Pirelli & C. S.p.A.

Reports to the Shareholders' Meeting of 28 May 2024

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

(item 4 on the agenda)

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 6 March 2024.

A. Approval of the 2024 remuneration policy

Dear Shareholders,

The Board of Directors has called you to submit for your vote, in accordance with 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**") , on the first section of the Report on the remuneration policy and the compensation paid ("**Remuneration Report**") which outlines the remuneration policy ("**Policy**") for members of administrative bodies, General Managers and Key Managers ("**KMs**") and to which Pirelli refers in order to define the remuneration of the Senior Managers and Executives of Pirelli.

The Policy submitted for your vote was drawn up pursuant to art. 123-*ter* of the TUF and the regulations adopted by Consob, pursuant to art. 84-*quater* of the Consob Regulation no. 11971/1999 ("**Issuers' Regulation**"), as well as on the basis of Scheme 7-*bis* of Annex 3 A of the Issuers' Regulation, as subsequently amended and supplemented.

With respect to the 2023 Remuneration Policy, in order to take into account the voting results and the feedback received, as well as the analyses of the voting results and the main rationale of the votes against and the long-term interests of Pirelli & C., the following aspects, contained in the 2024 Policy, have been revised and/or considered:

- **review of the panel**: the composition of the panel for the purpose of comparing the Annual Total Direct Compensation on-Target of the Executive Vice Chairman and the Chief Executive Officer was redefined, partly due to the recommendations made by shareholders and proxy advisors, with a view to revisiting the size of the panel itself, excluding BMW, Continental and Volvo Car and introducing CIE Automotive, Gestamp Automociòn and Plastic Omnium, all automotive component and assembly companies. This change aims to make the panel more consistent with the Company's business, ensuring a better comparison of performance and related remuneration levels;
- **ESG KPIs**: with regard to the 2024-2026 Long-Term Incentive Plan (LTI), the weight of the ESG component in the KPIs assigned to Management increases from 20 points to 25 points. More specifically, the CO_2 Emission KPI goes from 10 points to 15 points and consequently the cumulative Group Net Cash Flow (before dividends) KPI goes from 40 points to 35 points. This change, in highlight the centrality of the ESG targets within the company's overall strategy, is also specifically intended as a coherent consequence of the raising of the targets within the recently presented update of the 2024-2025 Industrial Plan;
- **variable incentive opportunities**: with a view to strengthening the pay-for-performance link and in order to ensure that a significant portion of total remuneration is represented by the variable component linked to company results, the variable incentive opportunities (STI 2024 Plan, LTI 2024-2026 Plan and, pro-quota, LTI 2022-2024 and 2023-2025

Plans) for the Chief Executive Officer and the KMs are adjusted, in line with the Company's strategic objectives and risk management policy. It is particularly highlighted that these changes are intended to strengthen the weight of the long-term variable component with respect to the overall remuneration package;

- **end-of-mandate benefit**: a specific benefit is introduced for the CEO Andrea Casaluci in certain cases and in the event that he is no longer bound by an executive employment contract, also taking into account his career path within the company, which has seen him work as a Group executive for many years. This benefit, also in accordance with market recommendations, is equal to 24 months of the gross annual remuneration, being the sum of the fixed remuneration for the principal office and the annual variable remuneration (STI) at target level;
- **payment condition for LTI Plans**: as of the 2024-2026 LTI Plan, the General Manager, KMs, Senior Managers and Executives of the Group shall not accrue the right to receive the LTI Bonus, in the event of voluntary resignation not for just cause or dismissal for just cause (Bad Leaver) occurring before the payment date: in line with best practices, in the circumstances mentioned above and in any case of termination of employment occurring for any reason before the end of the three-year period, such persons will cease their participation in the LTI plans and consequently will not accrue the right to receive the payment of the premium, not even pro-rata;
- **non-competition agreements**: the consideration, for the two-year term of the restriction, of the non-competition agreements granted to the Chief Executive Officer, General Manager and KMs holding such agreements is reduced by 10 percentage points in the event of voluntary resignation without just cause or dismissal for just cause (Bad Leaver) and is increased by 10 percentage points in the event of termination of employment by mutual agreement, retirement, death or resignation for just cause (Good Leaver).

The Policy also takes into account the appointment of the new Board of Directors on 31 July 2023, the offices assigned by the Board of Directors and the appointment of the Corporate General Manager on 3 August 2023.

Furthermore, with respect to the 2023 Policy, the technical modalities for the liquidation of the Office Termination Payment (TFM), also previously contemplated, were described in more detail in order to increase the level of transparency towards the market.

With reference to the Report on compensation paid for the year 2023, the high level of transparency of Section II of the document has been maintained, and in some cases increased, both with specific regard to the performance statement on variable incentives, and in general on the various components of the remuneration package paid for various reasons in 2023, as well as with regard to the various indemnities due in the event of termination of office and/or termination of employment.

Lastly, the Policy takes into account the definition of the objectives of the LTI Plan for the three-year period 2024-2026, 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 KMs 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 TUF, the meeting is asked to express itself on the first section of the Remuneration Report in a vote.

B. <u>Advisory vote on the remuneration paid in 2023</u>

Dear Shareholders,

The Board of Directors has called you, pursuant to art.123-*ter* of the TUF, as subsequently amended and supplemented by art. 3 of the Decree, also in order to submit to your advisory vote the second section of the Remuneration Report ("**Report on Compensation Paid**") 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 KMs, a summary of the remuneration paid in implementation of the remuneration policy approved by the Shareholders' Meeting on 31 July 2023, highlighting its compliance with the same.

The Report on Compensation Paid submitted for your vote was drawn up pursuant to art. 123-*ter* of the TUF 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 subsequently amended and supplemented.

As required by Article 123-ter of the TUF, the second section of the Remuneration Report illustrates, by name, for the members of the administrative and control bodies, the General Managers, as well as, in aggregate form, the KMs:

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 2023 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 TUF, the meeting is asked to express itself on the second section of the Remuneration Report in an advisory vote.