giovanni Lo Storto</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	110,000.00	0.00	0.00	0.00	0.00	175,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
<b>Marisa Pappalardo</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	135,000.00	0.00	0.00	0.00	0.00	200,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
<b>Tao Haisu</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	35,000.00	0.00	0.00	0.00	0.00	100,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
<b>Giovanni Tronchetti Provera</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	291,923.08	30,000.00	204,113.00	0.00	14,070.00	0.00	540,106.08	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
<b>Wei Yin Tao</b>	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	30,000.00	0.00	0.00	0.00	0.00	95,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												



First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Haitao Zhang	Director	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2022	65,000.00	30,000.00	0.00	0.00	0.00	0.00	95,000.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Angelos Papadimitriou	Director and General Manager co-CEO	01/01/2021 - 24/03/2021 (26)	Shareholders' meeting of 24 March 2021	266,250.00	7,500.00	0.00	0.00	5,885.00	0.00	279,635.00	0.00	4,442,534.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Andrea Casaluci	General Manager Operations	/	/	750,000.00	0.00	2,045,472.00	0.00	16,641.00	1,155,000.00	3,967,113.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
No. 6 Key Managers	(32)	/	/	3,139,615.38	40,000.00	4,120,468.00	0.00	103,361.00	4,400,303.00	11,803,747.38	0.00	89,000.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Riccardo Foglia Tavera	Chairman of the Board of Statutory Auditors	15/06/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2023	48,750.00	0.00	0.00	0.00	0.00	0.00	48,750.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Francesco Fallacara	Chairman of the Board of Statutory Auditors	01/01/2021 - 15/06/2021	AGM to approve the financial statements for the year to 31 December 2020	34,375.00	0.00	0.00	0.00	0.00	0.00	34,375.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Francesca Meneghel	Standing auditor	15/06/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2023	40,625.00	0.00	0.00	0.00	0.00	0.00	40,625.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Fabio Artoni	Standing auditor	01/01/2021 - 15/06/2021	AGM to approve the financial statements for the year to 31 December 2020	32,325.00	0.00	0.00	0.00	0.00	0.00	32,325.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
				22,917.00						22,917.00		
				9,408.00 (39)						9,408.00		

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Teresa Naddo	Standing auditor	15/06/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2023	40,625.00	0.00	0.00	0.00	0.00	0.00	40,625.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Luca Nicodemi	Standing auditor	01/01/2021 - 15/06/2021	AGM to approve the financial statements for the year to 31 December 2020	27,500.00	0.00	0.00	0.00	0.00	0.00	27,500.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Antonella Carù	Standing auditor	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2023	68,097.00	40,000.00	0.00	0.00	0.00	0.00	108,097.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
Alberto Villani	Standing auditor	01/01/2021 - 31/12/2021	AGM to approve the financial statements for the year to 31 December 2023	63,542.00	0.00	0.00	0.00	0.00	0.00	63,542.00	0.00	0.00
Of which remuneration in Pirelli & C. S.p.A.												
Of which remuneration by subsidiary and affiliated Companies												
*****												
<b>Total remuneration in Pirelli &amp; C. S.p.A.</b>				<b>7,333,409.23</b>	<b>958,750.00</b>	<b>9,711,903.00</b>	<b>0.00</b>	<b>762,541.00</b>	<b>2,833,053.00</b>	<b>21,599,656.23</b>	<b>0.00</b>	<b>4,531,534.00</b>
<b>Total remuneration by subsidiary and affiliated Companies</b>				<b>1,749,315.23</b>	<b>0.00</b>	<b>3,217,334.00</b>	<b>0.00</b>	<b>55,252.00</b>	<b>2,872,250.00</b>	<b>7,894,151.23</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>				<b>9,082,724.46</b>	<b>958,750.00</b>	<b>12,929,237.00</b>	<b>0.00</b>	<b>817,793.00</b>	<b>5,705,303.00</b>	<b>29,493,807.46</b>	<b>0.00</b>	<b>4,531,534.00</b>

- (1) Of which: euro 65,000 as a Director of Pirelli & C. S.p.A. and euro 2.4 as Executive Vice Chairman and Chief Executive Officer of Pirelli & C. S.p.A.
- (2) Of which euro 50,000 as Chairman of the Appointments and Successions Committee of Pirelli & C. S.p.A. and euro 50,000 as Chairman of the Strategies Committee of Pirelli & C. S.p.A.
- (3) The amount includes 75% of the 2021 STI incentive accrued and paid out (upfront amount) and 25% of the 2019 STI incentive paid out in 2021. 25% of the 2021 STI incentive deferred and assigned for risks/opportunities according to the results of the 2022 STI is not indicated (see the following table for details on the amounts).
- (4) Of which: euro 666,302 for insurance policies in line with the provisions of the 2021 Policy, and euro 4,561 for a company car.
- (5) Of which euro 400,000 as a Chairman of Pirelli & C. S.p.A. and euro 65,000 as a Director of Pirelli & C. S.p.A.
- (6) Of which euro 30,000 as member of the Appointments and Successions Committee of Pirelli & C. S.p.A. and euro 30,000 as member of the Strategies Committee of Pirelli & C. S.p.A.
- (7) Remuneration transferred to employer company.
- (8) As a Director of Pirelli & C. S.p.A.
- (9) As a member of the Strategies Committee of Pirelli & C. S.p.A.
- (10) Of which: euro 30,000 as a member of the Remuneration Committee of Pirelli & C. S.p.A., euro 30,000 as a member of the Appointments and Successions Committee of Pirelli & C. S.p.A., and euro 30,000 as a member of the Strategies Committee of Pirelli & C. S.p.A.
- (11) As member of the Remuneration Committee of Pirelli & C. S.p.A.
- (12) Of which: euro 35,208 as a Director of Pirelli & C. S.p.A. and euro 598,889 as Deputy-CEO of Pirelli & C. S.p.A. from 15 June 2021.
- (13) The amount includes 75% of the 2021 STI incentive accrued and paid out (upfront amount). 25% of the same incentive deferred and assigned for risks/opportunities according to the results of the 2022 STI is not indicated (see the following table for details on the amounts).
- (14) Of which: euro 1,402 for insurance policies, euro 3,625 for a company car and euro 1,946 for health insurance.

- (15) Deriving from the consulting agreement entered into with Pirelli & C. S.p.A. effective as of 1 January 2019 and terminated on 15 June 2021. Note that the non-competition agreement paid upon termination of the previous office of Director of Pirelli & C. (18 June 2020) and terminated by mutual agreement on 15 June 2021, is not shown as its total value is already indicated in the Report on Remuneration paid in 2018.
- (16) Of which: euro 30,000 as member of the Strategies Committee of Pirelli & C. S.p.A. and euro 50,000 as member of the Related-Parties Transactions Committee of Pirelli & C. S.p.A. ("RPT Committee").
- (17) As member of the Audit, Risks, Sustainability and Corporate Governance Committee of Pirelli & C. S.p.A. ("ARSCGC").
- (18) Of which: euro 35,000 as Chairman of the ARSCGC and euro 30,000 as member of the Remuneration Committee of Pirelli & C. S.p.A.
- (19) Of which: euro 30,000 as a member of the ARSCGC, euro 30,000 as a member of the Strategies Committee of Pirelli & C. S.p.A., and euro 50,000 as a member of the RPT Committee.
- (20) Of which: euro 30,000 as member of the ARSCGC, euro 30,000 as member of the Remuneration Committee of Pirelli & C. S.p.A. and euro 75,000 as Chairman of the RPT Committee.
- (21) As Chairman of the Remuneration Committee of Pirelli & C. S.p.A.
- (22) As a member of the Appointments and Successions Committee of Pirelli & C. S.p.A.
- (23) As Senior Manager of Pirelli Tyre S.p.A. for the whole of 2021.
- (24) The amount includes the full amount of the accrued 2021 STI incentive (including the deferred portion), the company matching component that will be paid at the end of the deferral period (3 years) and 25% of the 2019 STI incentive paid in 2021.
- (25) Of which: euro 462 for insurance policies, euro 3,072 for a company car, euro 7,200 for supplementary pension contributions and euro 3,336 for health insurance.
- (26) Ceased to hold office as General Manager co-CEO of the Company on 28 February 2021 and as Director from 24 March 2021.
- (27) Of which: euro 16,250 as a Director of Pirelli & C. S.p.A. and euro 250,000 as General Manager co-CEO of Pirelli & C. S.p.A.
- (28) Of which: euro 1,553 for a company car, euro 1,200 for supplementary pension contributions, euro 556 for health insurance and euro 1,846 for accommodation assigned on loan for use and euro 730 for insurance policies.
- (29) Of which: euro 1.25 million as a redundancy incentive, euro 100,000 as general novation settlement, euro 3 million as total consideration for a non-competition agreement (of which euro 750,000 was paid in 2021), euro 92,534 related to non-monetary benefits after termination of employment.
- (30) Of which: euro 3,630 for a company car, euro 7,200 for supplementary pension contributions, euro 3,336 for health insurance and euro 2,475 for insurance policies.
- (31) Of which: euro 330,000 for the last tranche of the Retention Plan, euro 75,000 as payment during the employment contract of a portion of the fee for the non-competition agreement and euro 750,000 as a stability bonus.
- (32) As of 31 December 2021, 6 KM had been identified, of which 1 is represented pro-rata temporis the remuneration of two KM who held this office until 15 June 2021.
- Note, lastly, that the remuneration paid to the General Manager co-CEO who ceased to hold office on 28 February 2021 and the General Manager Operations are not included in this item, as these figures are indicated separately in the table.
- (33) As a member of the 231 Supervisory Body.
- (34) The amount includes, for the respective holders, the full amount of the accrued 2021 STI incentive (including the deferred portion), the company matching component that will be paid at the end of the deferral period (3 years) and 25% of the 2019 STI incentive paid in 2021. For Mr Francesco Tanzi, the deferred portion of the 2021 STI and the company matching opportunity are not shown as they have been definitively lost due to the termination of employment.
- (35) The amounts, for the respective holders, are for a company car, supplementary pension contributions, health insurance, insurance policies and housing benefit.
- (36) The amounts, for the respective holders, are for payment during the employment contract of a portion of the fee for the non-competition agreement, the last instalment of the Retention Plan, a one-off bonus and reimbursement for school fees.
- (37) As a fee for the non-competition agreement after termination of the employment relationship
- (38) The amount includes, for the respective holders, the full amount of the accrued 2021 STI incentive (including the deferred portion), the company matching component that will be paid at the end of the deferral period (3 years) and 25% of the 2019 STI incentive paid in 2021.
- (39) As standing auditor of Pirelli Industrie Pneumatici S.r.l., Chairman of the Board of Statutory Auditors of Pirelli Tyre S.p.A. until 14 June 2021, Chairman of the Supervisory Board of Pirelli International Treasury S.p.A. as of 4 June 2021.
- (40) As a standing auditor of Pirelli Tyre S.p.A.

### 3. MONETARY INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND KM

For a description of the monetary incentive plans, please refer to the 2021 Policy.

First and last name	Office	Plan	Bonus for the year			Bonus for the previous years			Other bonuses		
			Payable/ Paid out	Deferred	Deferment period	No longer payable	Payable /Paid out	Still deferred			
Marco Tronchetti Provera	Executive Vice Chairman and CEO	2019 STI					409,184.00	(1)	-	-	
		2021 STI	4,500,000.00	1,500,000.00	(2)	1 year	-		-	-	
		LTI Plan 2020-2022	-	-		-	-	-	-	-	-
		LTI Plan 2021-2023	-	-		-	-	-	-	-	-
Giorgio Luca Bruno	Deputy-CEO (7)	2021 STI	1,650,000.00	550,000.00	(2)	1 year	-	-	-	-	
		LTI Plan 2020-2022	-	-	-	-	-	-	-	-	-
		LTI Plan 2021-2023	-	-	-	-	-	-	-	-	-
Giovanni Tronchetti Provera	Director (8)	2019 STI	-	-		-	4,613.00	(1)	-	-	
		2021 STI	105,000.00	94,500.00	(3)	3 years	-	-	-	-	
		LTI Plan 2020-2022	-	-		-	-	-	-	-	-
		LTI Plan 2021-2023	-	-		-	-	-	-	-	-
Andrea Casaluci	General Manager Operations	2019 STI	-	-		-	76,722.00	(1)	-	-	
		2021 STI	562,500.00	1,406,250.00	(3)	3 years	-	-	-	1,080,000.00	
		LTI Plan 2020-2022	-	-		-	-	-	-	-	-
		LTI Plan 2021-2023	-	-		-	-	-	-	-	-
No. 6 Key Managers	(9)	2019 STI	-	-		-	259,708.00	(1)	-	-	
		2021 STI	1,725,700.00	2,135,060.00	(5)	3 years	-	-	-	4,127,250.00	
		LTI Plan 2020-2022	-	-		-	-	-	-	-	-
		LTI Plan 2021-2023	-	-		-	-	-	-	-	-
(I) Remuneration in the Company that has prepared the financial statements		2019 STI	-	-		-	576,143.00		-	-	
		2021 STI	7,625,700.00	3,560,060.00		1 year 3 years	-	-	-	2,460,000.00	
		LTI Plan 2020-2022	-	-		-	-	-	-	-	-
		LTI Plan 2021-2023	-	-		-	-	-	-	-	-
(II) Remuneration from Subsidiary and Affiliated Companies		2019 STI	-	-		-	174,084.00		-	-	
		2021 STI	917,500.00	2,125,750.00		3 years	-	-	-	2,747,250.00	
		LTI Plan 2020-2022	-	-		-	-	-	-	-	-
		LTI Plan 2021-2023	-	-		-	-	-	-	-	-
(III) Total			8,543,200.00	5,685,810.00		-	750,227.00		-	5,207,250.00	

(1) The amount relates to 25% of the 2019 STI which had been deferred and which, in execution of the specific resolution of the Board of Directors of 3 April 2020, was paid in 2021 subject to continued employment on the payment date. This amount is shown in the "Bonuses and other incentives" column of Table 1.

(2) The amount in the "Deferred Year Bonus" column refers to 25% of the 2021 STI deferred and assigned to risk/opportunity subject to the results of the 2022 STI. This amount is not shown in the "Bonuses and other incentives" column of Table 1.

(3) The amount in the "Deferred Year Bonus" column refers to the sum of the deferred 2021 STI portion and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is shown in the "Bonuses and other incentives" column of Table 1.

(4) The amount refers to the sum of the last tranche of the Retention Plan and of the stability bonus. This amount is shown in the "Other remuneration" column in Table 1.

(5) The amount in the "Deferred Year Bonus" column refers to the sum of the deferred portion of the 2021 STI and the company matching component which will be paid at the end of the deferral period (3 years) for the KM in office at 31/12/2021, net of Mr Francesco Tanzi, who definitively loses the deferred

portion of the 2021 STI and the company matching opportunity due to the termination of his employment. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(6) The amount refers, for the respective holders, to the last tranche of the Retention Plan and a one-time bonus. This amount is shown in the “Other remuneration” column in Table 1.

(7) The Deputy-CEO, appointed on 15 June 2021, participates in the 2021 Annual Incentive (STI), the 2021-2023 Long Term Incentive (LTI) plan and, pro-rata, the 2020-2022 Long Term Incentive (LTI) plan.

(8) Giovanni Tronchetti Provera is included in the LTI and STI variable incentive plans as Senior Manager of Pirelli Tyre S.p.A.

(9) As of 31 December 2021 there were 6 ESRs. It should be noted that the remuneration paid to the General Manager Operations is not included in this item, as it is indicated separately in the table.

#### **4. TABLE OF EQUITY INVESTMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND KM**

The table below provides disclosures on any equity investments held in Pirelli & C. and in its subsidiary companies, by those who, even for a fraction of the year, have held the position of:

- member of the Board of Directors;
- member of the Board of Statutory Auditors;
- General Manager;
- KM.

In particular, it indicates, for each member of the Board of Directors and Board of Statutory Auditors and General Managers, by name, and cumulatively for KM, with regard to each company in which shares are held, the number of shares, by category:

- held at the end of the prior year;
- purchased during the reporting year;
- sold during the reporting year;
- held at the end of the reporting period.

In this regard, the title of possession and the manner in which it is held are also specified.

This includes all persons who, during the year in question, held the position of member of the administrative and control bodies, General Manager or KM, even if only for a fraction of a year.

## 1) EQUITY INVESTMENTS OF MEMBERS OF BOARD OF DIRECTORS AND CONTROLLING BODIES AND GENERAL MANAGERS

First and last name	Office	Investee company	No. of shares owned at 31.12.2020	No. of shares purchased/ subscribed	No. of shares sold	No. of shares owned at 31.12.2021
Marco Tronchetti Provera (i)	Executive Vice Chairman and Chief Executive Officer	Pirelli & C.	100,959,399	40,000,000 (ii)	-	140,959,399 (iii)
Angelos Papadimitriou	Director	Pirelli & C.	170,000 (iv)	-	-	170,000 (iv)
Giorgio Luca Bruno	Director	Pirelli & C.	500 (v)	-	-	500 (v)

(i) Shares held by the indirect subsidiary Camfin S.p.A.

(ii) Shares acquired by Camfin S.p.A. on 7 October 2021 following completion of the share capital increase of Camfin S.p.A. fully subscribed by Longmarch Holding S.à.r.l. through the contribution of 40,000,000 Pirelli shares.

(iii) For the sake of completeness, it should be noted that Camfin S.p.A. informed the market that it had taken out instruments called "Call Spreads" with major financial institutions, the original maturity of which was extended from September 2022 to September 2023, on 29 June 2021, with an underlying equivalent to approximately 4.6% of Pirelli's share capital.

(iv) Shares purchased on 6 August 2020 and held at the date of termination of office (24 March 2021).

(v) Shares purchased when the Company was listed on 4 October 2017.

## 2) EQUITY INVESTMENTS OF OTHER KM

Number of managers with strategic responsibility	Involved company	No. of shares held at 31.12.2020	No. of shares purchased/ subscribed	No. of shares sold	No. of shares held at 31.12.2021
-	-	-	-	-	-