



Pirelli & C. S.p.A.

Ordinary Shareholders' Meeting - 25 June 2026

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

ITEM 7:

7. Three-year monetary incentive plan for the Pirelli group's management:

- 7.1. approval of the three-year monetary incentive plan 2026-2028 for the Pirelli Group's management; granting of powers;
- 7.2. normalisation of the effects on the relative Total Shareholder Return objective, included in the 2023-2025, 2024-2026 and 2025-2027 three-year monetary incentive plans for Pirelli Group's management; granting of powers.

Explanatory report drawn up by the Directors pursuant to art. 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 16 April 2026.

7.1. Approval of the three-year monetary incentive plan 2026-2028 for the Pirelli Group's management; granting of powers.

Dear Shareholders,

The Board of Directors has convened you to submit to your vote - pursuant to Article 114-*bis* of the TUF - the approval of the monetary incentive plan covering the three-year period 2026-2028 for the management of the Pirelli Group ("**2026-2028 LTI Plan**" or "**Plan**"), the objectives of which were approved at the Board of Directors meeting held on 16 April 2026 at the proposal of the Remuneration Committee. The 2026-2028 LTI Plan was also approved pursuant to Article 2389, paragraph 3 of the Italian Civil Code, with the favourable opinion of the Board of Statutory Auditors, in relation to the parties for whom such opinion is required. The 2026-2028 LTI Plan is subject to the approval of the Shareholders' Meeting pursuant to Article 114-*bis* of the TUF as it states, *inter alia*, that part of the incentive is determined on the basis of a relative Total Shareholder Return ("**TSR**") target, calculated with respect to Tier 1 peers.

Moreover, pursuant to Article 123-*ter* of the TUF, the 2026-2028 LTI Plan is included in the first section of the Report on the remuneration policy and the compensation paid for FY 2026 adopted by Pirelli & C. ("**2026 Policy**") submitted for the binding vote to the Shareholders' Meeting.

The main information on the 2026-2028 LTI Plan is set out below, while for a more analytical description of it you are invited to read the Information Document (the terms and conditions of which are referred to herein) ("**Information Document**") prepared pursuant to Article 84-*bis*, paragraph 1, of Consob Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented ("**Issuers' Regulation**"), made available to the public - at the same time as this report - at the registered offices of Pirelli & C. (in Milan, Viale Piero e Alberto Pirelli 25) and at the authorised storage mechanism eMarket Storage (emarketstorage.com) as well as published on the Company's website www.pirelli.com.

Where not otherwise specified, the terms indicated in capital letters in this report have the same meaning attributed in the policy on the remuneration and compensation paid contained in the 2025 Annual Report.

Reasons for adopting the Plan¹

In line with national and international best practices and in compliance with the Corporate Governance Code, the 2026 Policy contributes to the company's strategy, the pursuit of its long-term interests and its sustainable success, and is designed to attract, motivate and retain personnel with the professional qualities required to achieve the company's objectives. Furthermore, the 2026 Policy aims to strengthen the 'pay for performance' mechanism, supporting the achievement of the Company's strategic objectives and aligning the interests of Management with those of shareholders.

In light of the above considerations and the objectives of the 2026 Policy, the Board of Directors of Pirelli & C. has defined the objectives of the 2026-2028 LTI Plan assigned to the Chief Executive Officer, the Corporate General Manager and the Key managers ("**KMs**").

The 2026-2028 LTI Plan is structured with a rolling mechanism that ensures constant alignment between performance indicators and the evolution of both the market and the Company, thereby guaranteeing that these elements remain consistent with the Company's strategic plans. The medium-long term incentive plan "rolling" structure enables yearly definition of the value of the following three-year period targets, while ensuring Management loyalty and the correct focus on performance targets.

Recipients of the Plan²

The 2026-2028 LTI Plan is assigned to all Management, with the exception of the Directors holding specific offices other than that of Chief Executive Officer, and extends, except in specific cases, to all Group's Executives whose grade, determined with the Korn Ferry method, is 20 or above. It is also assigned to those who, during the three-year reference period, join the Group and/or take over, due to internal career progression, the aforementioned position of

¹ Information required by Article 114-bis, paragraph 1, letter a) of the TUF.

² Information required by Article 114-bis, paragraph 1, letters b) and b-bis) of the TUF.

Executive. In this case, their inclusion is subject to participation in the Plan for at least one full financial year and the incentive percentages are scaled to the number of months of actual participation in the Plan.

In particular, as at the date of this report, the recipients of the 2026-2028 LTI Plan are the Chief Executive Officer Andrea Casaluci, the Corporate General Manager Francesco Tanzi, the KMs and no. 260 employees with Executive status in the Group.

Please refer to the 2026 Policy for further details regarding the remuneration structure allocated to the beneficiaries of the Plan.

Performance targets and LTI Bonus calculation³

The LTI incentive (“**LTI Bonus**”) is expressed as a percentage of the gross annual base salary due to each beneficiary, with increasing values in relation to the role held and taking into account the reference benchmarks of each role. The incentive percentages set forth in the 2026-2028 LTI Plan may vary, if the target objectives are achieved, from a 15% minimum for Executives to a 65% maximum for the Chief Executive Officer. There is also a maximum limit to the LTI Bonus achievable.

The 2026-2028 LTI Plan, which is monetary and does not include the assignment of shares or options on shares, is subject to the achievement of three-year objectives and determined as a percentage of the gross annual base salary received by the beneficiary at the date on which their participation in this plan was established.

The 2026-2028 LTI Plan provides for the following objectives (divided into three categories), independent of each other and each assigned a specific weight:

- an objective represented by the relative Cash Conversion against Tier 1 peers, with a weight of 35% of the overall LTI Bonus;
- a relative TSR objective against Tier 1 peers, with a weight of 40% of the overall LTI bonus;
- two sustainability objectives, with an overall weight of 25% of the total LTI bonus, specifically: (i) an objective regarding Pirelli’s ranking in the Dow

³ Information required by Article 114-bis, paragraph 1, letter c) of the TUF.

Jones Sustainability World Index ATX Auto Component sector, with a weight of 10%, and (ii) a CO₂ emissions reduction objective, with a weight of 15%. A minimum level – associated with payment of 75% of the bonus achieved on-target – and a maximum level (cap) are envisaged for each objective of the Plan. Regarding each objective, where the set minimum value is not attained, no right is accrued by the beneficiary to the corresponding part of the incentive. For intermediate results falling between the minimum and the target or between the target and the maximum, performance will be calculated by linear interpolation, except for the ranking objective in the Dow Jones Sustainability World Index ATX Auto Component sector, which will be calculated in three steps: minimum, target and maximum, without enhancing intermediate performance.

Disbursement period of the LTI bonus

Any LTI bonus accrued will be disbursed in the first half-year of 2029.

For the Chief Executive Officer, in the event of termination of office before the end of the three-year period, the LTI Bonus is paid on a pro-quota basis for the effective months of tenure in office.

The General Manager, the KMs and the Executives shall not accrue the right to receive the LTI Bonus payments, not even pro-rata, in the event of (i) termination of employment occurring for any reason before the end of the three-year period and (ii) voluntary resignations or dismissal for just cause /justified subjective reason occurring before the payment date.

Special fund to encourage workers' participation in enterprises⁴

The 2026-2028 LTI Plan does not receive any support from the Special Fund to encourage workers' participation in enterprises, referred to in article 4, paragraph 112, of Law No. 350 of 24 December 2003.

The 2026-2028 LTI Plan is to be considered “of particular importance” as it is addressed, as at the date of this report, *inter alia*, to the Chief Executive Officer, the Corporate General Manager and KMs, who have regular access to inside

⁴ Information required by art. 114-*bis*, paragraph 1, letter d) of the TUF.

information and have the power to make decisions that may affect the Pirelli Group's development and future prospects.

Considering that the 2026-2028 LTI Plan is monetary in nature, as it does not provide for the assignment of shares or options on stock or shares, but only a cash incentive partly linked to the performance of Pirelli & C.'s ordinary shares, the Information Document prepared in accordance with current regulations does not contain the information required for mechanisms that consider the assignment of shares or stock options.

7.2. Normalisation of the effects on the relative Total Shareholder Return objective, included in the 2023-2025, 2024-2026 and 2025-2027 three-year monetary incentive plans for Pirelli Group's management; granting of powers.

Dear Shareholders,

at its meeting of 16 April 2026, the Board of Directors, on a proposal by the Remuneration Committee and taking into account the favourable opinion of the Board of Statutory Auditors, approved the methodology identified by the Company, the suitability of which was verified by an independent expert, to normalise the extraordinary spin-off of the automotive division of Continental AG (a company included in the reference panel for the relative TSR objective) that took place on 18 September 2025 with the aim of neutralising its effects for the purposes of determining the relative TSR objective included in the LTI monetary incentive plans for the three-year periods 2023-2025, 2024-2026 and 2025-2027 for the management of the Pirelli Group, already submitted to the Shareholders' Meeting for approval on 31 July 2023, 28 May 2024 and 12 June 2025, respectively, pursuant to Article 114-*bis* of the TUF.

Normalisation is included in 2026 Policy and has therefore been approved by the Board of Directors subject to the shareholders' approval of the same normalisation and 2026 Policy.

With regard to the three-year monetary incentive plan for the three-year period 2023-2025, it should be noted that the normalisation did not result in a higher payout than would have been achieved without applying the formula, given that the performance relating to the TSR objective is, in any case, above the maximum.

For a more detailed description of the normalisation in question, please refer to the Information Documents drawn up in accordance with Article 84-*bis*, paragraph 1, of the Issuers' Regulations relating to each of the three-year plans concerned, as amended as a result of the normalisation described above. These documents are also available to the public at the registered office of Pirelli & (in Milan, Viale Piero e Alberto Pirelli 25), at the authorised storage mechanism eMarket Storage (emarketstorage.com) and on the website www.pirelli.com concurrently with this report.

Dear Shareholders,

On the basis of the foregoing and having examined the explanatory report of the Board of Directors and the Information Documents, we ask you to:

in relation to item 7.1. on the agenda, to:

a) approve - pursuant to Article 114-*bis* of the TUF - the adoption of the 2026-2028 LTI Plan for Pirelli Group's management, excluding the Directors holding specific offices other than the Chief Executive Officer, regarding the part where it is also based on the performance of Pirelli & C. shares, under the terms set out herein and as better described in the Information Document (drawn up pursuant to Article 84-*bis*, paragraph 1, of the Issuers' Regulation). The 2026-2028 LTI Plan states, *inter alia*, that a share of the bonus awarded will be determined on the basis of a relative Total Shareholder Return target, calculated with respect to Tier 1 peers;

b) grant the Board of Directors, with the power to sub-delegate, the broadest powers needed or opportune to implement the 2026-2028 LTI Plan and to adjust or amend the performance indicators and related targets of the 2026-2028 LTI Plan in accordance with its provisions;

in relation to item 7.2. on the agenda:

c) with reference to the 2023–2025, 2024–2026 and 2025–2027 LTI Plans, already approved by the Shareholders' Meeting on 31 July 2023, 28 May 2024 and 12 June 2025, respectively, to approve the normalisation of the effects of the spin-off of the automotive division of Continental A.G. (a company included in the reference panel for the relevant TSR objective) which took place on 18 September 2025, for the purposes of assessing its impact on the relative TSR;

d) grant the Board of Directors, with the power to sub-delegate, the broadest powers needed or opportune to implement the 2023-2025, 2024-2026 and 2025-2027 LTI Plans, and to adjust or amend the performance indicators and related targets of the 2023-2025, 2024-2026 and 2025-2027 LTI Plans in accordance with the provisions therein.