



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

## **Ordinary Shareholders' Meeting - 12 June 2025**

**Report of the Board of Directors on the items on the agenda**

**ITEM 2:**

**Report on the Remuneration policy and compensation paid.**

Explanatory 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 ("TUF"), approved by the Board of Directors on 28 April 2025.



## 2.1 Approval of the first section of the Report pursuant to Article 123-ter, paragraph 3-bis and 3-ter of Legislative Decree no. 58 of 24 February 1998

Dear Shareholders,

the Board of Directors has convened you to submit to your vote, pursuant to Article 123-ter of the TUF, the first section of the Report on the remuneration policy and the compensation paid ("**Remuneration Report**") which sets out the 2025 remuneration policy ("**Policy**") for members of the Board of Directors, General Managers, Key Managers ("**KMs**") and to which Pirelli & C. S.p.A. ("**Pirelli & C.**" or the "**Company**") refers for the definition of the remuneration of Senior Managers and Executives of Pirelli. Without prejudice to the provisions of Article 2402 of the Italian Civil Code, the Policy also sets out the remuneration for Statutory Auditors.

The Policy submitted for your vote was approved by the Board of Directors – following the positive evaluation of the Remuneration Committee – pursuant to Article 123-ter of the TUF and the regulations adopted by Consob, pursuant to Article 84-quater of Consob Regulation no. 11971 of 14 May 1999 ("**Issuers' Regulation**"), and in compliance with Scheme 7-bis of Annex 3 A of the Issuers' Regulation, as subsequently amended and supplemented.

The terms indicated in capital letters in this report have the same meaning assigned to them in the Remuneration Report contained in the 2024 Annual Report.

With respect to the 2024 Policy, in response to the voting results, feedback received and analyses of the voting results and the main reasons behind the votes cast against proposals, as well as to take into account the long-term interests of Pirelli & C., the composition of the panel used to compare the Annual Total Direct Compensation with the Target for the Executive Vice Chairman and the Chief Executive Officer has been revised. The revised panel excludes Renault, Stellantis and Gestamp Automoción, and introduces new companies in the automotive components and assembly sectors: Advance Auto Parts, Hella, and TI Fluid Systems, along with Nokian, a direct competitor in the tyre industry.

Additionally, to enhance transparency:

- the companies included in the comparison panel for the Chairman of the Board of Directors' remuneration are now explicitly listed;
- in the section on variable incentive instruments, the weight of the ESG component, along with the climate change portion, within the pay mix is now clearly highlighted, in compliance with the Corporate Sustainability Reporting Directive (CSRD) and its related implementation decree (6 September 2024, no. 125).

Finally, the possibility of defining a new compensation allowances framework for the Chief Executive Officer consistent in structure but still not exceeding what is provided for the Executive Vice Chairman has been introduced. The Policy also reflects the appointment of the new Board of Statutory Auditors on 28 May 2024.



Regarding the Report on compensation paid in 2024, it is important to highlight that the high level of transparency in Section II of the Remuneration Report has been preserved. This includes detailed information on the performance metrics tied to variable incentives, as well as a comprehensive overview of the various components of the remuneration package paid in different forms throughout 2024.

Lastly, the Policy takes into account the definition of the objectives of the new LTI plan for the three-year period 2025-2027, 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 Board of Directors, General Managers and KMs and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, for Standing Auditors, 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, we ask you to cast your binding vote on the first section of the Remuneration Report.

## 2.2 Resolutions related to the second section of the Report pursuant to Article 123-*ter*, paragraph 6 of Legislative Decree no. 58 of 24 February 1998

Dear Shareholders,

The Board of Directors has convened you, pursuant to Article 123-*ter* of the TUF, 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 members of the Board of Directors and Statutory Auditors, General Managers, as well as, in aggregate form, KMs, a summary of the remuneration paid in implementation of the remuneration policy approved by the Shareholders' Meeting of the Company on 28 May 2024, highlighting its compliance with the same.

The Report on Compensation Paid submitted for your vote was drawn up pursuant to Article 123-*ter* of the TUF and the regulations adopted by Consob, pursuant to Article 84-*quater* of the Issuers' Regulation, as well as in compliance with 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 Board of Directors and for Standing Auditors, 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 fees paid in 2024 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, we ask you to cast your advisory vote on the second section of the Remuneration Report.