



Pirelli & C. S.p.A.

Reports to the Shareholders' Meeting of 31 July 2023

Report on the Remuneration policy and compensation paid of the Pirelli Group

(item 2 on the agenda)

DISCLAIMER: The item will be discussed, only if the proposals under item 2 on the agenda of the Shareholders' Meeting of 29 June 2023 will be approved.

Illustrative report drawn up by the Directors pursuant to Article 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented, approved by the Board of Directors on 5 April 2023, as amended on 20 June 2023.

A. Approval of the 2023 remuneration policy

Dear Shareholders,
considering that:

- the Board of Directors has already called the Ordinary Shareholders' Meeting for 29 June 2023 in order to approve the financial statements as at 31 December 2022 and the renewal of the Board of Directors, proposing also to postpone to a subsequent Shareholders' Meeting, to be called presumably by 31 July 2023 in order to take into account the issuance of the decision upon the Golden Power Procedure, the discussion and decision upon the items on the agenda relating to the aforementioned renewal of the Board of Directors (with the consequent extension in the medium term of the Directors currently in office) and upon subsequent items on the agenda - including the approval of the Remuneration Policy (for further details, please refer to the Reports prepared by the Board for the Shareholders' Meeting of 29 June 2023);
- it is assumed that the Shareholders' Meeting called for 29 June 2023 approves the postponement of the discussion and vote on the item related to the Report on Remuneration Policy;
- pending the Shareholders' Meeting on 29 June 2023, and specifically on 16 June 2023, the Company was notified of the decision upon the Golden Power Procedure (Press release of 18 June 2023);

the Board of Directors newly convened the Shareholders' in a Meeting to submit to vote pursuant to art. 123-ter of the Consolidated Law on Finance ("TUF"), as amended and supplemented by art. 3 of Legislative Decree no. 49 of 10 May 2019 ("Decree") the first section of the Report on the Remuneration Policy and on the compensation paid ("**Remuneration Report**") which outlines the remuneration policy ("**Policy**") for members of administrative bodies, General Managers and Key managers and to whom Pirelli refers in order to define the remuneration of the Senior Managers and Executives of Pirelli.

It is reminded that the Policy submitted for your vote was drawn up pursuant to Art. 123-ter of the Consolidated Law on Finance and the regulations adopted by Consob, pursuant to Art. 84-*quater* of the Issuers' Regulation, as well as on the basis of Scheme 7-*bis* of Annex 3 A of the Issuers' Regulation, as recently amended and supplemented by Consob under Resolution no. 21623 of 10 December 2020.

Compared to the 2022 Remuneration Policy, this Policy also accounts for the following aspects:

- the composition of the reference panel for the purpose of comparing the Annual Total Direct Compensation on Target of the Executive Vice Chairman and Chief Executive Officer was redefined by excluding Navistar in view of its delisting and Volkswagen in view of the revision of the panel size;
- introduction of the new positions of Executive Vice Chairman and Chief Executive Officer, as required by the Renewal of the Shareholders' Agreement;
- establishment of the same reference panel for the purpose of setting the remuneration benchmark for the Executive Vice Chairman and the Chief Executive Officer;
- reduction of company matching multipliers intended for General Managers, KMs and selected Senior Managers, which are replaced by a range of between 0.8 and 1.2. Previously the minimum had been 1 and the maximum 1.5;
- the introduction of two new sustainability targets in the STI Plan, in addition to "Green Performance Volumes" (replacing "Green Performance Revenues" on the total range): "DE&I Women in Management positions" and HSE Frequency Index, each with a weight of 5% (total weight 15% of the ESG targets for the STI Plan);

The Policy takes into account the definition of the objectives of the new LTI Plan for the three-year period 2023-2025, applying the rolling mechanism.

As provided for in art.123-*ter* TUF, the first section of the Remuneration Report brought to your attention outlines:

- a. the remuneration Policy for the members of the administrative bodies, General Managers and Key managers and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, for members of the control bodies, and to whom Pirelli refers to define the remuneration of the Senior Managers and Executives;
- b. the procedures used for the adoption and implementation of this Policy.

As prescribed in the Consolidated Law on Finance, and if the Shareholders' Meeting should not approve the aforementioned item 2 on the agenda, the meeting is asked to express itself on the first section of the Remuneration Report in an advisory vote.

B. Advisory vote on the remuneration paid in 2022

Dear Shareholders,
considering that:

- the Board of Directors has already called the Ordinary Shareholders' Meeting for 29 June 2023 in order to approve the 2022 Annual Report and the renewal of the Board of Directors, proposing also to postpone to a subsequent Shareholders' Meeting, to be called presumably by 31 July 2023 in order to take into account the issuance of the decision upon the Golden Power Proceeding, the discussion and decision upon the items on the agenda relating to the aforementioned renewal of the Board of Directors (with the consequent extension in the medium term of the Directors currently in office) and upon subsequent items on the agenda - including the advisory vote on the Report on Compensation Paid (for further details, please refer to the Reports prepared by the Board for the Shareholders' Meeting of 29 June 2023);
- in the event that the Shareholders' Meeting convened on 29 June 2023 approves the postponement of the discussion and vote on the item related to the advisory vote on the Report on Compensation Paid;

the Board of Directors newly called you in a Shareholders' Meeting pursuant to art.123-*ter* of the Consolidated Law on Finance ("**TUF**"), as amended and supplemented by art. 3 of Legislative Decree no. 49 of 10 May 2019 ("**Decree**"), as well as to submit to your advisory vote the second section ("**Report on Compensation Paid**") of the Report on the remuneration policy and compensation paid ("**Remuneration Report**") which provides, by name, for the members of the administrative and control bodies, for the General Managers, as well as, in aggregate form, for the Key managers, a summary of the remuneration paid in implementation of the remuneration policy adopted by the Group in 2022, highlighting its compliance with the same.

It is reminded that the Report on Compensation Paid submitted for your vote was drawn up pursuant to Art. 123-*ter* of the Consolidated Law on Finance and the regulations adopted by Consob, pursuant to Art. 84-*quater* of the Issuers' Regulation, as well as on the basis of Scheme 7-*bis* of Annex 3 A of the Issuers' Regulation, as recently amended and supplemented by Consob under Resolution

no. 21623 of 10 December 2020.

As required by Article 123-ter of the TUF, the second section of the Remuneration Report that we submit to you illustrates, by name, for the members of the administrative and control bodies, the General Managers, as well as, in aggregate form, the Key managers:

- a. the items of which the remuneration is composed, including payments prescribed in case of resignation from office or termination of employment;
- b. the sums paid in the 2022 financial year for any reason and in any form by the Company and its subsidiaries or affiliates, indicating any components of said payments that are referable to activities undertaken in years preceding the year of reference and also highlighting the payments to be made in one or more subsequent years for activity undertaken in the reference year, providing, if applicable, estimates for the components that cannot be objectively quantified in the year of reference.

The subject appointed to carry out the external audit of the financial statements verifies that the Directors have prepared the Report on Compensation Paid.

As prescribed in the Consolidated Law on Finance, and if the Shareholders' Meeting should not approve the aforementioned item 2 on the agenda, we ask you to express Your advisory vote on the second section of the Remuneration Report.