Pirelli & C. S.p.A.

Milan - Viale Piero e Alberto Pirelli, 25

Share Capital 1,904,347,935.66 euro

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Information Document

Three-year Monetary Incentive Plan for the Pirelli Group's Management (2020-2022 cycle)

Update of 13 April 2022

amendments to sections 1.1, 1.2, 1.3, 1.4, 2.1, 2.2-2.3, 3.1, 3.2, 3.3, 3.5, 3.6, 4.8, 4.23

Prepared pursuant to the combined provisions of Article 114-*bis* of Legislative Decree 58/1998 and Article 84-*bis* of Consob Decision no. 11971 of 14 May 1999 as amended and supplemented

INTRODUCTION

This document (the "**Information Document**") is prepared pursuant to the combined provisions of Article 114-bis of Legislative Decree 58/1998 ("**TUF**") and Article 84- bis of the Regulation adopted by Consob with Decision no. 11971 of 14 May 1999, as amended and supplemented ("**Issuers' Regulation**"), as well as on the basis of Scheme no. 7 of Annex 3A of the Issuers' Regulation, corresponding sections being identically numbered.

The Information Document is available to the public at the registered offices of Pirelli & C. S.p.A. ("**Pirelli & C.**" or "**Company**") - in Milan, Viale Piero e Alberto Pirelli 25 - and published on the website of Pirelli & C. (www.pirelli.com), and on the authorised eMarket storage (eMarket Storage.com) mechanism in accordance with legal requirements, pursuant to applicable laws and regulations.

The object of the Information Document is the cycle 2020-2022 Long-Term Incentive Plan for the Pirelli Group's Management, approved by the Board of Directors of Pirelli & C. at the meeting held on 19 February 2020 ("**LTI Plan**") and, pursuant to Article 114-*bis* of the TUF, submitted for approval to the Shareholders' Meeting called for 18 June 2020 (on a single call), insofar as it is also based on the market performance of Pirelli shares, as described herein.

The amendments and integrations to this Information Document, included in ~~this~~ the update published on 20 April 2021 (the "**2021 Update**" or the "**2021 Amendments**"), have been included in the 2021 Remuneration Policy (the "**2021 Policy**") and they have been reviewed and approved by the Board of Directors on 31 March 2021, subject to approval of the same 2021 Amendments and the 2021 Policy by the Shareholders' Meeting on 15 June 2021.

The 2021 Amendments made to sections 2.1, 2.2-2.3, 3.1, 3.3, 3.5, 3.6, 3.8, 4.12, 4.23 have been approved by the Board of Directors on 31 March 2021, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors, in accordance with the provisions of the Information Document related to the revision of plan and the adjustment of targets. In particular, these Amendments have been approved following the resolutions adopted by the Board of Directors of 5 August 2020, as a result of the health emergency linked to the spread of COVID-19, the consequent revision of the 2020-2022 Strategic Plan and the announced launch for the first quarter of 2021 of the Strategic Plan for the period 2021-2022/2025 ("**2021-2022/2025 Strategic Plan**"). ~~These~~ The 2021 Amendments regarded:

(a) an adjustment of the cumulative Group Net Cash Flow (before dividends) objective of the LTI Plan - already approved by the Shareholders' Meeting held on 18 June 2020 pursuant to Article 114-*bis* TUF – in order to align it with the guidance disclosed to the market on 5 August 2020 and with the targets of the 2021-2022/2025 Strategic Plan for the years 2021 and 2022;

(b) the possibility to normalise the potential effects on the final result of the acquisition of Cooper by Goodyear (a company included in the reference panel for the TSR objective) at the start of 2021, in order to calculate its impact on the TSR.

The 2021 Amendments made to sections 1.1, 1.2, 3.2, 3.5, 3.6, 4.8, took into account the inclusion of the role of Deputy-CEO, also included in 2021 Policy, in implementation of the resolution adopted by the Board of Directors of 31 March 2021, which approved the proposal to invite the Shareholders' Meeting scheduled for 15 June 2021 to appoint Giorgio Luca Bruno as Director of the Board, in order to allow the Board of Directors to confer him the office of Deputy-CEO. ~~In case of appointment, the Deputy-CEO will benefit *pro rata temporis* of the LTI Plan, with effect from the date on which he will be appointed as Director by the Shareholders' Meeting and Deputy-CEO by the Board of Directors (the "**Date of Taking the Office of Deputy-CEO**").~~

The amendments and integrations made to the Information Document included in this update (the "**2022 Update**" or the "**2022 Amendments**") were approved by the Pirelli Board of Directors on 17 March 2022, at the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors, and they have been included in the 2022 Remuneration Policy "**2022 Policy**") approved on the same date by the Board of Directors with the same methods and subject to the binding vote of the Pirelli & C. Shareholders' Meeting convened for 18 May 2022 (on a single call) (the "**Shareholders' Meeting**"). All Amendments have been approved by the Board of Directors subject to the approval of them and of the 2022 Policy by the Shareholders' Meeting.

In particular:

(i) the Amendments to sections 1.1, 1.2, 3.2, 4.8 were made in order to update the 2020-2022 LTI Plan upon the appointment of the Deputy-CEO, who is beneficiary *pro rata temporis* of such LTI Plan with effect as of January 2021;

(ii) the Amendments to sections 1.3 and 1.4 take account of a number of relevant updates made regarding the ownership and organisational structure of the Company and of the remuneration system; and

(iii) the Amendments to sections 2.1, 2.2-2.3, 3.1, 3.2, 3.3, 3.5, 3.6, 4.23 were made in order to take account of any negative effects determined by the worsening of the geopolitical and macroeconomic scenario of reference following the worsening of the crisis. In consideration of such negative effects, an adjustment was approved which makes it possible to reduce the objectives of the existing STI and LTI plans (meaning also the LTI Plan for the 2020-2022 cycle in this Information Document) in order to guarantee the alignment of the company objectives with the objectives underlying the Management incentive system.

Terms and conditions of 2020-2022 LTI Plan no subject to 2021 Amendments and 2022 Amendments remain unchanged.

The LTI Plan - according to paragraph 3, article 114-*bis* of the TUF read together with paragraph 2, article 84-*bis* of the Issuers' Regulation - ranks as having “particular importance" in that it regards, among others, the Executive Vice Chairman and Chief Executive Officer of Pirelli & C., and individuals with strategic responsibility in the issuer.

Given that the LTI Plan is monetary, and makes no provision for granting shares or options on share or other financial instruments, but solely a cash award partly linked to the stock market performance of the ordinary shares of Pirelli & C, having regard to a selected sample of companies operating in the tyre industry, the Information Document does not include the prescribed information on arrangements for awarding shares or share options or other financial instruments.

DEFINITIONS

To facilitate the comprehension and reading of the Information Document, a glossary is provided below that lists a number of recurrent terms not previously defined:

***Annual Total Direct Compensation on - Target level*:** the sum of the following components, regardless of whether they are paid by Pirelli & C. or by other Group Companies:

(i) gross annual base salary of the remuneration;

(ii) annual variable component called Short-Term Incentive STI (MBO), if target objectives are achieved;

(iii) medium-long term variable component comprising:

a. the annual value of the Long-Term Incentive (LTI) plan if multi-year target objectives are achieved,

b. the *pro rata* value ~~(25%)~~ of the STI (MBO) accrued and deferred, ~~which is~~ paid if its underlying conditions are met ~~the following year's STI (MBO) is achieved~~, and

c. an additional amount equal to or greater than the *pro rata* value (25%) of the STI (MBO) accrued and deferred, ~~which is~~ paid if its underlying conditions are met ~~the following year's target STI (MBO) is achieved, at least~~.

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

Remuneration Committee: the Remuneration Committee of Pirelli & C.

Board of Directors: 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 considered Executives or Senior Managers, depending on the role held, unless otherwise resolved by the Board of Directors of Pirelli & C. which classifies them as KM.

KM: means managers, chosen by the Pirelli & C. Board of Directors in accordance with the procedure adopted by Board resolution passed on 26 July 2019, having the power or responsibility for planning, managing and controlling the Company's activities or the power to make decisions that can impact its evolution or future prospects. Under the procedure (and, therefore, the LTI Plan), employees holding the following positions are in any case classified as KM: (i) General Manager; (ii) Executive Vice President; (iii) Manager responsible for the preparation of the corporate financial documents; (iv) Company Secretary and Corporate Affairs Officer.

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.

Group or Pirelli: all the subsidiaries of Pirelli & C. and/or companies included in the consolidation scope of Pirelli & C.

Management: collectively means Directors holding specific offices to whom further specific duties have been attributed, General Managers, KM, Senior Managers and Executives.

LTI Plan (2018-2020): means the 2018-2020 Long-Term Incentive Plan approved by the Board of Directors on 26 February 2018 and by the Shareholders' Meeting on 14 May 2018.

2020-2022 Strategic Plan: the business plan approved by the Board of Directors on 19 February 2020.

GABS (gross annual base salary): the gross annual fixed component of remuneration for the employees of a company belonging to the Group.

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

STI (MBO): the annual variable component of remuneration obtainable for achieving pre-set business objectives.

Top Management: collectively means Directors holding special offices to whom further specific duties have been attributed, General Managers and KM.

1. BENEFICIARIES OF THE PLAN

1.1 List of named beneficiaries who are members of the Board of Directors of Pirelli & C., of the parent companies of Pirelli & C. and of the direct or indirect subsidiaries of the latter.

The LTI Plan concerns Top Management and, except for specific cases, the entire Management of Pirelli and it could also be extended to those who during the three years covered by the LTI Plan become part of the Group and/or assume the position of Executive as a result of in-house career development. Where this happens, participation is conditional on participating in the LTI Plan for at least a full financial year and the incentive percentages are adjusted to reflect the number of months of actual participation in the LTI Plan.

The participants in the LTI Plan are, among others:

- the Executive Vice Chairman and Chief Executive Officer of Pirelli & C. Marco Tronchetti Provera;
- ~~in the event of appointment to~~ the Deputy-CEO, Giorgio Luca Bruno, who participates~~will participate~~ in the 2020-2022 LTI Plan *pro rata temporis* with effect as of January 2021 ~~the Date of Taking the Office of Deputy-CEO~~;
- the Board Director Giovanni Tronchetti Provera (in his capacity as Senior Manager of the Group);
- the General Manager Operations of Pirelli & C. Andrea Casaluci;
- the KM.

Given that the LTI Plan extends to Group Executives in general, the plan beneficiaries will also be the Directors of the subsidiary companies of Pirelli & C. (controlled by it either directly or indirectly) who are at the same time Group Executives. It follows, therefore, that said individuals are LTI Plan participants only because they are part of the Group Management (and not in their capacities as Directors of Group companies or parent companies). Indeed, none of the LTI Plan beneficiaries are such by virtue of being Directors of Group Companies, and for that reason their names cannot be disclosed.

With reference to the Board Director of Pirelli & C. Giovanni Tronchetti Provera, note that he is a beneficiary of the LTI Plan, not as a member of the Board of Directors but as Senior Manager of the Group.

1.2 Categories of employees or non-employee personnel of Pirelli & C. and of the

parent companies or subsidiaries of Pirelli & C.

As noted above (see section 1.1) the LTI plan is open to Group Executives in general and may also be extended to those who join the Group during the 3-year period and/or assume the position of Executive as a result of in-house career development.

Accordingly, in addition to the Executive Vice Chairman and Chief Executive Officer and the Deputy-CEO of Pirelli & C. (the latter *pro rata temporis* with effect from January 2021 ~~the Date of Taking the Office of Deputy-CEO~~), the LTI Plan beneficiaries are the employees of Pirelli & C. or of its direct or indirect subsidiaries inside or outside Italy, who hold a role with a grade determined with the Korn Ferry method that is equal to or greater than 20 and who are included in one of the following categories:

- employees who are managers of Pirelli & C.;
- employees who are managers of one of the Italian subsidiaries of Pirelli & C.;
- employees of subsidiaries of Pirelli & C. whose registered office is located outside Italy that have been ~~who hold a position or role that is equivalent to that of an Italian manager~~ given the title of Executive.

The LTI Plan does not include any Group's consultants.

As of the date of the ~~this~~ 2021 Update, in addition to the Executive Vice Chairman and Chief Executive Officer of the Company Marco Tronchetti Provera, the Director Giovanni Tronchetti Provera (as Senior Manager), the Deputy-CEO Giorgio Luca Bruno (*pro rata temporis* with effect from January 2021 ~~the Date of Taking the Office of Deputy-CEO~~), the General Manager Operations Andrea Casaluci and the KM, 249 employees are beneficiaries of the LTI Plan due to their position of Executive in the Group, of which 72 due to their managerial employment contract with Pirelli & C. and the remaining 177 due to their role as Executive in one of the Group companies (in Italy or abroad) other than Pirelli & C.

As of the date of the 2022 Update, in addition to the Executive Vice Chairman and Chief Executive Officer of the Company Marco Tronchetti Provera, the Director Giovanni Tronchetti Provera (as Senior Manager), the Deputy-CEO (*pro rata temporis* with effect from January 2021), the General Manager Operations Andrea Casaluci and the KM, 216 employees are beneficiaries of the LTI Plan due to their position of Executive in the Group, of which 69 due to their managerial employment contract with Pirelli & C. and the remaining 147 due to their role as Executive in one of the Group companies (in Italy or abroad) other than Pirelli & C.

1.3 List of named plan beneficiaries belonging to the following groups:

a) General Managers of Pirelli & C.

The General Manager Operations Andrea Casaluci is a beneficiary of the LTI Plan.

b) other Managers with strategic responsibility of Pirelli & C. who during the financial year have received aggregate compensation (the sum of cash compensation and financial instrument-based compensation) that is greater than the highest aggregate compensation assigned to members of the Board of Directors and General Managers of Pirelli & C.

None of the KM of Pirelli & C. received aggregate compensation during the financial year that is greater than the highest aggregate compensation assigned to the members of the Board of Directors and General Managers and, in particular, than that assigned to the Executive Vice Chairman and Chief Executive Officer of Pirelli & C.

c) natural persons who control Pirelli & C. that are employees or who work as non-employees of Pirelli & C.

Not applicable (Pirelli & C. is controlled by ~~China National Chemical Corporation Limited~~ Sinochem Holdings Corporation Ltd.).

1.4 Description and number, broken down by category:

a) of Managers with strategic responsibility other than those indicated under item 1.3(b)

The KM of Pirelli & C. are participants of the LTI Plan, and on the date of adoption of the LTI Plan they numbered 7 (in addition to the General Manager Operations) and, on the date of the 2022 Amendments they numbered 6 (in addition to the General Manager Operations, Andrea Casaluci).

b) in the case of "smaller" companies, pursuant to Article 3(1)(f) of Regulation no. 17221 of 12 March 2010, indication as an aggregate of all Managers with strategic responsibility of the issuer of financial instruments.

Not applicable.

c) any other categories of employees or non-employee personnel for whom the plan envisages different characteristics (e.g. managers, middle management, white-collar employees, etc.).

The incentive scheme under the LTI Plan is the same for all LTI Plan participants (as described in section 2.2), though there are differences in the percentage level of the incentive awarded. The percentage level rises according to the role concerned and considering the benchmarks applicable to each role in terms of Annual Total Direct Compensation on-target level.

2. REASONS FOR ADOPTION OF THE PLAN

2.1 Objectives to be achieved through grant of the plans.

The LTI Plan was adopted by the Board of Directors on 19 February 2020, with performance objectives defined in keeping with the 2020-2022 Strategic Plan approved by the Board of Directors on the same date and in line with best practices for listed companies.

On 5 August 2020, as a result of the health emergency linked to the spread of Covid-19, the consequent revision of the 2020-2022 Strategic Plan and the announced launch for the first quarter of 2021 of the Strategic Plan for the period 2021-2022/2025, the Board of Directors confers to the Remuneration Committee a mandate to proceed with an adjustment of the cumulative Group Net Cash Flow (before dividends) objective of the three-year monetary incentive plan for the 2020-2022 cycle for the Pirelli Group's Management - already approved by the Shareholders' Meeting held on 18 June 2020 pursuant to Article 114-*bis* TUF – in order to align it with the guidance disclosed to the market on 5 August 2020 and with the targets of the 2021-2022/2025 Strategic Plan for the years 2021 and 2022.

This adjustment – together with the possibility to normalise the integration of Cooper and Goodyear in order to calculate the TSR objective – was examined and approved, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors, at the Board of Directors meeting of 31 March 2021 (which also approved the 2021-2022/2025 Strategic Plan) and included both adjustments in the 2021 Remuneration Policy (the "**2021 Policy**") submitted to the vote of the Shareholders' Meeting.

In general and in line with the above, the Remuneration Policy for financial year 2020 adopted by Pirelli & C. (the "**2020 Policy**") and the 2021 Policy aim to attract, motivate and retain human resources with the professional standing required to pursue the business objectives. Moreover, they aim to achieve the long-term interests through the multi-year variable components, encouraging the achievement of strategic objectives and the sustainable growth of the company and bringing Management's interests into line with those of the Shareholders.

The medium-long term incentive objectives, for the purpose of paying beneficiaries of the LTI Plan the incentive established in the LTI Plan itself, have been set on the basis of the 2020-2022 Strategic Plan approved by the Board of Directors on 19 February 2020 and have been adjusted in order to (i) align the cumulative Group Net Cash Flow (before dividends) objective to the guidance disclosed to the market on 5 august 2020 and with the targets of the 2021-2022/2025 Strategic Plan for the years 2021 and 2022, for the reasons mentioned above, and (ii) normalise the acquisition of Cooper by Goodyear in order to calculate its impact on the TSR objective (for a more extensive description of the targets see sections 2.2 and 2.3 below).

For more information on the reasons and criteria that led the issuer to establish the aforementioned ratios between the incentive bonuses indirectly based on financial instruments and other components of the total remuneration see paragraph 2.3.

In this regard, note that when the 2020-2022 LTI Plan was launched, the Board of Directors, in order to support the 2020-2022 Strategic Plan, resolved to close the 2018-2020 Long-Term Incentive Plan early, effective as of 31 December 2019, without any payment, even pro-rata, of the three-year incentive. Note, lastly, that the LTI Plan is governed by a "rolling" mechanism, with a performance period of 3 years for each cycle in order to guarantee a high level of retention and react swiftly to market evolutions.

On 17 March 2022, the Board of Directors, upon the proposal of the Remuneration Committee, having obtained the favourable opinion of the Board of Statutory Auditors, defined the criteria to adjust only the quantification of the objectives set for the existing incentive plans at that date (meaning the 2022 STI Plan and the LTI plans for the 2020-2022, 2021-2023 and 2022-2024 cycles) for the exclusive purpose of taking account of any negative effects resulting from a worsening in the geopolitical and macroeconomic scenario of reference. In particular, the criteria approved make it possible to decrease only the quantification of the objectives to make them less in proportion (thus encouraging the Management to provide for compensation measures) to the negative effects from factors as a result of the worsening of the crisis, which impact, for example, the trend of sales of products manufactured in Russian plants, the increase of landed costs in Europe due to production in alternative plants and the replacement of suppliers of raw materials and/or the use of alternative raw materials. These adjustment criteria are also included in the 2022 Policy, submitted for the binding vote to the Shareholders' Meeting.

2.2 Key variables, including the performance indicators, used to attribute the financial instrument-based incentive plans.

2.3 Underlying elements in determining the amount of financial instrument based compensation, or the criteria for determining it.

Management remuneration has three main elements:

- gross annual fixed component (GABS); in this regard, for completeness, note that at the meeting of 3 April 2020 the Board of Directors acknowledged and shared the wish of all the members of the Board of Directors to forgo a part of the remuneration paid to them and in particular (i) the wish of the Executive Vice Chairman and Chief Executive Officer to forgo, for three months, 50% of the gross annual base salary paid to him for the offices of Executive Vice Chairman and Chief Executive Officer, director and Chairman of some board committees; (ii) the wish of the directors to forgo, for the second quarter, 50% of the compensation they are paid as directors and members of the board committees. Finally, at the same meeting the Board of Directors acknowledged the wish of the leadership team (made up of KM and some Senior Managers, as defined in the Remuneration Report) to forgo 20% of their gross annual base salary for the second quarter of 2020;
- an annual variable component STI (MBO): this is a percentage of the gross annual base salary, with percentages that rise according to the manager's role and considering the benchmarks for each role. If the objectives are achieved at target level this percentage can range from a minimum of 20% of the gross annual base salary for Executives up to a maximum of 125% of the gross annual fixed component for the Directors holding specific offices to whom further specific duties have been attributed; the annual variable component STI is designed to reward, according to the role held, the short-term performances of the Group, Company and/or Business Unit/Region/department to which the person belongs. A maximum limit is applied to the STI (MBO) obtainable and is set at twice the incentive obtainable at the target

level. To support the continuity of the results over time, the payment of 25%[1] of any accrued MBO is deferred to the following year, payment being subject to the accrual of the STI (MBO) for this year (and therefore its payment is potentially at risk), in addition to a possible increase of an equal amount with respect to the value of the accrued and deferred STI (MBO), depending on the achievement of the STI (MBO) objectives at least to target level (for the purposes of calculating the Annual Total Direct Compensation on-target level, this deferral and mark-up component is classified as a medium-long term variable component). Again for completeness, it is specified that at the meeting on 3 April 2020, having obtained the endorsement, for all intents and purposes, of the relevant Board Committees and of the Board of Statutory Auditors, the Board of Directors, as part of the actions taken to respond to the COVID-19 health emergency, resolved - subject to the approval of the Shareholders' Meeting of the 2020 Policy and the favourable advisory vote on the Compensation Report - to close the 2020 STI (MBO) Plan early without payment and, as a result (i) to pay, in the first quarter of 2021, the participants of the 2019 STI (MBO) Plan 25% of the 2019 STI (MBO) accrued and initially dependent upon achievement of the 2020 STI (MBO) objectives, making the payment conditional upon the beneficiary maintaining their employment relationship/position as director at the company until that date (except for “good leavers” who will receive this component nonetheless), and (ii) to remove the possibility of increasing the 2019 STI (MBO).

- medium-long term variable component (LTI): this remuneration component is made up of the LTI bonus aimed at rewarding Group performance during the 2020-2022 period (“LTI Bonus”), and the above-mentioned deferral and mark-up component of the STI (MBO).

The LTI Plan is monetary and does not include the assignment of shares options on shares and delivers a medium-long term incentive established as a percentage of the gross annual base salary/GABS. Said three-year percentage rises in relation to the role held and is fixed with reference to the benchmarks for each such role and, where the objectives are attained at target level, it varies from a minimum 45% of the gross annual fixed remuneration for

[1]As of the 2021 Policy, for General Managers, KM and selected Senior Manager, the deferred part varies from a minimum of 25% to a maximum of 50%, 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.

Executives up to a maximum of 210% of the gross annual fixed remuneration for Directors holding a special office who have been assigned specific functions. There is a limit to the maximum incentive that can be achieved if all the maximum performance objectives are achieved, which varies from a minimum of 120% of the GABS to a maximum of 600% of the GABS.

In line with recent market developments, the 2020-2022 LTI Plan does not have an access condition.

The following types of objective have been set, all independent of each other, and their weights:

- cumulative Group Net Cash Flow (before dividends), with a target weight of 40% of the total LTI bonus;
- Group Total Shareholder Return ("TSR") relating to a panel of "peers" (TIER1: Continental, Michelin, Nokian, Goodyear and Bridgestone), with a target weight of 40%;
- two Sustainability indicators: Dow Jones Sustainability World Index ATX Auto Component sector and CDP Ranking, each with a target weight of 10%.

For all objectives there is a minimum value (access threshold) associated with payment of an incentive of 75% of the incentive achievable at target performance.

On 31 march 2021, the Board of Directors, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors, approved the adjustment of cumulative Group Net Cash Flow (before dividends) objective, in order to align it to the guidance communicated to the market on 5 August 2020 and the targets of the 2021-2022/2025 Strategic Plan for the years 2021 and 2022 (approved on the same date). On the same date, the Board of Directors approved the possibility to normalise the acquisition of Cooper by Goodyear, in order to calculate its impact on the TSR objective. These adjustments are included in the 2021 Policy, submitted for the binding vote to the Shareholders' Meeting.

In reference to each target, if the minimum value (or access threshold) set is not achieved, the beneficiary accrues no right to the payment of the related incentive share.

The LTI objectives that apply equally to the various managerial grades, together with their respective weightings at the target level, are tabulated below.

Objective	**Weighting at the target**

	level
Cumulative Group Net Cash Flow (before dividends)	40%
"Relative" TSR with respect to a selected panel of peers	40%
Dow Jones Sustainability World Index ATX Auto Component sector	10%
CDP ranking	10%

Regarding the TSR and cumulative Group Net Cash Flow objectives, for intermediate results ranging between the minimum value (access threshold) and the target value or between the target value and the maximum value, performance will be calculated by linear interpolation. The sustainability objectives shall be calculated in just three steps: entry level, target and maximum, without considering intermediate performances. The positioning in the rankings will be assessed at the end of each three-year period, therefore representing at target one third of the total bonus linked to each of the two sustainability objectives. Further information regarding performance levels, thresholds and targets are contained in the Remuneration Report prepared and submitted to the vote of Pirelli & C. Shareholders, pursuant to Article 123-ter paragraphs 3 and 6 of the TUF.

On 17 March 2022, the Board of Directors, upon the proposal of the Remuneration Committee, having obtained the favourable opinion of the Board of Statutory Auditors, defined the criteria to adjust only the quantification of the objectives set for the existing incentive plans at that date (meaning the 2022 STI Plan and the LTI plans for the 2020-2022, 2021-2023 and 2022-2024 cycles) for the exclusive purpose of taking account of any negative effects resulting from a worsening in the geopolitical and macroeconomic scenario of reference. In particular, the criteria approved make it possible to decrease the quantification of the objectives to make them less in proportion (thus encouraging the Management to provide for compensation measures) to the negative effects from factors as a result of the worsening of the crisis, which impact, for example, the trend of sales of products manufactured in Russian plants, the increase of landed costs in Europe due to production in alternative plants and the replacement of suppliers of raw materials and/or the use of alternative raw materials. These adjustment criteria are also included in the 2022 Policy, submitted for the binding vote to the Shareholders' Meeting.

2.4 Reasons for any decision to grant compensation plans based on financial instruments not issued by Pirelli & C., such as financial instruments issued by subsidiaries or parent companies or by other, non-group, companies; if these financial instruments are not traded on regulated markets, information about the criteria used to determine the value attributable to them.

Not applicable.

2.5 Considerations in regard to material tax and accounting implications that affected definition of the plans.

There are no tax and accounting implications that affected definition of the LTI Plan.

2.6 Any support for the plan from the Special Incentive Fund for worker participation in businesses, pursuant to Article 4 (112) of Law 350 of 24 December 2003.

Not applicable.

3. APPROVAL PROCEDURE AND TIMING REGARDING THE ASSIGNMENT OF INSTRUMENTS

3.1 Scope of powers and functions delegated by the Meeting of the Shareholders to the Board of Directors for implementation of the plan.

The LTI Plan is exclusively a cash incentive plan. Therefore, there is no provision that the Shareholders' Meeting delegate specific powers and/or functions for its implementation to the Board of Directors, which is entrusted with all powers in this regard.

The LTI Plan is submitted for the approval of the Shareholders' Meeting to the extent to which the incentive is linked to the stock market performance of Pirelli shares, as explained. Moreover, the LTI Plan is included in the 2020 Policy, subject to the approval of the Shareholders' Meeting.

On 31 march 2021, the Board of Directors, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors, approved the adjustment of cumulative Group Net Cash Flow (before dividends) objective, in order to align it to the guidance communicated to the market on 5 August 2020 and the targets of the 2021-2022/2025 Strategic Plan for the years 2021 and 2022 (approved on the same date). On the same date, the Board of Directors approved the possibility to normalise the acquisition of Cooper by Goodyear, in order to calculate its impact on the TSR objective. These adjustments are included in the 2021 Policy, submitted for the binding vote to the Shareholders' Meeting.

On 17 March 2022, the Board of Directors, upon the proposal of the Remuneration Committee, having obtained the favourable opinion of the Board of Statutory Auditors, defined the criteria to adjust only the quantification of the objectives set for the existing incentive plans at that date (meaning the 2022 STI Plan and the LTI plans for the 2020-2022, 2021-2023 and 2022-2024 cycles) for the exclusive purpose of taking account of any negative effects resulting from a worsening in the geopolitical and macroeconomic scenario of reference. In particular, the criteria approved make it possible to decrease the quantification of the objectives to make them less in proportion (thus encouraging the Management to provide for compensation measures) to the negative effects from factors as a result of the worsening of the crisis.

3.2 The bodies/persons charged with managing the plan, and their function and responsibilities.

After 31 December 2022, the Board of Directors of Pirelli & C., following an examination by the Remuneration Committee, will verify the achievement of the objectives in the LTI Plan (subject to any adjustment of the related quantification in application of the criteria which depend on changes in the macroeconomic and geopolitical context of reference) and will determine – only for the Executive Vice Chairman and Chief Executive Officer, the Deputy-CEO (*pro rata temporis* with effect from January 2021 ~~the Date of Taking the Office of Deputy-CEO~~), the General Manager Operations of Pirelli & C. and, cumulatively, the KM (included among the persons indicated in section 1.1.), with the abstention of the recipients in deliberations regarding their own remuneration – the amount of the bonus due to them, which will be paid, if the objectives have been achieved, no later than the first half of 2023. For all other beneficiaries, the LTI Plan incentive will be calculated by the Company's Human Resources and Organization Department and its Planning and Control Department. The same obligations will be fulfilled each year after 2022, with reference to the subsequent cycles of the LTI Plan which, as indicated below, has a "rolling" structure. Moreover, in view of the "rolling" structure, as of 2021, the Board of Directors, as proposed by the Remuneration Committee and having heard the opinion of the Board of Statutory Auditors, will define the performance indicators and relative objectives for the three year period ending on 31 December 2023 and thereafter from year to year for the subsequent three-year cycles. The performance indicators and relating objectives will only be submitted for the approval of the shareholders' meeting if the LTI Plan has the characteristics set out in art. 114-*bis* of the TUF (compensation plans based on financial instruments).

3.3 Any procedures in place for revising the plans, including in the event that the basic objectives are altered.

The LTI Plan provides for the possibility - subject to examination by the Remuneration Committee and an opinion by the Board of Statutory Auditors - of the Board of Directors of Pirelli & C. deciding to adjust the targets in the LTI Plan (either downwards or upwards) in the event of extraordinary operations that are not foreseeable on the date of approval of the LTI Plan and that modify the scope of consolidation of the Group and/or of far-reaching changes in the macroeconomic and geopolitical ~~business~~ scenario. The purpose is to preserve the aims of the LTI Plan and to guarantee that the objectives of the enterprise and those underlying the Management incentive systems are kept in constant alignment, in case of extraordinary circumstances, unforeseeable at the time when the plan was prepared. New performance indicators, if any, and related objectives will be subject to the approval of the Shareholders' Meeting of the Company to the extent that they have as their subject or are related to the relevant characteristics pursuant to art. 114-*bis* of the TUF (remuneration plan based on financial instruments).

Pirelli & C. Directors who participate in any capacity in the LTI Plan will not cast a vote on any possible adjustment of the above mentioned targets.

On 31 march 2021, the Board of Directors, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors, approved the adjustment of cumulative Group Net Cash Flow (before dividends) objective, in order to align it to the guidance communicated to the market on 5 August 2020 and the targets of the 2021-2022/2025 Strategic Plan for the years 2021 and 2022 (approved on the same date). On the same date, the Board of Directors approved the possibility to normalise the acquisition of Cooper by Goodyear, in order to calculate its impact on the TSR objective. These adjustments are included in the 2021 Policy, submitted for the binding vote to the Shareholders' Meeting.

Moreover, the LTI Plan has a "rolling" mechanism, with a performance period of 3 years for each cycle, in order to: (i) guarantee a high degree of flexibility, making it possible, for each new three-year cycle, to bring the performance indicators into line with the evolution of the market and company and, therefore, the Company's strategic plans; (ii) create a recurring element of the remuneration policy insofar as each year, it envisages the launch of a new cycle.

In implementation of the possibility contained in the 2020-2022 LIT plan to amend the objectives if a profound change occurs in the macroeconomic scenario, in order to ensure the alignment of company objectives and the objectives underlying the Management incentive system, the Board of Directors, on 17 March 2022, upon the proposal of the Remuneration Committee, having obtained the favourable opinion of the Board of Statutory Auditors, defined the criteria to adjust only the quantification of the objectives set for the 2020-2022 LTI Plan, to make exclusive allowance for any negative effects resulting from a worsening geopolitical and macroeconomic scenario. In particular, the criteria approved make it possible to decrease the quantification of the objectives to make them less in proportion to the negative effects (thus encouraging the Management to provide for compensation measures) from factors as a result of the worsening of the crisis, which impact, for example, the trend of sales of products manufactured in Russian plants, the increase of landed costs in Europe due to production in alternative plants and the replacement of suppliers of raw materials and/or the use of alternative raw materials. The 2022 Amendments are included in the 2022 Policy, submitted for the binding vote to the Shareholders' Meeting.

3.4 Description of the procedures for determining the availability and assignment of the financial instruments on which the plans are based (for example, bonus issue of shares, capital increases without pre-emption rights, purchase and sale of treasury shares).

Not applicable.

Since the LTI Plan is a monetary plan, it does not provide for the granting of shares or financial instruments but rather the payment of a cash incentive.

3.5 Role played by each director in determining the characteristics of the cited plans; existence of any conflicts of interest involving the respective Directors.

Pursuant to Article 2389 Italian Civil Code, the LTI Plan (i) has been approved, upon proposal of the Remuneration Committee, by the Board of Directors of Pirelli & C., subject to a favourable opinion by their Board of Statutory Auditors and (ii) adjusted on 31 March 2021 by the Board of Directors, upon the proposal of the Remuneration Committee.

The Executive Vice Chairman and Chief Executive Officer of Pirelli & C. did not take part in (i) the resolution approving the LTI Plan, (ii) the resolution approving his inclusion among the beneficiaries of the LTI Plan, (iii) the resolution related to the proposal to adjust the cumulative Group Net Cash Flow (before dividends) objective and the possibility to normalise the acquisition of Cooper by Goodyear, in order to calculate the TSR objective, adopted by the Board of Directors or (iv) the resolution on the criteria approved by the 2022 Amendments which make it possible to reduce the objectives to make them less in proportion to the negative effects resulting from the worsening of the geopolitical and macroeconomic scenario of reference.

Director of Pirelli & C., Giovanni Tronchetti Provera, beneficiary of the LTI Plan as a Senior Manager of the Group, did not take part in (i) the resolution adopted by the Board of Directors of Pirelli & C., (ii) the resolution approving his inclusion among the beneficiaries of the LTI Plan, (iii) the resolution related to the adjustment of the cumulative Group Net Cash Flow (before dividends) objective and the possibility to normalise the acquisition of Cooper by Goodyear, in order to calculate the TSR objective or (iv) the resolution on the criteria approved by the 2022 Amendments which make it possible to reduce the objectives to make them less in proportion to the negative effects resulting from the worsening of the geopolitical and macroeconomic scenario of reference.

Deputy-CEO of Pirelli & C., Giorgio Luca Bruno, did not take part in the resolution adopted by the Board of Directors of Pirelli & C., on the criteria approved with the 2022 Amendments, which make it possible to reduce the objectives to make them less in proportion to the negative effects from the worsening of the geopolitical and macroeconomic scenario of reference.

3.6 Date of the decision by the competent body to propose approval of the plans to the Meeting of the Shareholders and of any proposal by the remuneration committee, where such exists.

In its meeting of 19 February 2020, the Board of Directors of Pirelli & C. – as proposed by the Remuneration Committee (which met on 17 February 2020) and with the endorsement of the Board of Statutory Auditors – approved the new LTI Plan and, on 2 March 2020 – as proposed by the Remuneration Committee (which met on 27 February 2020) and with the endorsement of the Board of Statutory Auditors – approved the Report on the remuneration policy and compensation paid, as well as the Report to the Shareholders' Meeting of Pirelli & C. called for 18 June 2020 (on single call), with the proposal to adopt the 2020-2022 LTI Plan for the Management of the Pirelli Group as regards the part based on the performance of Pirelli shares.

The ~~amendments~~ 2021 Amendments to this document have been examined and approved by the Board of Directors on 31 March 2021, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors.

These amendments are also included in the 2021 Policy, submitted to the binding vote of the Shareholders' Meeting of the Company on 15 June 2021.

The 2022 Amendments to this document have been examined and approved by the Board of Directors on 17 March 2022, upon the proposal of the Remuneration Committee, after obtaining the favourable opinion of the Board of Statutory Auditors.

These amendments are also included in the 2022 Policy, submitted for the binding vote to the Shareholders' Meeting.

3.7 Date of the decision by the competent body to grant financial instruments and of any proposal to that body made by the remuneration committee, where such exists.

Not applicable.

3.8 Market price recorded on the above dates for the financial instruments on which the plans are based if those instruments are traded on regulated markets.

Part of the LTI bonus is calculated on the basis of the Total Shareholder Return with a weight of 40%, relating to a panel of selected peers made up of Continental, Michelin, Nokian, Goodyear, and Bridgestone.

The period of comparison is the second half of 2022 against the second half of 2019.

For the Plan it is possible to normalise the potential effects on the final result of the acquisition of Cooper by Goodyear (a company included in the reference panel for the TSR objective) at the start of 2021, to calculate its impact on the TSR.

3.9 In the case of plans based on financial instruments traded on regulated markets, in what terms and in what way the issuer, in deciding when to assign the instruments pursuant to the plans, gives consideration to a possible concomitance of :

i) said grant, or any decisions in this regard by the remuneration committee, and

ii) the disclosure of any material information pursuant to Article 17 of the EU Regulation No 596/2014; for example, where such information is:

a. not already public and could have a positive impact on market quotations, or

b. already published and could have a negative impact on market quotations.

Not applicable.

4. CHARACTERISTICS OF THE INSTRUMENTS GRANTED

4.1 Description of the type of structure of the share-based compensation plans.

Not applicable. No provision is made for assigning financial instruments. Instead, the LTI Plan pays out a cash incentive to the participants depending on their achievement of the objectives indicated in section 2.2.

4.2 Indication of the period when the plan is actually implemented, including reference, where such provision is made, to any other cycles.

The LTI Plan refers to the three-year period 2020-2022 and has a “rolling” mechanism. The subsequent cycles shall have a three-year duration as of 2021, with the start of each three-year cycle from year to year.

4.3 End of the plan.

The LTI Plan shall end on 31 December 2022 and any incentive due to participants shall be paid in the first half of 2023. The LTI Plan includes a “rolling” mechanism, with a performance period of 3 years for each cycle and, therefore, 31 December 2022 represents the end of the first cycle. For the subsequent cycles, the date is set as 31 December of the last year of the three-year period and any incentive due to participants shall be paid in the first half of the subsequent year. With reference to the effects of termination of the employment relationship and/or term of office during the LTI Plan, see 4.8.

4.4 Maximum number of financial instruments, including in the form of options, assigned every tax year to each named person or to the indicated categories.

Not applicable. The LTI Plan makes no provision to grant financial instruments but rather pays out a cash incentive.

4.5 How the plan operates and its governing clauses, specifying whether actual assignment of the instruments depends on meeting conditions or achieving certain results, including performance results; description of these conditions and results.

Not applicable.

However, the way the LTI Plan operates is described in the previous sections.

4.6 Indication of any availability restrictions applying to the instruments granted or to instruments obtained through exercising the options, particularly deadlines for allowing or prohibiting subsequent transfer to the Company itself or to third parties.

Not applicable.

4.7 Description of any conditions subsequent applying to the grant of the plans if beneficiaries execute hedging transactions that can circumvent any bans on selling the financial instruments granted, even in the form of options, or on selling the financial instruments obtained through exercising these options.

Not applicable.

4.8 Description of the effects if the work relationship is terminated.

Where, prior to the end of the 3-year period of the plan, the employment relationship with Pirelli & C. or a Group company is terminated, for whatever reason, the beneficiary will no longer participate in the LTI Plan and as a consequence the LTI bonus will not be paid out, not even pro-rata. For Directors holding specific offices to whom further specific duties have been attributed (such is the case of the Executive Vice Chairman and Chief Executive Officer, Mr Marco Tronchetti Provera and ~~in case of appointment~~ the Deputy-CEO Mr Giorgio Luca Bruno) who cease to hold office due to having completed their mandate or the termination of the entire Board of Directors, and are not appointed thereafter even as Directors, a pro-rata payment of the LTI bonus is provided for.

4.9 Indication of any other causes that determine the annulment of the plans.

The Regulation does not provide for causes for annulment of the LTI Plan. It should be noted that the LTI Plan includes a so-called clawback mechanism.

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 persons concerned, enabling Pirelli to claim back (in whole or in part), within three years of the payment thereof, incentives paid to the aforementioned 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.

4.10 Reasons for any provision for "redemption" by the Company of the financial instruments in the plans, pursuant to Articles 2357 et seq. Italian Civil Code; beneficiaries of the redemption, stating whether it applies only to specific categories of employees; how redemption may be affected by termination of the work relationship.

Not applicable.

4.11 Any loans or other benefits to be granted for purchase of the shares pursuant to Article 2358 Italian Civil Code.

Not applicable.

4.12 Estimate of the expected cost for the Company at the date of the assignment, as may be determined on the basis of terms and conditions already established, expressed as a total amount and in relation to each instrument of the plan.

The costs for the entire LTI bonus are included in the 2021-2022/2025 Strategic Plan objectives, so that the cost of the LTI plan is "self-financed" by fulfilment of the objectives themselves.

In particular, it is possible to estimate, on the basis of the number of beneficiaries at the Information Document date, that the total consolidated cost relating to the LTI Plan for the 3-year reference period falls between a minimum of euro zero (objectives not achieved) and a maximum of about 113 million euros if the maximum objectives envisaged in the LTI Plan are achieved.

4.13 Indication of any dilution of capital resulting from the compensation plans.
Not applicable.

4.14 Any limits applying to the exercise of the voting right and to the conferral of economic claims.
Not applicable.

4.15 If the shares are not traded on regulated markets, all information as may assist in properly assessing the value attributable to them
Not applicable.

4.16 Number of financial instruments underlying each option.
Not applicable.

4.17 Expiry of options.
Not applicable.

4.18 Procedures (American/European), timing (e.g. periods valid for exercise), and clauses (e.g. knock-in and knock-out clauses) affecting exercise.
Not applicable.

4.19 Exercise price of the option or the ways and criteria for determining it, particularly in regard to:

a) the formula for calculating the exercise price in relation to a specific market price (fair market value) (e.g. exercise price of 90%, 100% or 110% of market price), and

b) ways of determining the market price used as a reference for determining the exercise price (e.g. last price of the day before grant, average for the day, average over the last 30 days, etc.). Not applicable.

4.20 If the exercise price is not equal to the market price determined as indicated in section 4.19.b (fair market value), reasons for this difference.

Not applicable.

4.21 Criteria adopted for setting different exercise prices for different beneficiaries or categories of beneficiaries.

Not applicable.

4.22 If the financial instruments underlying the options are not traded on regulated markets, indication of the value attributable to the underlying instruments or the criteria used to determine this value.

Not applicable.

4.23 Criteria for the adjustments necessary after extraordinary capital operations and other operations that alter the number of underlying instruments (capital increases, extraordinary dividends, consolidation or splitting of the underlying shares, merger and demerger, conversion into other classes of shares, etc.).

In the event of extraordinary capital operations that modify the scope of consolidation of the Group and/or far-reaching changes in the macroeconomic and geopolitical ~~business~~ scenario, unforeseeable on the date of approval of the LTI Plan, the Company reserves the right to propose to the Remuneration Committee a possible adjustment of the target levels (downwards or upwards) in the LTI Plan, in order to defend the value and aims of the Plan, in this way guaranteeing that the business aims and those underlying the management incentive arrangements are kept constantly aligned (see also paragraph 3.3 above). New performance indicators, if any, and related objectives will be subject to the approval of the Shareholders' Meeting of the Company to the extent that they have as their subject or are related to the relevant characteristics pursuant to art. 114-*bis* of the TUF (remuneration plan based on financial instruments).

For the 2020-2022 LTI Plan it is also possible to normalise the potential effects on the final result of the acquisition of Cooper by Goodyear (a company included in the reference panel for the TSR objective) at the start of 2021, to calculate its impact on the TSR.

In implementation of the possibility to amend the objectives if a profound change occurs in the macroeconomic scenario, in order to ensure the alignment of company objectives and the objectives underlying the Management incentive system, the Board of Directors, on 17 March 2022, upon the proposal of the Remuneration Committee, having obtained the favourable opinion of the Board of Statutory Auditors, defined the criteria to adjust only the quantification of the objectives set for the 2020-2022 LTI Plan, to make allowance for any negative effects resulting from a worsening geopolitical and macroeconomic scenario. In particular, the criteria approved make it possible to decrease the quantification of the objectives to make them less in proportion to the negative effects (thus encouraging the Management to provide for compensation measures) from factors as a result of the worsening of the crisis, which impact, for example, the trend of sales of products manufactured in Russian plants, the increase of landed costs in Europe due to production in alternative plants and the replacement of suppliers of raw materials and/or the use of alternative raw materials.

These criteria are included in the 2022 Policy, submitted for the binding vote to the Shareholders' Meeting.

4.24 Share issuers shall append the accompanying Table 1, filled out as follows:

a) in all cases, the parts as applicable in section 1 of both boxes 1 and 2;

b) the parts as applicable in section 2 of both boxes 1 and 2, on the basis of the characteristics already defined by the Board of Directors.

Regarding the members of the Board of Directors or the Management Board, the general managers, and other key managers of the listed issuer, refer to the data published pursuant to art. 84-quater in section 1, table no. 1 and the required information in section 1, including:

- section 1.1;

- points a) and b) of sub-section 1.3;

- points a) and b) of sub-section 1.4.

Not applicable.

Since the LTI Plan is a monetary plan, it does not provide for the granting of shares or financial instruments but solely the payment of a cash incentive.