PIRELLI

— 2024

Annual Report

CONTENTS

ESEF OBLIGATIONS (EUROPEAN SINGLE ELECTRONIC FORMAT)

This document has not been prepared pursuant to the EU Delegated Regulation 2019/815 (ESEF Regulation), which was adopted with the implementation of the Transparency Directive. This document which has been prepared pursuant to the ESEF Regulation, is available (in Italian only) on the authorised eMarket Storage mechanism (emarketstorage.com) and on the Company's website www.pirelli.com.

CORPORATE BODIES

The Board of Directors[1]

Chairman	Jiao Jian
Executive Vice Chairman	Marco Tronchetti Provera
Chief Executive Officer	Andrea Casaluci
Director	Chen Aihua
Director	Zhang Haitao
Director	Chen Qian
Independent Director	Alberto Bradanini
Independent Director	Michele Carpinelli
Independent Director	Domenico De Sole
Independent Director	Fan Xiaohua
Independent Director	Marisa Pappalardo
Independent Director	Grace Tang
Independent Director	Roberto Diacetti
Independent Director	Paola Boromei
Independent Director	Giovanni Lo Storto

Secretary of the Board Alberto Bastanzio

Board of Statutory Auditors[2]

Chairman	Riccardo Foglia Taverna
Statutory Auditor	Maura Campra
Statutory Auditor	Francesca Meneghel
Statutory Auditor	Teresa Naddeo
Statutory Auditor	Riccardo Perotta
Alternate Auditor	Franca Brusco
Alternate Auditor	Roberta Pirola
Alternate Auditor	Enrico Holzmiller

1 Appointment: July 31, 2023. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2025.

2 Appointment: May 28, 2024. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2026.

Audit, Risk and Corporate Governance Committee

Chairman - Independent Director	Fan Xiaohua
Independent Director	Giovanni Lo Storto
Independent Director	Roberto Diacetti
Independent Director	Michele Carpinelli
	Chen Aihua

Committee for Related Party Transactions

Chairman - Independent Director	Marisa Pappalardo
Independent Director	Giovanni Lo Storto
Independent Director	Michele Carpinelli

Nominations and Successions Committee

Chairman	Marco Tronchetti Provera
Independent Director	Domenico De Sole
	Chen Aihua
	Zhang Haitao

Remuneration Committee

Chairman - Independent Director	Grace Tang
Independent Director	Michele Carpinelli
Independent Director	Paola Boromei
Independent Director	Alberto Bradanini
	Chen Aihua

Strategies Committee

Chairman	Marco Tronchetti Provera
	Jiao Jian
	Andrea Casaluci
Independent Director	Domenico De Sole
Independent Director	Alberto Bradanini
Independent Director	Roberto Diacetti
	Chen Qian
	Zhang Haitao

Sustainability Committee

Chairman	Marco Tronchetti Provera
	Jiao Jian
	Andrea Casaluci
Independent Director	Giovanni Lo Storto

Corporate General Manager[3]	Francesco Tanzi
Manager responsible for the preparation of the Corporate Financial Documents[4]	Fabio Bocchio
Independent Auditing Firm[5]	PricewaterhouseCoopers S.p.A.

The Supervisory Board (as provided for by the Organisational Model 231, adopted by the Company), is chaired by Prof. Carlo Secchi.

3 Appointment: August 3, 2023.

4 Position confirmed by the Board of Directors' Meeting of August 3, 2023.

5 Appointment: August 1, 2017, effective from the date of the commencement of trading of Pirelli shares on the stock exchange (October 4, 2017). Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2025.

DIRECTORS' REPORT ON OPERATIONS

AT DECEMBER 31, 2024

MACROECONOMIC AND MARKET SCENARIO

Economic Overview

The global economy grew by +2.7% during 2024 (+2.9% for the fourth quarter of the year), despite persistent geopolitical tensions. The global inflation rate stood at 4.5% for 2024 (5.6% for 2023), which improved during the fourth quarter of the year (+3.7%), compared to both previous quarters and the fourth quarter of 2023.

Economic Growth, Year-On-Year Percentage Change in GDP

	1Q 2024	2Q 2024	3Q 2024	4Q 2024	2024	2023
EU	0.6	0.8	1.1	1.4	1.0	0.4
US	2.9	3.0	2.7	2.5	2.8	2.9
China	5.3	4.7	4.6	5.4	5.0	5.4
Brazil	2.2	2.8	3.5	3.3	2.9	3.2
World	2.7	2.7	2.7	2.9	2.7	2.9

Note: Percentage change compared to the same period of the previous year. Preliminary data for 2024 for the EU, the US, China and Brazil and estimates for the World.
Source: National statistics offices and S&P Global Market Intelligence, February 2025.

Consumer Prices, Change in Year-on-Year Percentages

	1Q 2024	2Q 2024	3Q 2024	4Q 2024	2024	2023
EU	2.8	2.6	2.4	2.5	2.6	6.4
US	3.2	3.2	2.6	2.7	2.9	4.1
China	0.0	0.3	0.5	0.2	0.2	0.2
Brazil	4.3	3.9	4.4	4.8	4.4	4.6
World	4.5	4.4	4.0	3.7	4.5	5.6

Source: National statistics offices and S&P Global Market Intelligence for World estimate, February 2025

In the European Union, growth in GDP was more contained compared to other geographic regions: +1.0% for 2024, compared to +0.4% for the previous year. Trends differed between the various EU countries, such as Spain (+3.2%) and France (+1.2%) - the latter thanks to the positive effect of the Olympic Games - which compensated for the more contained performances in Italy (+0.7%) and the fall in GDP in Germany (-0.2% for 2024). In 2024, inflation for the year stood at 2.6%, a marked improvement compared to 6.4% for 2023. Based on this trend, the European Central Bank decided to ease its monetary restrictions. Following the interest rate cut of 25 basis points in June, three further cuts were carried out for a total 100 basis points, which reduced the deposit facility rate to 3.0% at the end of December 2024.

In the United States, the positive performance of the labour market and consumer spending sustained GDP growth, which recorded an increase of +2.8% for 2024 (+2.9% for 2023). Inflation fell gradually from 3.2% for the first quarter, to 2.7% for the fourth quarter, with the rate for the year falling to 2.9%, compared to 4.1% for 2023, which allowed the Fed to reduce interest rates during the course of the year by 100 basis points and bring the benchmark rate to 4.25% - 4.50%.

GDP growth in China for 2024 stood at +5.0%, having fallen slightly compared to +5.4% for 2023, due to weak domestic demand caused by the crisis in the real estate sector. During the second half of the year, China announced several measures in support of the economy, which led to an economic recovery during the fourth quarter (+5.4% year-on-year).

Economic performance in Brazil was positive, recording GDP growth of +2.9% for 2024, a slight decrease compared to 2023. The economy benefited from the positive dynamics of domestic demand and state aid policies, which limited the impact of the floods in Rio Grande do Sul. Depreciation of the real during the second and third quarters of the year, however, rekindled inflation which stood at 4.4% for 2024, after peaking at 4.8% for the fourth quarter. The Brazilian Central Bank decided to intervene by raising interest rates by 175 basis points from September to the end of the year, bringing the benchmark rate to 12.25%.

Exchange Rates

The euro averaged US$ 1.08 in 2024, which was more or less stable compared to the previous year, albeit with some volatility over the course of the year. The euro/US dollar exchange rate was weighed down, in the final months of 2024, by reduced expectations of a more significant drop in US interest rates. The euro/US Dollar exchange rate of US$ 1.12 per euro at the end of September, settled at US$ 1.04 at the end of December, averaging US$ 1.07 in the fourth quarter (compared to US$ 1.10 in the third quarter).

Key Exchange Rates	1Q		2Q		3Q		4Q		Full year average	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
US$ per euro	1.09	1.07	1.08	1.09	1.10	1.09	1.07	1.08	1.08	1.08
Chinese renminbi per US$	7.10	6.85	7.11	7.01	7.11	7.17	7.16	7.15	7.12	7.05
Brazilian real per US$	4.95	5.20	5.22	4.95	5.54	4.88	5.84	4.95	5.39	5.00

Note: Average exchange rates for the period. Source: National central banks.

The slowdown in the Chinese economy in 2024, coupled with the gradual cut in interest rates during the year, weakened the renminbi which averaged 7.12 against the US dollar, having depreciated by -1.1% compared to the same period in 2023 (-1.2% against the euro). Expectations of the imposition of new US duties on the import of goods from China as of 2025, as well as changed forecasts on the evolution of US interest rates, led to a weakening in the renminbi during the fourth quarter of the year to an average of 7.16 against the US dollar, compared to an average of 7.11 for the previous quarter.

The Brazilian real averaged 5.39 in 2024 against the US dollar, with a depreciation of -7.3% compared to the same period in 2023 (a depreciation of -7.4% for the real against the euro for the same period). The narrowing of the differential between US and euro interest rates and increasing risks on the fiscal and monetary front in Brazil, gradually weakened the value of real over the course of the year: from 4.95 real per US dollar for the first quarter, to 5.84 for the fourth quarter.

Raw Materials Prices

During the course of 2024, geopolitical and climatic factors, as well as supply and demand trends, influenced the prices of the main raw materials.

Raw Materials Prices	1Q			2Q			3Q			4Q			Annual average		
	2024	2023	% chg.	2024	2023	% chg.	2024	2023	% chg.	2024	2023	% chg.	2024	2023	% chg.
Brent (US$ / barrel)	81.8	82.2	0%	85.0	78.0	9%	78.4	86.1	-9%	74.0	82.8	-11%	79.8	82.3	-3%
European natural gas (€ / MWh)	28	53	-48%	32	35	-9%	36	34	5%	43	43	0%	35	41	-16%
Butadiene (€ / tonne)	812	970	-16%	978	937	4%	1,027	722	42%	1,018	772	32%	959	850	13%
Natural rubber TSR20 (US$ / tonne)	1,574	1,373	15%	1,684	1,345	25%	1,757	1,338	31%	1,959	1,454	35%	1,744	1,378	27%

Note: Data are averages for the period. Source: Reuters, ICIS.

In 2024, the average price of Brent crude stood at US$ 79.8 per barrel, down by -3% from US$ 82.3 per barrel in 2023. Despite protracted tensions in the Middle East and prolonged production cuts by OPEC countries, Brent crude fell to US$ 74 per barrel during the course of the fourth quarter, down by -11% compared to the fourth quarter of 2023, based on expectations of a weakening in global demand, and an increase in US oil production which is supported by the Trump administration.

Natural gas prices in Europe averaged euro 35 per MWh in 2024, a drop of -16% compared to euro 41 per MWh in 2023. For the fourth quarter of 2024, the average price for natural gas equalled euro 43 per MWh, which was consistent with the same period of 2023, due to the decrease in natural gas reserves at the beginning of winter (below the levels of the same period of the previous year), the non-renewal of the natural gas transit agreement between Ukraine and Russia, as well as the growth in demand particularly from the Asian markets.

The price of butadiene, the main raw material for the production of synthetic rubber, rose by +13% in 2024 to euro 959 per tonne on the European market. During the fourth quarter, the price of butadiene rose to an average of 1,018 per tonne, an increase of +32% compared to the same period of 2023, albeit slightly lower than for the previous quarter. This slight decrease was mainly due to low demand and destocking at the end of the year in Europe, and falling prices in the other related markets (USA and China). The US market, in particular, saw a fall in prices due partly to destocking, but also due to a recovery in supply.

The average price of natural rubber rose by +27% to US$ 1,744 per tonne in 2024 (compared to US$ 1,378 per tonne in 2023,) due to stronger demand in the key sectors as a result of China's recovery, regulatory factors and limitations in global supply in the rubber producing areas. Natural rubber prices reached US$ 1,959 per tonne in the fourth quarter, a rise of +35% compared to the same quarter of the previous year, the highest level in more than seven years.

Trends in Car Tyre Markets

During the course of 2024, the car tyre market recorded a global level growth in volumes of +1.0%, compared to the same period of 2023.

Volume performance per channel differed:

- -1% for the Original Equipment channel, (-1% for the fourth quarter), weighed down by a sharp drop in demand in Europe and sluggish production in North America;
- +2% for the Replacement channel, (+1% for the fourth quarter), sustained by a strong recovery in demand in Europe and a growing North American market.

Demand was more robust for Car ≥18", which recorded growth of +4% compared to 2023 (+1% for Original Equipment, +6% for Replacement), with a positive fourth quarter driven by the Replacement channel. Demand for Original Equipment however was weak, particularly in Europe and North America.

Market demand for Car ≤17" was stable during 2024, compared to the previous year.

Trends in Car Tyre Markets

% change year-on-year	**1Q 2024**	**2Q 2024**	**3Q 2024**	**4Q 2024**	**2024**
Total Car Tyre Market					
Total	**2.1**	**1.1**	**0.2**	**0.6**	**1.0**
Original Equipment	1.2	0.5	-3.4	-0.9	-0.7
Replacement	2.5	1.3	1.4	1.2	1.6
Market ≥ 18"					
Total	**6.5**	**5.6**	**2.8**	**1.4**	**4.1**
Original Equipment	1.5	3.2	-0.4	-1.7	0.7
Replacement	10.1	7.5	5.0	3.4	6.4
Market ≤ 17"					
Total	**0.8**	**-0.2**	**-0.6**	**0.4**	**0.1**
Original Equipment	1.1	-0.9	-4.9	-0.5	-1.3
Replacement	0.7	-0.0	0.7	0.7	0.5

Source: Pirelli estimates.

SIGNIFICANT EVENTS OF 2024

On **January 30, 2024**, the European Commission announced the launch of an investigation into certain tyre manufacturers active in the European Economic Area, for alleged violations of the European Union competition laws, through the possible collusion on prices for new replacement tyres for cars and trucks, to be sold in the European Economic Area. At the same time, it conducted inspections at the offices of the aforementioned tyre manufacturers, including those of Pirelli. The latter, affirmed the probity of its operations and to have always acted in full compliance with the applicable laws and regulations, and assured the authority of its full cooperation during the investigations.

On **February 6, 2024**, Pirelli was confirmed for the sixth consecutive year as being amongst the global leaders in the fight against climate change, earning a place on the 2023 Climate A List drawn up by the CDP, the international non-profit organisation that collects, disseminates, and promotes information on environmental issues. The "*A*" rating is the highest possible score attainable in the Climate section, and was awarded to only 346 companies out of more than 21,000 participants, who were assessed based on their decarbonisation strategy, the effectiveness of their efforts to reduce emissions and climate risks and in developing a low carbon emissions economy, as well as on the completeness and transparency of the information provided and the adoption of best practices associated with environmental impacts.

On **February 7, 2024**, Pirelli was confirmed as one of the best companies in the world for sustainability, obtaining a "*Top 1%*" ranking - the only company in the Auto Components and Automotive Sectors at global level – which is the highest recognition in the 2024 Sustainability Yearbook published by S&P Global, following its examination of the sustainability profile of 9,400 companies. This result follows the score achieved by Pirelli in the 2023 Corporate Sustainability Assessment for the Dow Jones Sustainability Indexes of S&P Global, where the Company was awarded first place in the Auto Components and Automotive sectors of the Dow Jones Sustainability World and Europe Indexes, with a score of 84 points (revised from the initial 83).

On **March 6, 2024,** Pirelli approved the results for the 2023 financial year, which closed with revenues of euro 6.65 billion, an EBIT adjusted of just slightly more than euro 1 billion and a net income of euro 495.9 million. **On the same date**, the Board of Directors approved and disclosed the 2024-'25 Industrial Plan Update to the market, which represents the update to the 2021-2022|2025 Industrial Plan presented on March 31, 2021. Together with the presentation of the 2024-'25 Industrial Plan Update, Pirelli published its Sustainability Plan with its targets for 2025-2030-2040, which was developed around four pillars: *Climate, Product, Nature and People.* All the sustainability targets contained in the Plan for *"People", "Climate", "Product", "Nature", "Global Value Chains"* and *"Finance"*, can be viewed on the page dedicated to the Industrial Plan in the *"Investors"* section of the website at www.pirelli.com.

On **March 22, 2024**, Pirelli signed an agreement with a selected pool of international banks, for a term loan credit facility for the amount of euro 600 million, which matures in October 2028. The credit facility, entered into as part of the usual activity of managing and optimising the financial structure, allowed for the early repayment of a portion of debt maturing in 2025, the strengthening of the liquidity margin and the extension of debt maturities. The credit facility is parameterised to be consistent with the sustainability targets which Pirelli has set for itself, as part of the 2024-'25 Industrial Plan Update.

On **May 7, 2024**, Pirelli parametrised the revolving credit facility signed on **December 21, 2023**, to the sustainability targets announced in the 2024-'25 Industrial Plan Update, which were not yet available in December at the time of signing.

On **May 16, 2024**, Pirelli made a disclosure document available to the public, which concerns the revision of some of the terms and conditions of the existing licences between the Pirelli Group, the Aeolus Tyre Co., Ltd. and the Prometeon Tyre Group S.r.l. This document was prepared on a voluntary basis in accordance with the provisions of Article 5 of the Regulation approved by CONSOB with Resolution No. 17221 of March 12, 2010, as subsequently amended and integrated, and in accordance with the Procedure for Related Party Transactions adopted by the Company.

On **May 28, 2024**, the Shareholders' Meeting approved, with more than 99.8% of the capital represented, the Financial Statements for the 2023 financial year, which closed with a net income for the Parent Company of euro 242.9 million and a consolidated net income of euro 495.9 million, and resolved to distribute a dividend of euro 0.198 per ordinary share, equal to a dividend pay-out of euro 198 million. The dividend was placed in payment on June 26, 2024 (with an ex-dividend date of June 24, and a record date of June 25).

The Shareholders' Meeting appointed the new Board of Statutory Auditors for the 2024-2025-2026 financial years, based on the lists submitted prior to **May 3, 2024**. The Shareholders' Meeting also assigned KPMG S.p.A. the mandate for the statutory audit of the Pirelli & C. S.p.A. accounts for the 2026-2034 period and determined the relevant fee. It also approved the remuneration policy for 2024, and expressed its favourable opinion on the Report on remunerations paid for the 2023 financial year. Furthermore, the Shareholders' Meeting approved the adoption of the 2024-2026 three-year monetary Long Term Incentive Plan (LTI Plan) for the Management sector of the Pirelli Group.

On **June 14, 2024**, the S&P Global Ratings agency improved the outlook for Pirelli to *"positive"* from *"stable"* and confirmed its BBB- investment grade rating. In explaining its upward revision of the outlook, the agency pointed out that Pirelli was well positioned to execute its Industrial Plan, has a solid costs discipline and a strong positioning in High Value tyres, which allows it to generate a stable operating cash flow with a consequent reduction in financial leverage.

On **June 24, 2024** Pirelli announced that - with reference to the non-interest-bearing bond loan, the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* - the conversion price of the bonds was changed from euro 6.0173 to euro 5.9522 in accordance with the regulations of the bond loan itself, effective as of June 24, 2024 following the resolution of the Shareholders' Meeting of May 28, 2024, to distribute a dividend of euro 0.198 per ordinary share.

On **June 25, 2024**, Pirelli placed a sustainability-linked bond with international institutional investors for a total nominal amount of euro 600 million, parameterised to Pirelli's sustainability targets which were validated by the Science Based Targets initiative (SBTi) on **September 19, 2024** (please refer to the subsequent relevant event), and are consistent with Pirelli's *"Sustainability-linked Financing Framework".* The issuance saw demand equal to more than 4.6 times the supply, which amounted to approximately euro 2.8 billion. The transaction, which took place as part of the current EMTN Programme (Euro Medium Term Note Programme), enabled the optimisation of the debt structure by extending maturities and diversifying funding sources. The transaction, which allowed for an improvement in the liquidity margin, had a settlement date of **July 2, 2024**. The issuance has a maturity date of five years and an effective yield-to-maturity of 3.950%, which corresponds to a yield of 115 basis points above the benchmark rate (mid swap). These securities are listed on the Luxembourg Stock Exchange.

On **July 15, 2024**, Fitch Ratings revised Pirelli's Long-Term Issuer Default Rating (IDR) and senior unsecured debt rating upwards from *"BBB-"* to *"BBB"*. The outlook for the IDR rating was stable. The upward revision reflects Pirelli's high profitability and the solidity of its cash flow generation (free cash flow), which are elements that have allowed for a reduction in financial leverage in keeping with the parameters required for the new rating.

On **September 10, 2024**, Pirelli and Bosch GmbH announced a joint technology development agreement with the aim of creating new software-based solutions and new driving functionalities, through sensors installed in the tyres also known as *"in-tyre"* sensors. The collaboration joins Bosch's expertise in systems hardware, software and MEMS (Micro Electro Mechanical Systems) sensors, to Pirelli's Cyber™ Tyre technologies, which includes algorithms, modelling and sensors incorporated into the tyres.

On **September 19, 2024**, Pirelli announced that the Science Based Targets initiative (SBTi) had approved Pirelli's short and long-term targets for the reduction in absolute greenhouse gas (GHG) emissions, which had been announced in March during the presentation of the 2024-2025 Industrial Plan Update. In particular, the SBTi - which defines and promotes science-based best practices for reducing emissions - validated Pirelli's *"long-term"* target of Net Zero by 2040, the most ambitious among tyre manufacturers, which is to reduce Scopes 1, 2 and 3 absolute greenhouse gas emissions by at least -90%, in comparison to 2018 as the base year. These measures were deemed to be compliant with the Paris Agreement goal to limit global warming to within 1.5°C. The SBTi also approved the other *"near-term"* decarbonisation targets which provide for an -80% reduction in absolute greenhouse gas emissions (Scopes 1 and 2) by 2030, in comparison to 2018, and for a -30% reduction in emissions derived from the purchases of raw materials and from services and transport by 2030, in comparison to 2018 (Scope 3).

On **November 6, 2024**, Pirelli announced that Marco Polo International Italy S.r.l. ("***MPI***"), also on behalf of the China National Tyre and Rubber Corporation, Ltd. ("***CNRC***"), had forwarded a copy to Pirelli of the provision dated October 31, 2024, that had been communicated to the CNRC by the Presidency of the Council of Ministers, stating that it had considered it appropriate to commence administrative proceedings on the possible violation by the CNRC, of the prescriptions contained in the Decree of the Presidency of the Council of Ministers dated June 16, 2023, by which special powers had been exercised through the imposition of specific prescriptions pursuant to Article 2 of Legislative Decree No. 21 of March 15, 2012 ("***DPCM Golden Power***"). Specifically, the proceedings concern a possible violation of the requirement to guarantee the absence of organisational and functional links between Pirelli on the one hand, and the CNRC on the other. The order sets the deadline for the conclusion of the proceedings at 120 days starting from the date of notification of the order. The CNRC has informed Pirelli that it maintains that, it has always complied with the requirements of the **DPCM Golden Power** and is confident that it will clarify its position during the proceedings.

On **December 12, 2024**, the Pirelli Shareholders' Meeting, convened on **November 8, 2024**, met in an ordinary and extraordinary session. In the extraordinary session, the Shareholders' Meeting approved some proposals to amend the Articles of Association aimed at adopting some of the recent changes to the regulatory framework. Specifically, the Shareholders' Meeting approved the amendment of Articles 7 and 8 of the Articles of Association in order to provide that intervention in the Shareholders' Meeting and the exercise of voting rights may take place, following a resolution of the Board of Directors, exclusively through the designated representative. The Shareholders' Meeting also approved the amendment of Articles 11 and 12 of the Articles of Association so that the declaration of compliance in sustainability reporting can be rendered, if appointed, by a subject other than the Manager responsible for the preparation of the Corporate Financial Documents. The Shareholders' Meeting, in its ordinary session, also approved the amendment of the Regulation of Shareholders' Meetings in order to adapt its contents to the new text of the Articles of Association.

On **December 23, 2024**, Pirelli was reconfirmed as the global leader, taking first place in the Auto Components and Automobiles sectors in the Dow Jones Sustainability World and European Indexes. Pirelli, the only tyre company included in both the *"World"* and *"Europe"* indexes, achieved a score of 84 points in S&P Global's Corporate Sustainability Assessment for 2024, the highest in both the Auto Components and Automobiles sectors, and significantly higher than the sector average of 29 points for Auto Components and 35 points for Automobiles. Pirelli achieved the highest scores in several areas, including Business Ethics, Commitment to Human Rights, Occupational Health and Safety Policies and Programmes, Taxonomy and ESG Supply Chain Management. Top scores were also achieved in the areas that are integral to the Company's path towards its ambitious Net Zero by 2040 target, such as low-carbon products, climate change management, environment and biodiversity.

GROUP PERFORMANCE AND RESULTS

In this document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), alternative performance indicators derived from the IFRS were used, in order to allow for a better assessment of the Group's operating and financial performance.

Reference should be made to the section *"Alternative Performance Indicators"* for a more analytical description of these indicators.

* * *

Pirelli closed 2024 with results showing growth, which exceeded the targets announced on November 7th. The results are evidence of the effectiveness of the business model, and reflect the implementation of the key programmes of the Industrial Plan.

On the **Commercial** front:

- the strengthened positioning of Car **High Value**. During the course of 2024, Pirelli recorded volume growth for Car ≥18" of +5%, outperforming the market (+4%). The gain in market share affected both the Replacement channel (+7% for Pirelli, +6% for the market), and the Original Equipment channel, (+3% for Pirelli volumes, +1% for the market);

- a further reduction in exposure to **Standard** (-4% for Pirelli Car ≤17" volumes, compared to a stable market), consistent with the Group's strategy of greater selectivity.

For Pirelli, this overall performance translated into a +2% growth in Car volumes (+1% for the market).

On the **Innovation** front:

- approximately 306 new homologations were obtained for the Car sector, concentrated mainly in ≥19" and Specialties;

- for electric vehicles, Pirelli can count on a portfolio of approximately 810 homologations at global level, and a market share of 30% among Premium EV Original Equipment Manufacturers.

- the product range in the various business segments was expanded. Seven new products were introduced in the Car segment, five of which at regional level (the Cinturato All Season SF3, the ICE Zero Asimmetrico, the Powergy All Season and Winter tyre in Europe, and the Scorpion MS in APAC), and two at global level (the P Zero Winter 2 and the P Zero MS). The offer for two wheelers was enriched with two new motorbike products (the Pirelli Scorpion

Trail III and the Metzeler Roadtec 02), and three new cycling products (the P Zero Race TLR RS, the P4 Sport and the Cinturato Road);

- a strategic agreement was signed with Bosch GmbH, for the development of new software based solutions and driving functionalities, thanks to sensors installed in the tyres and to Pirelli's proprietary software, with the aim of providing useful information to the vehicle in order to further improve the safety and efficiency of driving.

In the **Operations Programme**:

- gross benefits from efficiencies amounting to euro 143.2 million were achieved, consistent with expectations;
- the saturation level of the manufacturing plants stood at approximately 86%, 95% for High Value;
- the programme to decarbonise manufacturing plants through the use of renewable energy sources and the energy efficiency programmes continued.

On the **Sustainability** front, Pirelli further improved its performance during 2024.

The **Plan to decarbonise the value chain** continued, in line with the targets.

Absolute CO_2 emissions results **for the Group** showed **a decrease of -22% compared to 2023**, **and of -57% compared to 2018**, (the SBTi near-term target for Scopes 1+2 is equal to -80% by 2030, in comparison to 2018). **Absolute emissions from the supply chain** were **reduced by -26% compared to 2018** (the SBTi near term target for Scope 3 is equal to -30% by 2030, in comparison to 2018). At a global level, **96%** of electricity purchased from the grid was **certified as being from renewable sources** (80% in 2023).

In 2024, the **Science Based Targets initiative (SBTi)** also validated Pirelli's *"long-term"* target of **Net Zero by 2040**, the most ambitious among tyre makers, which is **to reduce Scope 1, 2 and 3**[6] **absolute greenhouse gas emissions by at least -90%**, in comparison to 2018 as the base year, which is compliant with the Paris Agreement to limit global warming to within 1.5°C.

The roadmap for **Product side sustainability** also continued.

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[6] *Scope 1: Direct greenhouse gas emissions from the direct combustion of fossil fuels by the organisation within its confines. Scope 2: Indirect greenhouse gas emissions from the use of electricity, heat and steam imported and consumed by the organisation within its confines. Scope 3: Indirect emissions from upstream and downstream activities of the organisation's operations, calculated according to the GHG Protocol and in accordance with SBTi requirements.*

To support the reduction of emissions in the use-phase (decarbonisation of mobility and transport), **34.5% of tyres** (29.8% in 2023) placed on the market were **in compliance with the highest classes (A or B)** in European labelling, both in terms of **rolling resistance** (an environmental aspect with an indirect impact on vehicle CO_2 emissions), and braking on the wet, which is consistent with Pirelli's target of 35% by 2025.

The commitment to the **Research & Development of innovative materials of natural and recycled origin** was significant.

The **P Zero Winter 2** was presented at *"The Tire Cologne 2024"* trade fair, along with part of the range equipped with Elect technology, which is made from more than 50% of natural or recycled material[7], (a claim which has been verified by a third party in accordance with ISO 14021). The version of the P Zero Winter 2 made specifically for the BMW 7 Series, also has the distinction, unique in the market at the time of its launch, of being the **first winter tyre for vehicles with a *"Class A"* rating in rolling resistance**.

In turn, the P Zero E, a summer tyre designed for UHP electric vehicles, in addition to the triple A Class rating under European labelling (rolling resistance, wet braking and noise), contains more than 55% of materials from a natural or recycled origin (a claim which has been verified by a third party in accordance with ISO 14021), and in 2024, in the 255/50R20 size, contained as much as **58.5% of materials from a natural or recycled origin**[7].

At the 2024 Goodwood Festival of Speed, Pirelli announced a **partnership with Jaguar Land Rover (JLR), to supply tyres made with materials derived from FSC™ Certified forests** for a wide selection of luxury vehicles, which is an important step towards the widespread use of certified rubber, which follows Pirelli's presentation in 2021 of the world's first road tyre containing FSC™ Certified natural rubber and rayon. Other significant milestones in this journey were the introduction of **tyres with FSC™ Certified natural rubber in the Formula One championship**, starting with the first GP for 2024, and the debut of the certification also in the cycling world with the new **Pirelli P Zero Race RS**[8]. The FSC™ Certification for forest management is a confirmation that plantations are managed in a way that preserves biodiversity and benefits the people who live and work in those areas. The FSC™ Chain of Custody certification process ensures that FSC™ certified material is segregated from non-certified material, from the plantation to the tyre manufacturer.

In accordance with the Sustainability Plan, Pirelli continued on the path that will see its European factories **use only FSC™ Certified natural rubber by 2026**.

The proactive commitment to protect **Biodiversity** in 2024 has led to the establishment of Biodiversity Action Plans that cover **55%** of Pirelli's production sites and test tracks, consistent with the target of 100% coverage by 2025. These plans are based on the **impacts and dependencies**

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7 Thanks to a combination of physical segregation and mass balance. The materials of natural origin are natural rubber, textile reinforcements (only the P Zero E), natural origin chemicals, bio-resins and lignin (only the P Zero E), while the recycled materials are metal reinforcements, chemical products and - through a mass balance approach - synthetic rubber, silica and carbon black.

8 Natural rubber accounts for the following percentage of the tyre's total weight: approximately 16% in the tyres for the BMW X5 xDrive45e Plug-In Hybrid; approximately 15% in the Formula One tyres; approximately 23% in the P Zero Race RS.

of Pirelli locations that were assessed according to the four core criteria of the **TNFD LEAP approach (Locate, Evaluate, Assess, Prepare)**, and address the five main drivers of biodiversity loss and ecosystem degradation as identified **by IPBES**[9]. The **reduction in the specific abstraction of water** has been significant both at Group level, recording **-11% compared to 2023**, and reached which **-51% in comparison to 2015** (the base year for the Group's target), both in the **high water stress areas** where abstraction fell by **-5.5% compared to 2023**, reaching **-34.6% in comparison to 2015** (the base year for the target for high water stress areas).

Furthermore, since 2024, biodiversity has been integrated into the Life Cycle Assessment (**LCA**) of **100%** of new products.

In 2024, Pirelli also confirmed its commitment to **engaging and valuing its people**, recording an **engagement rate of 83%** (the Global Sustainable Engagement Index), exceeding the target of maintaining this rate at **≥80%** at all times. The focus on employee **Health and Safety** protection, led to a further decrease in the **accident frequency index**[10], which in 2024 **fell by -16.6%** compared to 2023. The presence of **women in management positions** has increased globally, touching **28.3%** in 2024 (27% in 2023).

Pirelli's sustainability performance in 2024, was recognised by the **main sustainable finance indexes**. Following the annual review of the **Dow Jones Sustainability** Indexes by S&P Global, the Company achieved the **top score in the Auto Components and Automotive Sectors at global level**. This was followed, at the beginning of the year, by the highest recognition of ***"Top 1%"*** in the **2025 Sustainability Yearbook**. Pirelli was re-confirmed as a leader in the fight against climate change by being placed on the **CDP *"Climate A List",*** in addition to achieving a **Top Score Tyre Industry** ranking and a *"**Negligible Risk**"* assessment in the **Sustainalytics** ratings, **Top Score in the Auto Components sector**, **Prime Status** in the **ISS** (Institutional Shareholder Services Inc.) **ESG** assessment, and a **Platinum** rating from **Ecovadis**.

Pirelli's results for 2024 were characterised by:

- **net sales** which equalled euro **6,773.3** million, in excess of the target of euro 6.7 billion, had increased by +1.9% compared to 2023 (euro 6,650.1 million), with organic growth of +4.4%. This performance was supported by a positive volume performance (+1.9%) and by an improvement in the price/mix (+2.5%). The impact of the exchange rate effect was instead negative (-2.5%);

- **EBIT adjusted** which equalled euro **1,060.5** million (euro 1,040 million was implied by the November guidance), up by +5.9% compared to 2023 (euro 1,001.8 million), with profitability at 15.7% (a target of ~15.5%), an improvement of +0.6 percentage points year-on-year, thanks to the effectiveness of internal levers (price/mix and efficiencies);

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[9] *Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.*

[10] *The number of work-related accidents for every one million hours worked. If calculated on 200,000 hours worked, the frequency rate for 2024 would be equal to 0.28.*

- **net income/loss** which amounted to an income of euro **501.1** million, an increase of +1.0% compared to 2023 (euro 495.9 million). The improved operating performance more than offset the impacts of the hyperinflation accounting used by some Group companies. **Net income/loss adjusted** amounted to euro 613.5 million (euro 595.4 million in 2023), net of one-off, restructuring and non-recurring expenses, and the amortisation of the intangible assets recognised in the PPA;

- **Net Financial Position** which at December 31, 2024 showed a debt of euro 1,925.8 million (a debt of euro 2,261.7 million at December 31, 2023), with a cash generation before dividends of euro 533.9 million, which exceeded the target (between euro 500 and 520 million) and the figure for 2023 (euro 508.9 million). Cash generation before dividends for the fourth quarter stood at euro 890.7 million, an improvement compared to the fourth quarter of 2023 (euro 876.6 million);

- a **liquidity margin** equal to euro **3,168.7** million, which covers debt maturities until the third quarter of 2029.

The **Group's Consolidated Financial Statements** can be summarised as follows:

(in millions of euro)	**2024**	**2023**
Net sales	**6,773.3**	**6,650.1**
EBITDA adjusted (°)	**1,519.5**	**1,446.1**
% of net sales	22.4%	21.7%
EBITDA	**1,475.7**	**1,366.3**
% of net sales	21.8%	20.5%
EBIT adjusted	**1,060.5**	**1,001.8**
% of net sales	15.7%	15.1%
Adjustments: - amortisation of intangible assets included in PPA	(113.7)	(113.7)
- one-off, non-recurring and restructuring expenses	(43.8)	(79.8)
EBIT	**903.0**	**808.3**
% of net sales	13.3%	12.2%
Net income/(loss) from equity investments	31.4	15.9
Financial income/(expenses)	(286.6)	(194.1)
Net income/(loss) before taxes	**647.8**	**630.1**
Taxes	(146.7)	(134.2)
Tax rate %	22.6%	21.3%
Net income/(loss)	**501.1**	**495.9**
Net income/(loss) attributable to owners of the Parent Company	468.0	479.1
Earnings/(loss) per share (in euro per basic share)	0.47	0.48
Net income/(loss) adjusted	613.5	595.4

(°) The adjustments refer to one-off non-recurring and restructuring expenses to the amount of euro 43.8 million (euro 79.8 million for 2023).

(in millions of euro)		**12/31/2024**	**12/31/2023**
Fixed assets		**8,771.6**	**8,812.1**
	Inventories	1,467.7	1,371.4
	Trade receivables	622.9	649.4
	Trade payables	(2,081.6)	(1,999.4)
Operating net working capital		**9.0**	**21.4**
% of net sales		0.1%	0.3%
	Other receivables/other payables	42.2	45.8
Net working capital		**51.2**	**67.2**
% of net sales		0.8%	1.0%
Net invested capital		**8,822.8**	**8,879.3**
Equity		**5,912.3**	**5,619.6**
Provisions		984.7	998.0
Net financial (liquidity)/debt position		**1,925.8**	**2,261.7**
Equity attributable to owners of the Parent Company		5,756.1	5,494.4
Investments in intangible and owned tangible assets (CapEx)		414.9	405.7
Increases in right of use		118.8	101.2
Research and development expenses		289.5	288.5
% of net sales		4.3%	4.3%
Research and development expenses - High Value		272.8	269.4
% of High Value sales		5.3%	5.4%
Employees (headcount at end of period)		31,219	31,072
Tyre production sites (number)		18	18

For a better understanding of the Group's performance, the following **quarterly performance figures** are provided below:

(in millions of euro)		1 Q		2 Q		3 Q		4 Q		Total year	
		2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net sales		**1,695.5**	1,699.7	**1,752.0**	1,737.8	**1,737.0**	1,722.7	**1,588.8**	1,489.9	**6,773.3**	6,650.1
	yoy	-0.2%		0.8%		0.8%		6.6%		1.9%	
	*organic yoy **	4.6%		4.5%		5.5%		2.3%		4.4%	
EBITDA adjusted		**376.3**	359.7	**392.0**	379.4	**388.7**	376.7	**362.5**	330.3	**1,519.5**	1,446.1
	% of net sales	22.2%	21.2%	22.4%	21.8%	22.4%	21.9%	22.8%	22.2%	22.4%	21.7%
EBITDA		**368.6**	350.7	**384.1**	367.9	**381.5**	368.3	**341.5**	279.4	**1,475.7**	1,366.3
	% of net sales	21.7%	20.6%	21.9%	21.2%	22.0%	21.4%	21.5%	18.8%	21.8%	20.5%
EBIT adjusted		**262.6**	248.1	**276.5**	269.3	**276.8**	265.1	**244.6**	219.3	**1,060.5**	1,001.8
	% of net sales	15.5%	14.6%	15.8%	15.5%	15.9%	15.4%	15.4%	14.7%	15.7%	15.1%
Adjustments: - amortisation of intangible assets included in PPA		(28.4)	(28.4)	(28.5)	(28.5)	(28.4)	(28.4)	(28.4)	(28.4)	(113.7)	(113.7)
- one-off, non-recurring and restructuring expenses		(7.7)	(9.0)	(7.9)	(11.5)	(7.2)	(8.4)	(21.0)	(50.9)	(43.8)	(79.8)
EBIT		**226.5**	210.7	**240.1**	229.3	**241.2**	228.3	**195.2**	140.0	**903.0**	808.3
	% of net sales	13.4%	12.4%	13.7%	13.2%	13.9%	13.3%	12.3%	9.4%	13.3%	12.2%
Net income/(loss) from equity investments		6.0	2.3	9.9	3.9	6.6	2.7	8.9	7.0	31.4	15.9
Financial income/(expenses)		(110.1)	(52.2)	(66.0)	(54.7)	(49.4)	(43.3)	(61.1)	(43.9)	(286.6)	(194.1)
Net income/(loss) before taxes		**122.4**	160.8	**184.0**	178.5	**198.4**	187.7	**143.0**	103.1	**647.8**	630.1
Taxes		(22.0)	(45.8)	(53.1)	(50.9)	(58.6)	(19.3)	(13.0)	(18.2)	(146.7)	(134.2)
Tax rate %		18.0%	28.5%	28.9%	28.5%	29.5%	10.3%	9.1%	17.7%	22.6%	21.3%
Net income/(loss)		**100.4**	115.0	**130.9**	127.6	**139.8**	168.4	**130.0**	84.9	**501.1**	495.9

*before exchange rate effect and hyperinflation in Argentina and Turkey.

Net sales amounted to euro 6,773.3 million, an increase of +1.9% compared to 2023, +4.4% excluding the combined impact of the exchange rate effect and the adoption of hyperinflation accounting (totalling -2.5%).

High Value sales accounted for 76% of total Group revenues (75% in 2023).

The following table shows the **changes in net sales performance** compared to the same period of the previous year:

	2024				
	1Q	**2Q**	**3Q**	**4Q**	**Total year**
Volume	2.3%	1.2%	3.0%	0.5%	1.9%
Price/mix	2.3%	3.3%	2.5%	1.8%	2.5%
Change on a like-for-like basis	**4.6%**	**4.5%**	**5.5%**	**2.3%**	**4.4%**
Exchange rate effect /Hyperinflation accounting in Argentina and Turkey	-4.8%	-3.7%	-4.7%	4.3%	-2.5%
Total change	**-0.2%**	**0.8%**	**0.8%**	**6.6%**	**1.9%**

The positive **volume** performance (+1.9%) reflected, as already illustrated, the performance of High Value which was superior to that of the market, and the progressive and gradual reduction in exposure to Standard, which has lower profitability.

The improvement in the **price/mix** (+2.5%), was mainly driven by the product mix, thanks to the gradual shift from Standard to High Value and the improved mix within both.

The **exchange rate effect** was negative (-2.5%), impacted mainly by the volatility of the currencies of emerging countries against the euro.

Net sales for the **fourth quarter** amounted to euro 1,588.8 million, with organic growth of +2.3% compared to the same period of 2023 (euro 1,489.9 million), +6.6% including the impact of the exchange rate effect. Pirelli recorded:

- volumes which grew by +0.5%. For the Car business, volume growth was +1%, consistent with the market trend. Performance was similar with Car ≥18'' (+1% for Pirelli, +1% for the market), with gains in market share in the Replacement channel (+4% for Pirelli compared to +3% for the market), while in the Original Equipment channel (-3% for Pirelli, -2% for the market), Pirelli's performance was impacted by both the weakness in automobile production in Europe and North America and the comparison with the performance in the fourth quarter of 2023 in China, where Pirelli reported strong sales growth thanks to new contracts with local Premium electric vehicle manufacturers. Performance was positive for Car ≤17" (+1% for Pirelli, stable for the market), where Pirelli benefited from the recovery in demand in the Original Equipment channel in South America;

- an improvement in the price/mix (+1.8%);

- a positive impact from the exchange rate effect (+4.3%), thanks to a favourable year-on-year comparison (-10.6% for the fourth quarter of 2023), and the appreciation of the US dollar and the currencies of emerging countries against the euro.

The performance for **net sales according to geographical region** was as follows:

(in millions of euro)	**2024**	%	**2023** %
Europe	2,643.8	39.0%	38.9%
North America	1,706.3	25.2%	25.8%
APAC	1,149.0	17.0%	16.8%
South America	798.8	11.8%	12.0%
Russia and MEAI	475.4	7.0%	6.5%
Total	**6,773.3**	**100.0%**	**100.0%**

EBITDA adjusted amounted to euro 1,519.5 million (euro 1,446.1 million for 2023), with a margin of 22.4% (21.7% for 2023), which reflected the dynamics described in the following paragraph in terms of the EBIT adjusted.

EBIT adjusted for 2024 amounted euro 1,060.5 million (euro 1,001.8 million for 2023), with an EBIT margin adjusted of 15.7%, an improvement compared to 15.1% for 2023, thanks to the contribution of internal levers.

More specifically, the improved **EBIT adjusted** reflected:

- the **positive** contribution of the **price/mix** (euro +110.0 million) and of **efficiencies** (euro +143.2 million) which more than offset **inflation in the cost of production factors** (euro -142.5 million), the increase in the cost of **raw materials** (euro -23.7 million) and the negative impact of the **exchange rate effect** (euro -24.6 million);

- the positive effect of **volumes** (euro +48.7 million), which limited the impact of higher **depreciation and amortisation** (euro -22.4 million) and the increase in **other costs** (euro -30.0 million), which were mainly related to Marketing and Research and Development.

EBIT adjusted for the fourth quarter amounted to euro 244.6 million (+11.5% compared to euro 219.3 million for the fourth quarter of 2023), with the margin improving to 15.4% (14.7% for the fourth quarter of 2023). The positive effect of the price/mix, efficiencies and the exchange rate effect more than offset the negative impact of raw materials and inflation.

(in millions of euro)	1 Q	2 Q	3 Q	4 Q	Total year
2023 EBIT adjusted	**248.1**	**269.3**	**265.1**	**219.3**	**1,001.8**
- Internal levers:					
Volumes	15.0	8.6	21.2	3.9	48.7
Price/mix	27.0	33.4	31.0	18.6	110.0
Amortisation and depreciation	(7.3)	(6.8)	(3.7)	(4.6)	(22.4)
Efficiencies	32.0	39.4	36.8	35.0	143.2
Other	(13.9)	(11.4)	(7.9)	3.2	(30.0)
- External levers:					
Cost of production factors (commodities)	29.4	6.9	(16.6)	(43.4)	(23.7)
Cost of production factors (labour/energy/other)	(29.1)	(39.2)	(40.9)	(33.3)	(142.5)
Exchange rate effect	(38.6)	(23.7)	(8.2)	45.9	(24.6)
Total change	**14.5**	**7.2**	**11.7**	**25.3**	**58.7**
2024 EBIT adjusted	**262.6**	**276.5**	**276.8**	**244.6**	**1,060.5**

EBIT for 2024 amounted to euro 903.0 million (an increase of euro 94.7 million compared to euro 808.3 million in 2023), and included the amortisation of intangible assets identified in the PPA to the amount of euro 113.7 million, consistent with 2023, and one-off, non-recurring and restructuring expenses of euro 43.8 million, which was an improvement compared to euro 79.8 million in 2023.

Net income/(loss) from equity investments amounted to an income of euro 31.4 million, (positive to the amount of euro 15.9 million for 2023), and mainly refers to the pro-rata result of the investment in the joint venture Xushen Tyre (Shanghai) Co., Ltd., which was positive to the amount of euro 25.1 million (positive to the amount of euro 9.5 million for 2023), and in the joint venture PT Evoluzione Tyres in Indonesia which was positive to the amount of euro 1.0 million (positive to the amount of euro 0.8 million for 2023). Net income/(loss) from equity investments also included euro 3.9 million in dividends received from non-controlling interests (euro 4.3 million in 2023).

Net financial expenses for 2024 amounted to euro 286.6 million, compared to euro 194.1 million for 2023, and included the negative impact of approximately euro 53 million linked to phenomena of currency depreciation and hyperinflation, without any impact on cash generation.

At December 31, 2024, the **cost of debt**, calculated as the average cost of debt for the last twelve months, stood at 5.06%, which was substantially consistent with 5.08% at December 31, 2023.

Taxes for 2024 amounted to euro 146.7 million, and reflected the positive effect of euro 30 million mainly in the fourth quarter of the year, relative to the positive development in some tax disputes concerning previous years. The tax rate for 2024 stood at 22.6%, compared to 21.3% for 2023 which included the benefits of the Patent Box for the 2020-2022 three-year period of approximately euro 40 million.

Net income/(loss) amounted to an income of euro 501.1 million, compared to an income of euro 495.9 million in 2023.

The net income for the **fourth quarter** increased by +53.1%, compared to the fourth quarter of 2023, and reflected the lower taxes for the period as described previously.

Net income/(loss) adjusted amounted to an income of euro 613.5 million, (euro 595.4 million for 2023). The following table shows the calculations:

(in millions of euro)	2024	2023
Net income/(loss)	**501.1**	**495.9**
Amortisation of intangible assets included in PPA	113.7	113.7
One-off, non-recurring and restructuring expenses	43.8	79.8
Taxes	(45.1)	(94.0)
Net income/(loss) adjusted	**613.5**	**595.4**

Net income/(loss) attributable to the owners of the Parent Company amounted to an income of euro 468.0 million, compared to an income of euro 479.1 million in 2023.

Equity went from euro 5,619.6 million at December 31, 2023 to euro 5,912.3 million at December 31, 2024.

Equity attributable to the owners of the Parent Company at December 31, 2024 equalled euro 5,756.1 million, compared to euro 5,494.4 million at December 31, 2023.

This change is shown in the table below:

(in millions of euro)	Group	Non-controlling interests	Total
Equity at 12/31/2023	**5,494.4**	**125.2**	**5,619.6**
Translation differences	(167.7)	2.8	(164.9)
Net income/(loss)	468.0	33.1	501.1
Fair value adjustment of financial assets / derivative instruments	(2.2)	-	(2.2)
Actuarial gains/(losses) on employee benefits	(29.2)	-	(29.2)
Dividends approved	(198.0)	(5.1)	(203.1)
Effect of hyperinflation in Turkey	16.5	-	16.5
Effect of hyperinflation in Argentina	175.2	-	175.2
Other	(0.9)	0.2	(0.7)
Total changes	**261.7**	**31.0**	**292.7**
Equity at 12/31/2024	**5,756.1**	**156.2**	**5,912.3**

The table below shows the **reconciliation between the Equity of the Parent Company and the Consolidated Equity** attributable to the Owners of the Parent Company:

(in millions of euro)	Share Capital	Treasury reserves	Net income/ (loss)	Total
Equity of Pirelli & C. S.p.A. at 12/31/2024	**1,904.4**	**2,847.1**	**302.0**	**5,053.5**
Net income/(loss) of consolidated companies (before consolidation adjustments)	-	-	484.3	484.3
Share capital and reserves of consolidated companies (before consolidation adjustments)	-	4,795.2	-	4,795.2
Consolidation adjustments:				
- carrying amount of equity investments in consolidated companies	-	(4,574.3)	-	(4,574.3)
- intragroup dividends	-	341.2	(341.2)	-
- other	-	(25.4)	22.8	(2.6)
Consolidated Group Equity attributable to Owners of the Parent Company at 12/31/2024	**1,904.4**	**3,383.8**	**467.9**	**5,756.1**

Net financial position showed a debt of euro 1,925.8 million, compared to a debt of euro 2,261.7 million at December 31, 2023. It was composed as follows:

(in millions of euro)	12/31/2024	12/31/2023
Current borrowings from banks and other financial institutions	760.9	789.5
- of which lease liabilities	*105.2*	*99.1*
Current derivative financial instruments (liabilities)	3.5	18.2
Non-current borrowings from banks and other financial institutions	3,068.6	3,174.7
- of which lease liabilities	*380.5*	*383.4*
Non-current derivative financial instruments (liabilities)	-	-
Total gross debt	**3,833.0**	**3,982.4**
Cash and cash equivalents	(1,502.7)	(1,252.8)
Other financial assets at fair value through Income Statement	(166.0)	(228.8)
Current financial receivables **	(113.3)	(106.1)
Current derivative financial instruments (assets)	(16.6)	(7.3)
Net financial debt *	**2,034.4**	**2,387.4**
Non-current derivative financial instruments (assets)	(4.3)	(12.9)
Non-current financial receivables **	(104.3)	(112.8)
Total net financial (liquidity) / debt position	**1,925.8**	**2,261.7**

* Pursuant to CONSOB Notice dated July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

** The item "F*inancial receivables*" is reported net of the relative provisions for impairment which amounted to euro 8.4 million at December 31, 2024 (euro 11.0 million at December 31, 2023).

The **structure of gross debt** which amounted to euro 3,833.0 million, was as follows:

(in millions of euro)	12/31/2024	Maturity date					
		within 1 year	between 1 and 2	between 2 and 3	between 3 and 4	between 4 and 5	more than 5 years
Club Deal EUR 1.6bn ESG 2022 5y	598.8	-	-	598.8	-	-	-
Club Deal EUR 600m ESG 2024 4.5y	598.0	-	-	-	598.0	-	-
Bond SLB EUR 600m 4.25% due 01/28	596.1	-	-	-	596.1	-	-
Bond SLB EUR 600m 3.875% due 07/29	593.8	-	-	-	-	593.8	-
Convertible bond	490.1	490.1	-	-	-	-	-
Bilateral EUR 300m ESG 2023 2.5y facility	299.7	-	299.7	-	-	-	-
Bank debt held by subsidiaries	81.8	81.7	0.1	-	-	-	-
Other financial debt	89.0	87.4	-	1.6	-	-	-
Lease liabilities	485.7	105.2	88.6	75.0	57.4	41.5	118.0
Total gross debt	**3,833.0**	**764.4**	**388.4**	**675.4**	**1,251.5**	**635.3**	**118.0**
		19.9%	*10.1%*	*17.6%*	*32.7%*	*16.6%*	*3.1%*

At December 31, 2024, the Group had a liquidity margin of euro 3,168.7 million consisting of euro 1,500.0 million in unutilised committed credit facilities, euro 1,502.7 million in cash and cash equivalents, and euro 166.0 million in financial assets at fair value through the Income Statement. The liquidity margin guarantees coverage for maturities for borrowings from banks and other financial institutions, until the third quarter of 2029.

Net cash flow for the year, in terms of change in the net financial position, can be summarised as follows:

(in millions of euro)	1 Q		2 Q		3Q		4Q		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
EBIT adjusted	262.6	248.1	276.5	269.3	276.8	265.1	244.6	219.3	1,060.5	1,001.8
Amortisation and depreciation (excluding PPA amortisation)	113.7	111.6	115.5	110.1	111.9	111.6	117.9	111.0	459.0	444.3
Investments in intangible and owned tangible assets (CapEx)	(53.4)	(53.2)	(90.2)	(70.3)	(92.1)	(77.7)	(179.2)	(204.5)	(414.9)	(405.7)
Increases in right of use	(15.3)	(15.1)	(26.1)	(26.5)	(47.8)	(27.5)	(29.6)	(32.1)	(118.8)	(101.2)
Change in working capital and other	(845.8)	(868.8)	(16.9)	(6.8)	63.3	(0.4)	802.4	961.4	3.0	85.4
Operating net cash flow	**(538.2)**	**(577.4)**	**258.8**	**275.8**	**312.1**	**271.1**	**956.1**	**1,055.1**	**988.8**	**1,024.6**
Financial income / (expenses) paid	(63.2)	(60.2)	(45.7)	(58.1)	(70.9)	(49.3)	(69.6)	(104.0)	(249.4)	(271.6)
Taxes paid	(24.7)	(29.0)	(44.8)	(32.3)	(48.0)	(43.8)	(41.0)	(33.9)	(158.5)	(139.0)
Cash-out for one-off, non-recurring and restructuring expenses	(20.4)	(12.6)	(9.5)	(10.2)	(6.9)	(8.8)	(10.6)	(8.5)	(47.4)	(40.1)
Dividends paid to minority shareholders	(1.3)	-	(5.2)	(3.9)	-	0.3	0.1	0.1	(6.4)	(3.5)
Differences from foreign currency translation and other	(2.6)	(12.2)	0.1	(14.8)	(24.0)	(2.3)	66.8	(32.2)	40.3	(61.5)
Net cash flow before dividends, extraordinary transactions and investments	**(650.4)**	**(691.4)**	**153.7**	**156.5**	**162.3**	**167.2**	**901.8**	**876.6**	**567.4**	**508.9**
Hevea-Tec acquisition	(23.0)	-	0.5	-	0.8	-	0.8	-	(20.9)	-
Middle East and North Africa Tyre Company capital subscription	-	-	-	-	-	-	(12.0)	-	(12.0)	-
Other extraordinary transactions	-	-	-	-	(0.7)	-	0.1	-	(0.6)	-
Net cash flow before dividends paid by the Parent Company	**(673.4)**	**(691.4)**	**154.2**	**156.5**	**162.4**	**167.2**	**890.7**	**876.6**	**533.9**	**508.9**
Dividends paid by the Parent Company	-	-	(197.1)	-	(0.6)	(217.8)	(0.3)	(0.2)	(198.0)	(218.0)
Net cash flow	**(673.4)**	**(691.4)**	**(42.9)**	**156.5**	**161.8**	**(50.6)**	**890.4**	**876.4**	**335.9**	**290.9**

Net cash flow before dividends for 2024 amounted to euro 533.9 million, an improvement of euro 25.0 million, compared to euro 508.9 million for 2023. Excluding the impact of extraordinary transactions of approximately euro 33 million - due to the acquisition of Hevea-Tec for the amount euro 20.9 million which occurred in the first quarter, and to the payment which occurred in the fourth quarter of euro 12 million into the capital account of the Middle East and North Africa Tyre Company, a joint venture with Saudi Arabia's Public Investment Fund (PIF) - net cash flow before dividends improved by approximately euro 58 million compared to 2023.

Operating net cash flow in 2024 was positive to the amount of euro 988.8 million, (euro 1,024.6 million in 2023), and reflected:

- the improved operating performance compared to the previous year, (EBITDA adjusted in 2024 amounted to euro 1,519.5 million, compared to euro 1,446.1 million in 2023);

- investments in property, plant and equipment and intangible assets to the amount of euro 414.9 million in 2024, (euro 405.7 million in 2023), aimed mainly at High Value activities, at technology upgrades and at the automation of factories;

- *"increases in the right of use"* to the amount of euro 118.8 million in 2024, (euro 101.2 million in 2023). The difference compared to 2023, was mainly due to projects initiated in the third quarter of 2024 aimed at improving warehouse efficiency in Romania;

- a lower contribution to cash generation, related to the change in *"working capital and other"*, by euro 82.4 million (positive to the amount of euro 3.0 million compared to euro 85.4 million in 2023), due to the sudden unexpected appreciation of the US dollar during the final weeks of the year, to an adjustment in inventory levels mainly in North America in order to guarantee the correct availability of goods for the first quarter of 2025 (21.7% of revenues for the year, 20.6% in 2023), to the usual seasonality of trade receivables (9.2% of revenues for the year) and to trade payables (30.7% of revenues for the year).

Net cash flow for 2024 also highlighted the following performances, compared to 2023:

- financial expenses paid were lower by euro 22.2 million;

- taxes paid were higher by euro 19.5 million;

- payments related to non-recurring and restructuring expenses for the restructuring programmes of the 2023 financial year, were higher by euro 7.3 million;

- dividends paid to minority shareholders were higher by euro 2.9 million.

Net cash flow before dividends for the fourth quarter of 2024 was positive to the amount of euro 890.7 million, and higher compared to the fourth quarter of 2023 by euro 14.1 million (euro 876.6 million).

RESEARCH AND DEVELOPMENT

Research and Development plays a central role at Pirelli. The activity, which involves approximately 2,100 people, (equal to approximately 7% of the total workforce of the Group) spread between its Milan headquarters and its twelve technology centres located all over the world, is based on an *"Open Innovation"* model, which involves external partners - suppliers, universities and the vehicle manufacturers themselves - in order to anticipate technological innovations in the sector and meet the needs of the end consumer. Central to Pirelli's innovation strategy is the Eco-Safety Design approach, which focuses on maximising both environmental performance and people's safety, and embraces the entire life cycle of the product with a view to a circular economy. A part of this is the collaboration between Pirelli and the Milan Polytechnic, which continued during the course of 2024, and which involved the integrated use of the university's dynamic simulator alongside the static simulator at Pirelli's R&D centre in Milan, for the virtual development of tyres which is fundamental to Pirelli's Eco-Safety strategy. In addition, Pirelli and the University of Milano-Bicocca continued their partnership in CORIMAV for Research into Eco-Friendly Materials and Processes. **Expenses for Research and Development in 2024 totalled euro 289.5 million (4.3% of net sales), of which euro 272.8 million was allocated to High Value activities (5.3% of High Value revenues).** The development of CYBER™ technologies also continued, which, thanks to sensor technology that is implantable inside the tyre, will help in collecting and making essential information available to increase vehicle performance and driving safety.

In this regard, it should be recalled that the Council of Ministers, within the framework of the "***Golden Power Procedure***" – which was initiated in relation to the renewal of the Shareholders' Agreement concerning the governance of Pirelli, signed on May 16, 2022 by the China National Tire & Rubber Corporation Ltd., Marco Polo International Italy S.r.l., Camfin S.p.A. and Marco Tronchetti Provera & C. S.p.A. - with the adoption of the provision by which it exercised its special powers pursuant to Legislative Decree No. 21/2012, communicated to Pirelli on June 16, 2023 (the "***Provision***"), that it had determined, amongst other things, that the CYBER™ technology which is implantable in tyres, constitutes an asset of strategic importance pursuant to and for the purposes of the aforementioned Legislative Decree, for the protection of which Pirelli has implemented a range of measures, including a Strategic Industrial Security Clearance (***"NOSIS"***) and an autonomous organisational unit for security *("**Security Organisation"***).

The CYBER™ sensor is able to collect data and transmit it to the vehicle, which, through the 5G network and in a geo-localised format, makes it available to cloud processing systems and supercomputers for the creation, by means of artificially intelligent algorithms, of complex digital models that can be applied, among other things, to state-of-the-art use cases such as smart cities and digital twins.

The acceleration in the process of introducing driver assist systems (which in the future will evolve towards systems for autonomous driving), reinforces the need to obtain data from the vehicle and, in particular from the tyre, which as the vehicle's only point of contact with the road, is able to provide a range of valuable information for the control and safety of the car (such as, for example, the amount of friction available). It is evident, in fact, that in future a self-driving car will necessarily require a real-time understanding of the behaviour of the vehicle, of the surrounding vehicles and the infrastructure system, and so require new functionalities from the tyre.

Pirelli, a pioneer in the development and production of sensorised tyres through the use of CYBER™ technology, is already supplying this technology to a leading electric vehicle manufacturer, with the objective of enabling the use of sensorised tyre data to optimise the safety performance of the vehicles themselves.

At the same time, with a view to implementation on a larger scale, Pirelli signed a joint development agreement for the integration of CYBER™ data directly into vehicle control systems, through a collaboration with Bosch. The CYBER™ technology will therefore not have to be integrated into the vehicle each time through dedicated projects with each Original Equipment Manufacturer (car manufacturers), but will instead be available embedded directly in the vehicle's central control unit supplied by Bosch, in this way making the complete system available to all client car manufacturers. The objective is that of creating new software-based solutions and new driving functions, using sensors installed in the tyres also known as *"in-tyre"* sensors. For drivers, this means greater safety, comfort, and sustainability, along with improved driving dynamics. Bosch and Pirelli share a vision of a long-term path, to jointly explore the use of the data streams from tyres as inputs for the control systems of the vehicle's dynamics.

The Pirelli Cyber™ Tyre is the world's first tyre-based system with integrated sensors that collect data and transmit it to the vehicle, processing it in real time. Bosch has already developed an ESP (stability control) application specifically adapted to Pirelli tyres, in an initial joint project with the high performance car manufacturer Pagani. In fact, the *"Pirelli Cyber™ Tyre"* technology on the Pagani Utopia Roadster transmits key information from the tyres to the ESP control unit. This guarantees not only the optimal utilisation of the tyre's specific properties and performance, but also the highest levels of safety and personalised driving comfort in all conditions.

As part of the new collaboration agreement, Bosch will provide the hardware and software expertise it has developed over time as a technology and service provider on a global scale. Bosch is also a leader in MEMS (Micro-Electro-Mechanical Systems) sensor technologies, and develops and manufactures tyre pressure sensors using the BLE (*"Bluetooth Low Energy"*) standard. By combining this expertise with Pirelli's integrated systems technologies – which range from hardware to software, to algorithms and modelling - it will be possible to collect, process and transmit data from the tyres in real time to provide parameters to the vehicle's electronics control systems, via BLE in order to reduce energy consumption. Pirelli and Bosch are now aiming to exploit Bosch's MEMS technology for in-tire applications.

The P Zero Corsa, P Zero Trofeo RS and P Zero Winter are the fitments specifically developed for the Pagani Utopia, all of which are equipped with sensors located on the inner side of the tread. These tyres, which are connected via Bluetooth to the electronic control unit which manages the vehicle's dynamics, supply useful information so that the car can select the ideal settings for the control systems based in the tyre mounted, fully exploiting its potential. This dialogue between the tyres and the car is made possible by the software developed and integrated by Pirelli into the vehicle's electronic *"brain".* For example, when the car is fitted with winter tyres, the ABS will know how to best exploit them in order to minimise the stopping distance. Conversely, when the vehicle is equipped with semi-slick tyres, the stability and traction controls will operate knowing that they can count on a higher reserve of grip. In the absence of such information, the systems that manage the dynamics of the vehicle operate in a conservative manner, based on settings that do not take into account the characteristics and performance of the tyres fitted. This technical *"awareness",* will therefore allow the automobile's controls to work at their best, while simultaneously enhancing both performance and safety.

Pirelli Cyber™ Tyre is unique on the market, is already present on a number of available vehicles, and now gains from this new function, which makes it possible to increase the level of specialisation in the electronics of vehicles, also with a view towards autonomous driving.

Pirelli is also the exclusive partner of Audi Sport for equipping the Audi RS4 Edition 25 Years. This special anniversary edition created for the sporty station wagon's birthday, has two available tyre options: the Pirelli P Zero Corsa as Original Equipment and a dedicated set of Pirelli P Zero Trofeo RS tyres for track use, which are equipped with Cyber™ technology combined with the Track Adrenaline system, which is designed for track driving enthusiasts who, thanks to the sensors inside the tyres, will have access to a *"virtual assistant"* via an app to make the most of the tyre's potential during sportier uses.

The data collection system, based on CYBER™ technology, is then able to interact with the infrastructure/smart city. To date, in particular, it is already possible to detect and process data on road surface conditions. This enables motorway operators to: (a) increase the frequency and thoroughness of monitoring the state of the infrastructure; (b) plan maintenance effectively and efficiently, and; (c) inform consumers of possible hazardous conditions on motorways, and also provide their geolocation. Following the technical tests completed in 2024, the execution of an initial experimental phase of the service on a limited set of vehicles is planned for early 2025, with the possibility of extending it to a larger number of vehicles.

The ability to collect important information from vehicles on the market regarding the actual usage of tyres and process this data through artificially intelligent algorithms, and to then integrate it into the virtual development process, is a crucial competitive product factor. In particular, artificial intelligence and machine learning are used to work in synergy with the models developed for processing the data obtained from the sensors, in order to adequately refine the results obtained. An example of this is the *"Tyre Wear"* algorithm for the determination of the state of tyre wear, which is currently in use on a fleet of rental cars with drivers. Furthermore, the data collected from the sensors installed in the tyres of the vehicles of a given fleet or of individual users, are used in the virtual design of new products. Nowadays, the development of all new product ranges in fact, passes through an initial virtual phase followed by a scaled down physical validation phase.

Essentially, the widespread knowledge of tyre behaviour in a multiplicity of real world conditions of use, makes it possible to refine and train virtual simulation models, which are used in the first design phase of new products, making them increasingly capable of simulating the performance they will deliver under real usage conditions.

Taking the Provision into account, the competent body of the Company appointed for this task, in the application of the Provision itself, that is to say, the Director with sole authority over the Security Organisation, in compliance with the obligations imposed upon it, has carried out the necessary in-depth investigations to precisely identify the relevant sectors related to CYBER™ technology, in order to ensure the proper implementation of the prescriptions contained in the said Provision.

As a result of these in-depth analyses, it emerged that the relevant technologies connected to the CYBER™ sensor include the Digital business functions based in Italy related to Data Science activities, such as the Digital Solutions Centre in Bari, as well as the activities and functions of Research and Development Digital Systems, Industrial IoT and Innovation, and digital products. In addition, the activities and functions of Research and Development based in Milan, which are related to Modelling, Product Pre-development and Experimentation, are closely linked and connected to CYBER™ technology.

For further details on the Golden Power Procedure, the prescriptions of the Provision and on the role of the Security Organisation, please refer to the Report on the Corporate Governance and Ownership Structure contained in the 2024 Annual Report.

INNOVATION IN PRODUCTS AND MATERIALS

During the course of 2024, collaborations with the leading manufacturers of Prestige and Premium vehicles continued, and more than 300 new technical homologations were obtained, mainly concentrated in ≥19” rim diameters. More than 500 homologations have been obtained by Pirelli for Elect tyres, since their launch in 2019, which are distinguished by a package of technologies designed to enhance the specifities of electric and plug-in hybrid cars. One milestone that confirms Pirelli’s leadership in the EV segment is that seven out of ten car manufacturers in the Premium and Prestige segments have chosen the Pirelli tyres dedicated to BEVs and PHEVs, which are available for all seasons in all Pirelli product families.

In the Prestige segment, Pirelli has been confirmed as the Original Equipment on the new Porsche Cayenne. The latest facelift for the sporty SUV, expands the collaboration between Pirelli and Porsche and brings the P Zero trademark to all tyre sizes designated for the vehicle.

The Pirelli P Zero R and the P Zero Trofeo RS were also chosen by Porsche for the restyling of the Taycan and will be the only tyres available on the Taycan Turbo GT, the sportiest version in the range. Both tyres bear the Elect marking on the sidewall, that is, the package of technological solutions designed to enhance the unique characteristics of electric vehicles, and which debuted in 2019 on the very first generation of the Porsche Taycan.

In addition, the P Zero Trofeo RS and the P Zero Corsa for the Porsche 911 GT3 RS, along with the P Zero Trofeo R and the P Zero Corsa for the 911 GT3, are four sporty tyres born out of the teamwork between Pirelli and Porsche, aimed at offering safe and rewarding driving both on the road and on the track. From among them, the P Zero Trofeo RS, the highest-performing product in the Pirelli range, was judged the best semi-slick road tyre for track use by the German magazine Auto Bild Sportscars, which compared different tyres on its own 911 GT3 RS.

From 2019 to date, on average, Pirelli has achieved more than one record per year at the Nürburgring Nordschleife, equipping different categories of cars, from electric supercars, to SUVs and compact cars. All tyres in the P Zero range, not counting the new tyres recently introduced to the market, can boast a record lap on the legendary *"Ring"* in the last five years, the most recent in 2024, being the P Zero Trofeo R on the Audi RS 3 and the P Zero on the Audi RS Q8 Performance.

Lastly, a long and intense development journey has taken Pirelli and Lamborghini from speeds of over 300 km/h on the Nardò circuit, to -30° in the Arctic Circle, which has led to the creation of the 21", 22" and 23" P Zero and the 22" Scorpion Winter 2, designed for the new Urus SE, the brand's first plug-in hybrid version of the SUV.

Instead for the Premium segment, the privileged relationship with companies such as Alfa Romeo, Audi, BMW, Mercedes, Jaguar, Land Rover and Ford continued.

At the 2024 Goodwood Festival of Speed, Pirelli announced a partnership with Jaguar Land Rover (JLR), for the supply of tyres made with materials derived from FSC™ Certified forests, for a wide selection of luxury vehicles.

Pirelli has developed a dedicated version of the P Zero for the new IONIQ 5 N, Hyundai's first high performance electric vehicle. The tyre, designed in collaboration with Hyundai, meets the car's dynamic requirements, delivering sporty performance, reliability and everyday driving comfort. Developed using virtual simulation tools, the P Zero was later tested on the Nürburgring circuit.

Pirelli and the BMW Group worked side by side to develop customised winter tyres for the BMW 7 Series. What distinguishes the 20" P Zero Winter 2 is the "*Class A*" level rolling resistance rating on its European label, a feature that enhances the autonomy of the vehicle.

The Cinturato All Season SF3, a new 2024 product which has been refined using virtual development techniques, provides enhanced control when braking in different climatic situations. Starting with wet conditions, to the extent that all the sizes in the range have been awarded the highest classification (Class "*A*") in European labelling for wet grip; **on snow**, as guaranteed by the 3PMSF marking, which indicates tyres that have passed rigorous testing in severe winter conditions; and **on dry** surfaces, where it offers levels of stability, acoustic comfort and rolling resistance closer to that of a summer rather than winter tyre. This versatility was confirmed by the Dekra tests, which voted the Cinturato All Season SF3 the best in its category for combined braking performance (the sum of results on dry, wet and snowy surfaces), and was recognised by TÜV SÜD, which awarded it the Performance Mark, thanks to its high performance across different driving conditions. The Cinturato All Season SF3 was also voted the best four season tyre by two major magazines in the sector, the German *Auto Bild Sportscars* and the Italian *alVolante*, which compared the main products on the market. The Pirelli tyre proved to be the safest on both dry and wet surfaces, also receiving highly positive reviews for its performance in the snow. It also earned the highest score in the comparative test conducted by *Tyre Reviews* on the main products on the All Season market, published in September 2024.

At *"The Tire Cologne 2024",* Europe's leading trade fair for the industry, Pirelli presented the P Zero Winter 2, the winter tyre for high performance models, which boasts the highest wet grip rating under European labelling for all the tyre sizes at the launch. The thirteen sizes in the range will be equipped with Elect technology, specifically designed for BEV and PHEV vehicles, and which also bear the distinction of being made from more than 50% natural or recycled materials (third-party certified).

In 2024, the Powergy Winter and Powergy All Season SF will flank the summer version that has already been on the market for three years, completing the Powergy range, which is designed for motorists looking for an affordable solution to tyre changes without sacrificing safety, efficiency and comfort.

Pirelli has also launched the new P Zero MS, a high performance All Season tyre designed for Premium and Prestige car manufacturers, who require an Original Equipment tyre for their cars that is efficient all year round. The new product is part of Pirelli's All Season UHP tyre offering, which flanks the Scorpion MS launched last year, itself dedicated to latest generation SUVs. Several auto makers have already chosen the P Zero MS for certain models, including Audi for the new A4 and A6 e-trons. Among the main qualities of the new P Zero MS are cornering grip on both dry and wet surfaces, an exceptional resistance to aquaplaning and high mileage, as demanded by customers in North America, the product's main target market.

For motorbikes, Pirelli announced the arrival of two new tyres in 2025 that will enrich its already extensive range: the DIABLO POWERCRUISER and the new SCORPION MX32 MID SOFT.

The DIABLO POWERCRUISER represents the completely new Custom Touring line of high performance Pirelli tyres designed specifically for select sport cruisers and bagger models. Thanks to its sporty performance, in terms of grip and handling, this tyre allows riders to fully exploit the potential of the most powerful custom bikes, offering stability during acceleration, braking and cornering, even at high speeds, and an abundance of grip even on wet surfaces. All this is combined with a **mileage performance** that is in line with other tyres in this segment.

The new SCORPION MX32 MID SOFT, on the other hand, is the motocross racing tyre which is the successor to Pirelli's most successful product in the FIM Motocross World Championship. It was developed thanks to Pirelli's decades of experience at the highest levels of motocross competitions and is a completely new design compared to its predecessor. The new front tyre offers enhanced handling when braking and improved corner entry, while the rear tyre offers even greater traction at race starts and when exiting curves.

Lastly, in Cycling, the P Zero Race TLR RS tyre became the first in the sector to use FSC™ (Forest Stewardship Council™ - a globally recognised NGO for responsible forest management) Certified natural rubber. This tyre manufactured at Pirelli's Milan-Bollate plant, marks the beginning of a range, with this certification, which indicates that the natural rubber used comes from plantations managed in a way that preserves biological diversity and benefits the lives of local communities and workers.

COMMITMENT TO MOTORSPORTS

In the history of Pirelli, motorsports have always played a major role, starting with the feat achieved in 1907 by Prince Scipione Borghese, who won the Paris-Beijing motor race in an Itala fitted with Pirelli tyres. Nowadays, there are more than 350 competitions in which Pirelli participates each year. Thanks to its commitment to sustainability in Motorsport, Pirelli is the first and only tyre manufacturer in the world to have been awarded Three Star Certification from the Environmental Accreditation Programme promoted by the FIA. With Spain's decisive victory, succeeding Italy in the hall of fame, the third edition of the FIA Motorsport Games, the only motorsport event in the world that sees national teams compete against each other in multiple disciplines, came to a close in Valencia for the season. Pirelli was among the protagonists of the event which is managed by the SRO Motorsports Group in collaboration with the FIA, not only as the exclusive supplier of the event's most eagerly awaited competitions, but also as the unique *'glue'* between very different cars and races: the GT, Touring Car, F4, modern rally, electric road cars and the Ferrari Challenge, supported not only with the supply of dedicated tyres, but also with the assistance of technicians, thanks to a logistical organisation and deployment of vehicles and personnel, that was one of the most demanding of the season for the Company.

Pirelli is the Global Tyre Partner for Formula One, at least until 2027 (with the possibility of an extension for a further season), a partnership that puts sustainability at the centre and which, starting from 2024, has seen that all tyres used in the FIA Formula One World Championship events are FSC™ (Forest Stewardship Council™) Certified, which guarantees that all the natural rubber used in the tyres meets all the environmental and social sustainability criteria set by the world's leading non-governmental, multi-stakeholder organisation in sustainable forest management. Pirelli is the first company to produce a complete range of FSC™ (Forest Stewardship Council™) Certified tyres, and for use in motorsport competitions. Pirelli has also been present in rally racing since the inaugural season of the World Championship in 1973, and in the role of exclusive tyre supplier from 2021 to 2024: a thrilling season that remained unpredictable until the very end.

Pirelli is also the tyre supplier in more than 400 races, in over 70 championships, for Gran Turismo cars, contested in Europe, North America, South America, Asia and Oceania. The long and intense 2024 season has seen the engagement of more than 200 technicians, engineers and staff members. Pirelli launched the latest evolution of the Cinturato WHB wet weather tyre, completely renewed in its design and optimised in its main performance features. In the GTWC, the by now regular brands (Audi, BMW, Ferrari, Lamborghini, McLaren, Mercedes AMG, Porsche), were joined in 2024 by Aston Martin with the Vantage AMR GT3 EVO and Ford, with the eagerly awaited Mustang GT3. At the Spa-Francorchamps circuit, considered by all to be the university of motorsport, the 100th edition of the CrowdStrike 24 Hours of Spa took place, one of the largest events in the world with a single tyre supplier, which required an unparalleled organisational and personnel effort from Pirelli: more than 150 Pirelli personnel, from branches located on three different continents, belonging to different corporate departments. The ratio of Pirelli personnel present at Spa-Francorchamps to managed cars equipped with P Zero tyres, was almost 1 to 1. For the Ferrari Challenge, 2024 was the year of the debut of the 296 Challenge and the tyres specifically developed for this car, such as the P Zero DH for dry weather and the WH for wet weather, and the year of the debut of the *Sport Prototipi Clienti* programme, supported from the outset by Pirelli and dedicated to the 499P Modificata, which is equipped with custom developed tyres.

In 2024, Pirelli once again participated in **over 100 of the most important international and national motorbike competitions, both on the track and off-road**, either as the sole supplier or in open competition with other tyre manufacturers.

Pirelli will be the sole **Official Tyre Supplier for all classes of the FIM Superbike World Championship up to and including the 2026 season.** This technical partnership, which began in 2004, can claim the record for the longest running single tyre supplier ever in the history of international level motorsports, and has been continuously supported by intense research and development work. In 2024, BMW became the seventh manufacturer to win the Riders' World Championship in the WorldSBK. This means that, in the Pirelli era, practically every manufacturer has won a world title, further confirming the universal effectiveness of their solutions. The development objective for the season, was to introduce improvements to the rear tyres in order to maintain high performance in terms of grip, while at the same time increasing resistance and durability.

In 2024, Pirelli successfully completed its first season as the exclusive supplier to the Moto2™ and Moto3™ World Championships. Thanks also to the performance of the tyres, out of a total of 40 Grand Prix races held, 20 for each class, 37 absolute lap records on the track and 32 new fastest race laps were achieved, improving the race pace on 34 occasions.

Pirelli's also confirmed its commitment to off-road competitions, primarily in the **FIM Motocross World Championship** where Pirelli boasts **a record of 82 world titles**, and will remain the official tyre supplier until 2025. In 2024, out of a total of 20 races, Pirelli won 19 Grand Prix events, secured 18 pole positions and won 37 heats out of 40.

For further information on the sustainability aspects of products – including for Motorsports – and on new materials, reference should be made to the section of the Annual Report entitled "*Consolidated Sustainability Reporting*" pursuant to Legislative Decree No. 125 of September 6, 2024.

PARENT COMPANY HIGHLIGHTS

The table below shows a summary of the main **Income Statement** and **Statement of Financial Position** figures:

(in millions of euro)	**12/31/2024**	**12/31/2023**
Operating income/(loss)	5.0	(11.3)
Financial income/(expenses)	(43.8)	(45.7)
Net income/(loss) from equity investments	319.9	277.3
Taxes	20.9	22.6
Net income/(loss)	**302.0**	**242.9**
Financial assets	4,682.6	4,681.6
Equity	5,053.5	4,950.7
Net Financial Position	1,272.2	1,374.7

Operating income/loss of the Parent Company was positive to the amount of euro 5.0 million compared to the euro 11.3 million loss recorded for 2023 This improvement in the result is mainly attributable to the increase in royalties accrued through companies of the Group for the use of the trademark, due to the increase in sales and lower restructuring expenses.

Net financial expenses amounted to euro 43.8 million, which is more or less consistent with the previous financial year.

Net income from equity investments amounted to euro 319.9 million compared to euro 277.3 million for the previous financial year. The increase was mainly attributable to higher dividends distributed by the subsidiary Pirelli Tyre S.p.A (euro 325 million in 2024 compared to euro 275 million in 2023), which was partially offset by higher impairments on equity investments (euro 23 million in 2024 compared to euro 6.6 million in 2023).

Taxes for 2024 were positive to the amount of euro 20.9 million, compared to the positive amount of euro 22.6 million in 2023.

The following is a summary of the values of the main **financial assets**:

(in millions of euro)	**12/31/2024**	**12/31/2023**
Investments in subsidiaries		
- Pirelli Tyre S.p.A.	4,528.2	4,528.2
- Pirelli Ltda.	5.9	8.4
- Pirelli UK Ltd.	-	-
- Pirelli Group Reinsurance Company S.A.	6.3	6.3
- Pirelli Servizi Amministrazione e Tesoreria S.p.A.	3.2	3.2
- Pirelli International Treasury S.p.A.	75.0	75.0
- Other companies	3.6	3.3
Total equity investments in subsidiaries	**4,622.2**	**4,624.4**
Investments in associates and other financial assets at fair value through Other Comprehensive Income		
- Fin. Priv S.r.l.	29.2	23.4
- RCS MediaGroup S.p.A.	21.9	18.3
- Istituto Europeo di Oncologia S.r.l.	8.6	8.4
- Eurostazioni S.p.A.	-	6.3
- Fondo Comune di Investimento Immobiliare Anastasia	-	0.1
- Other	0.7	0.7
Total investments in associates and other financial assets at fair value through Other Comprehensive Income	**60.4**	**57.2**
Total financial assets	**4,682.6**	**4,681.6**

Equity went from euro 4,950.7 million at December 31, 2023 to euro 5,053.5 million at December 31, 2024, as detailed below:

(in millions of euro)	
Equity at 12/31/2023	**4,950.7**
Net income/(loss) for the financial year	302.0
Dividends approved	(198.0)
Other components of Comprehensive Income	(1.2)
Equity at 12/31/2024	**5,053.5**

The following table shows the **composition of equity:**

(in millions of euro)	**12/31/2024**	**12/31/2023**
Share capital	1,904.4	1,904.4
Legal reserve	380.9	380.9
Share premium reserve	630.4	630.4
Concentration reserve	12.5	12.5
Merger reserve	1,022.9	1,022.9
Other reserves	133.7	133.7
Other O.C.I. reserves	27.3	28.5
Retained earnings reserve	639.4	594.5
Net income/(loss) for the financial year	302.0	242.9
Total Equity	**5,053.5**	**4,950.7**

RISK FACTORS AND UNCERTAINTY

The uncertainty of the macroeconomic environment, the instability of the financial markets, the complexity of management processes and ongoing regulatory changes, require the capacity to protect and maximise the tangible and intangible sources of value that characterise the Company's business model. Pirelli adopts a proactive risk governance model, that through the systematic identification, analysis and assessment of risk areas, provides the Board of Directors and management with the necessary tools to anticipate and manage the effects of such risks. The Pirelli Risk Model systematically assesses three categories of risks:

- **External Risks**

Risks whose occurrence is outside the sphere of influence of the Company. This category includes risk areas related to macroeconomic trends, to the evolution of demand, to competitor strategies, to technological innovation, to the introduction of new regulations and to country specific risks (economic, security related, political and environmental risks).

- **Strategic Risks**

Risks that are characteristic of the relevant business, the proper management of which is a source of competitive advantage, or conversely, a cause of failure to achieve economic and financial objectives. This category includes areas of risk linked to markets, to innovation in products and processes, to human resources, to production processes, to financial risks and the risks associated with mergers and acquisitions.

- **Operational Risks**

Risks generated by the corporate organisation and its processes, whose assumption does not provide any competitive advantage. These types of risks include amongst others, risks related to Information Technology, Business Interruption, Legal & Compliance, Health, Safety & Environment and Security.

- **Emerging Risks**

Cutting across the aforementioned categories are emerging risks, that is those elements of volatility whose manifestation is expected mainly in the medium to long-term period, and for which the speed and potential of ramifications for the Group are not yet fully known.

For further details on risk governance, assessment techniques and mitigation measures, reference should be made to Pirelli's corporate website.

EXTERNAL RISKS

Risk Related to the Macroeconomic Outlook

Global growth in 2024 was moderate, influenced by a still high, albeit declining, consumer price pressures, restrictive monetary policies and rising geopolitical tensions. The United States, sustained in particular by the resilience of its labour market and domestic consumption, along with China's gradual recovery despite the fragility of its real estate sector, nevertheless represented the growth drivers for the global economy.

As regards 2025, the trade policies of the new US administration, together with the potential reactions from its main trading partners, could have an impact on the global economy. This could lead to lower than expected growth, an increase in consumer prices and a slowdown in the expected easing of monetary policies. Consequently, the next year could see a global growth rate still below the trend for the long term.

Significant elements of uncertainty also persist, which could lead to a marked deterioration in the currently projected macroeconomic outlook. In fact, in addition to the ongoing war between Russia and Ukraine and the Israeli-Palestinian tensions, a possible worsening in relations between the United States and China could have lasting repercussions on international logistics streams, with ripple effects on consumer goods prices and on the manufacturing sector. The Group is closely monitoring developments in these areas in order promptly adopt the necessary measures to mitigate any potential impacts on its operations.

Geopolitical Risks

There is a high degree of uncertainty regarding the implications of the changing geopolitical landscape on international trade and on supply chains. The escalation of trade tensions could lead to a revision of international trade agreements and treaties, as well as to the increasing introduction of tariffs and customs duties in the United States, in China and in the European Union, thus altering the balance in key markets for the Group's operations.

Furthermore, Pirelli operates in countries such as Argentina, Brazil, Mexico and Russia, where the general political-economic context, tax regime, business conditions and circulation of monetary flows may prove to be unstable. These factors could affect the Group's ability to fully benefit from locally generated monetary flows.

Pirelli mainly adopts a *"local for local"* strategy with the aim of overcoming potential protectionist measures (customs barriers or other requirements such as technical prerequisites, product certification, and administrative costs related to import procedures, etc.). Lastly, the Group closely monitors the developments that could impact its value chain, and adopts strategies for diversifying supply sources and managing logistics flows.

Regulatory Risks in Countries where Pirelli operates

The Group is exposed to the risk of changes in the relevant regulatory framework, which could result in restrictions on the Group's activities, with possible repercussions on its image and its reputation and on its strategic positioning. Specifically, the Group is subject, in the various jurisdictions in which it operates, to the legal provisions and technical standards, both national and international, which are applicable to the products it manufactures and/or markets.

The adoption, implementation or entry into force of restrictive or unfavourable regulatory measures, or the imposition of compliance obligations or additional requirements connected to the performance of business activities, could result in changes in the operational conditions, which may require increased investments, higher production costs, or delay the development of operations.

In this regard, it is of particular note that the entry into force or implementation of new regulations in the North American market could negatively impact the ability to access this market and could also affect operations in other countries. Similarly, given the current context, it cannot be ruled out that the tightening of regulations already in force or those that may be implemented in the future, could in turn also have a negative impact on business activities and on the economic, asset and financial situation and/or growth prospects.

Pirelli continuously monitors these risk factors and their developments in order to implement measures to mitigate the potential impacts arising from such changes.

Risks Associated with the Shortage in Semi-Conductors

The automotive sector, which is closely tied to the availability of semi-conductors and to just-in-time strategies, is particularly exposed to geopolitical dynamics. Any disruptions or slowdowns in the supply of semi-conductors, whose production is geographically concentrated, similar to other strategic equipment, could have significant consequences on production volumes and, indirectly, on the demand for tyres by Original Equipment customers. The Group continuously monitors these risk factors, together with the current distortions in global logistics routes linked to the Middle East crisis, in order to promptly implement measures aimed at mitigating the potential impacts on demand.

Pandemic Risk

Pirelli markets its products globally in over 160 countries and operates industrial sites located in various regions of the world, some of which have been significantly impacted in the recent past by the COVID-19 pandemic and its subsequent variants. Any new epidemiological emergencies caused by highly critical pathogenic agents that might spread regionally and/or globally, could lead to a disruption in the normal market dynamics and, more generally, in business operating conditions. In terms of operational risks, Pirelli monitors, among other factors, potential risk events relative to both the resilience of the supply chain and the widespread use of new technological tools associated with remote working.

Risks Associated with the Evolution of Long-Term Demand

Mobility has undergone an unprecedented transformation in recent years, driven by technological changes (the electrification of propulsion, the automation of driving and digital connectivity), cultural shifts (such as the rising average age of obtaining a driving licence and the decreasing importance of owning a car, etc.) and regulatory measures, often aimed at restricting the presence of polluting vehicles in and around metropolitan areas.

In addition to this, the sudden spread of smart-working as a consequence of the COVID-19 pandemic, brought about further rapid change in people's mobility habits, creating an overlap of effects that are still in the process of stabilising.

Daily commuting has declined in many places, while travel related to non-systematic trips, especially those related to recreation and leisure, seem to have increased.

Also, as a result of this, the use of public transport, declined sharply at first and then slowly recovered without, however, returning to pre-pandemic levels in many cases. Meanwhile all means of individual travel (cars, motorbikes, mopeds, bicycles, e-scooters), both private and shared, have experienced a considerable boost in most cities.

The complete recovery of public transport and its further development, as desired by the policies of all major cities, will depend on the ability to respond effectively to peoples' new mobility needs. In the medium to long-term period, a reduction in the presence of the private car in urban areas seems very likely, which could be more than compensated by their increased use over long distances, both due to the factors mentioned earlier and due to the increasing automation in driving, which could bring about a competitiveness with flights and trains for medium-distance travel.

In light of these opposing trends, it is not easy to predict the potential impacts on the tyre sector. Pirelli constantly monitors these trends by analysing studies and data available at global and local level, by participating in both international projects (such as the Transport and Mobility Pathways initiative promoted by the World Business Council for Sustainable Development - WBCSD), along with national and international webinars and conferences on the topic.

Risks Related to Price Trends and the Availability of Raw Materials

Natural rubber, synthetic rubber and petroleum related raw materials (particularly chemicals and carbon black), will continue to be a source of uncertainty within the Group's cost structure, given the high volatility recorded in past years and their impact on the cost of the finished product. For the main raw materials purchased by the Group, potential price scenarios are constantly simulated based on historical volatility and/or the best information available on the market (e.g., forward prices). Based on the different scenarios, the necessary sales price increases and/or various internal cost efficiency recovery measures (use of alternative raw materials, reduction of product weight, process quality improvement and the reduction of waste levels), are identified in order to guarantee the expected profitability levels.

Risks Linked to the Competitive Positioning of the Group and to the Competitive Dynamics of the Sector

The market in which the Group operates is characterised by the presence of numerous operators, some of which have significant financial and industrial resources and own brands that enjoy strong international or local recognition. To date, Pirelli is the only player in the tyre industry entirely focused on the Consumer market on a global scale, with its single brand positioned in the segment of interest to the manufacturers and users of Prestige and Premium vehicles. Intensification in the level of competition in the sector in which the Group operates could, in the medium to long-term, impact its economic, asset, and financial situation. High barriers to entry - both technological and productive - provide structural mitigation against the potential intensification of competition in the Group's target market sectors. In addition to this is Pirelli's unique strategy which is built on, among other factors, an extensive homologation parc focused on the Prestige and Premium segments, along with an ever increasing emphasis on High Value.

STRATEGIC RISKS

Exchange Rate Risk

The diverse geographical distribution of Pirelli's manufacturing and commercial activities entails exposure to exchange rate risk, both transactional and translational. Transactional exchange rate risk is generated by transactions of a commercial and financial nature carried out by individual companies in currencies other than the functional currency, due to fluctuations in exchange rates between the time when the commercial/financial relationship is initiated and the time when the transaction is settled (collection/payment).

The Group's policy is to minimise - where the financial market allows it in an efficient manner - the impacts of transactional exchange rate risk linked to volatility, and for this reason, the Group's procedures provide that the Operating Units are responsible for gathering all the information relevant to positions exposed to transactional exchange rate risk (mainly represented by receivables and payables in foreign currency), which are hedged in the form of forward contracts which are entered into where possible, with the Group's Treasury. The managed positions subject to exchange rate risk are mainly represented by the receivables and payables in foreign currency. The Group Treasury is responsible for hedging the resulting net position for each currency and, in accordance with the established guidelines and predetermined restrictions, it in turn closes out all risk positions by negotiating hedging derivative contracts on the market, typically forward contracts. Of note is that, as part of the annual and three-year planning process, the Group formulates exchange rate forecasts based on the best information available on the market. Any fluctuation in an exchange rate between the time of planning and the time when a commercial or financial transaction occurs, determines a transactional exchange rate risk on future transactions. The Group assesses, on a case by case basis, the opportunity to carry out hedging transactions on future transactions, for which it typically uses both forward buy or sell transactions and optional risk-reversal type instruments. (e.g., zero cost collars). Pirelli holds controlling interests in companies that prepare their financial statements in currencies other than the euro, which is the currency used to prepare the consolidated Financial Statements. This exposes the Group to translational exchange rate risk, due to the conversion into euro of the assets and liabilities of subsidiaries operating in currencies other than the euro. The main exposures to translational exchange rate risk are continuously monitored, and at present it has been deemed appropriate to not adopt specific hedging policies for these exposures.

Liquidity Risk

In order to monitor the management of the risk of insufficient financial resources available to meet its own financial and commercial obligations within the established terms and deadlines, the Group implements both annual and three-year financial plans as well as treasury plans, with the aim of ensuring a comprehensive and accurate detection and measurement of incoming and outgoing cash flows. The differences between the planned and actual final data are subjected to constant analysis. The Group has implemented a centralised system for the management of collection and payment flows in compliance with the various local currency and tax regulations. The negotiation and management of banking relationships is carried out centrally, in order to ensure coverage for short and medium-term financial needs at the lowest possible cost. The procurement of medium to long-term resources on the capital market is also optimised through centralised management. The prudent management of the aforementioned risk requires the maintenance of an adequate level of cash or cash equivalents and/or easily liquidated short-term securities, and the availability of funds obtainable through an adequate amount of committed credit facilities and/or the recourse to the capital market. In addition to the committed credit facilities (*Revolving Credit Facilities*) totalling euro 1.5 billion, which December 31, 2024 resulted as being entirely unutilised, the Pirelli Group accesses the capital market to diversify both financial products and maturities in order to seize the best opportunities available.

Interest Rate Risk

Interest rate risk is represented by exposure to the variability in the fair value or in the future cash flows of financial assets or liabilities, due to changes in the market interest rates. The Group assesses, based on market conditions, whether to enter into derivative contracts, typically interest rate swaps and cross currency interest rate swaps.

Price Risk Associated with Financial Assets

The Group's exposure to price risk is limited to the volatility of financial assets such as equity securities and bonds, both listed and unlisted, which represented 1.8% of the Group's total assets, and were subdivided as follows;

- financial assets represented by listed equity securities and securities indirectly associated with listed equity securities, to the amount of euro 41.7 million. Any changes in the fair value of these securities is recognised under Other Comprehensive Income;

- financial assets represented by Argentine dollar-linked bond instruments, with the objective of mitigating the effects of the depreciation of the local currency, to the amount of euro 196.2 million. Any changes in the fair value of these securities is recognised in the Income Statement.

Derivatives are not typically placed on these assets to hedge their volatility.

Credit Risk

Credit risk represents the Group's exposure to potential losses resulting from the non-fulfilment of the commercial and financial obligations undertaken by counterparties. As regards these commercial counterparties, in order to limit this risk, Pirelli has put in place procedures to assess the potential and financial creditworthiness of its customers, to monitor expected cash flows and to take any recovery action. The aim of these procedures is to define customer credit limits, whereby in the event that those limits are exceeded, the rule to withhold further supplies is activated. In some cases, customers are asked to provide guarantees, mainly bank guarantees issued by parties of the highest credit or personal standing. Less frequently, mortgage guarantees may be requested. Another instrument used to manage commercial credit risk is the stipulation of insurance policies: for more than 10 years, a master agreement has been in place, and was renewed for the two-year 2024-2025 period, with a leading insurance company with an AA credit rating according to the ratings of Standard & Poor's, for the worldwide coverage of credit risk mainly related to sales in the

Replacement channel (the coverage ratio at December 31, 2024 was approximately 70%). However, as regards the financial counterparties for the management of its temporary cash surpluses, or for the negotiation of derivative instruments, the Group deals only with entities of the highest credit standing. Pirelli constantly monitors its net credit exposure to the banking system and, does not have any significant concentrations of credit risk.

Risks Associated with Human Resources

The Group is exposed to the risk of loss of human resources in key positions or in possession of critical know how. To mitigate this risk, the Group implements remuneration policies that are periodically updated, also based on changes in the general macroeconomic environment as well as on salary benchmarks. There are also long-term incentive plans and specific non-compete agreements (designed also as retention measures) tailored, among other things, to the risk profiles of business related activities. Furthermore, specific *"management"* policies are in place, which provide for career plans, internal and external training programmes and upskilling/reskilling initiatives aimed at developing, motivating and retaining talent.

OPERATIONAL RISKS

Risks Related to Environmental Issues

The activities and products of the Pirelli Group are subject to numerous environmental laws linked to the specificities of the different countries in which the Group operates. These regulations have in common a tendency to evolve and provide for increasingly restrictive requirements, also due to the growing attention of the international community to the issue of environmental sustainability. Pirelli expects the gradual introduction of increasingly stringent regulations on the various environmental aspects (atmospheric emissions, waste generation, soil impacts, water use, etc.), that may impact on companies. As a consequence, the Group expects to have to continue to make investments and/or incur costs that could be significant.

Employee Health and Safety Risks

In carrying out its activities, the Pirelli Group incurs charges and costs for the measures necessary to ensure full compliance with the obligations provided for by the regulations on health and safety in the workplace. Similarly, to what happens with regard to the environment, in the field of occupational health and safety increasingly stringent regulations and policies are being developed - both at the national and international level - that inevitably impact the operational management of activities at Group sites, technical investments and the models for allocating responsibilities. In this respect, Pirelli plans to continue making investments and/or incurring costs to ensure the highest levels of worker health and safety protection and the compliance with all applicable regulations in the countries where it operates.

Defective Product Risk

Like all manufacturers of goods for sale to the public, Pirelli may be subject to liability claims related to the alleged defects in products sold, or be required to initiate product recall campaigns. Although such events are covered from an insurance perspective, their occurrence could negatively impact the reputation of the Pirelli Brand, if not prevented or appropriately managed. For this reason, tyres marketed by Pirelli undergo rigorous quality analyses before being released to the market. The entire production process is governed by specific quality assurance procedures with safety and performance targets that are continuously updated and upgraded.

Litigation Risks

In carrying out its activities, Pirelli may become involved in legal, fiscal, commercial, labour law disputes. The Group takes the necessary measures to prevent and mitigate any potential consequences that may arise from any such proceedings.

Personal Data Processing Risks

In the normal course of Pirelli's business activities, personal data on employees, customers (B2C and B2B) and suppliers are supplied. The treatment of personal data collected by the Group companies is subject to the laws and regulations applicable in the countries in which these companies operate or are present. The Group has therefore implemented measures to achieve full compliance with all data protection regulations in force (while maintaining the Regulation (EU) 2016/679, known as the *"General Data Protection Regulation"* or *"GDPR"*, which came into effect in May 2018, as its legislative reference framework), in this way mitigating the risk of regulatory proceedings and/or privacy-related disputes. Nevertheless, any changes to applicable legislation, the introduction of new regulations, the launch of new products or services onto the market and, more generally, any new initiative involving the processing of personal data (or substantial modifications to the existing treatments of personal data), could result in the need to incur specific expenses, or require the Group to reassess its own approach to compliance in this area.

Cyber and Information Security Risks

The continued escalation of cyber security risk, which may be further heightened by the use of artificial intelligence technologies to carry out attacks, and the complexity of the international environment in which the Group operates, exposes it to cyber threats (e.g., ransomware, malware, attacks on internet faced systems), that could lead to the interruption of business activities for more or less prolonged periods of time, or events involving the loss of confidentiality of data critical to the Group (e.g., Data Exfiltration, Insider Threat, Social Engineering). In accordance with the Strategic Roadmap for Information Security, which is based on international standards, initiatives have been implemented to enhance the Group's cyber security position in response to identified risks. Monitoring these risks through an information security management system that is integrated with the Company's operational risk management process, including the monitoring of cyber security risks within the supply chain, is an essential part of their proper management. From a technological standpoint, having visibility and the active monitoring of security events within the manufacturing plant environment is a necessary prerequisite for protecting the Group's infrastructures, such as the continuous upgrading of technology and operating systems, in order to reduce vulnerabilities and the risks of outages and incidents that could impact business activities. The execution of cyber security awareness initiatives through testing, customised training, educational programmes and communication to update users on key cyber security risks, enhances the human factor, which provides an additional layer of protection in addition to processes and technologies.

Business Interruption Risks

The territorial fragmentation of operating activities and their interconnection expose the Group to risk scenarios that could lead to the interruption of its business activities for periods more or less prolonged periods of time, with the consequent impact on the operational capabilities and results of the Group itself. Risk scenarios related to natural or accidental events (fires, floods, earthquakes, etc.), to malicious acts (vandalism, sabotage, etc.), to malfunctions in the auxiliary production plants or to interruptions in the supply of utilities, can in fact cause significant property damage and the reduction and/or interruption of production, particularly if the event affects high volume or specialised product (high-end range) production sites. Pirelli monitors their vulnerability to catastrophic natural events (particularly floods, hurricanes and earthquakes) and assesses any potential damage (based on the probability of occurrence) for all the Group's production sites. The analyses confirm an adequate management of business interruption risks, thanks to a comprehensive set of security measures, systems for the prevention of harmful events and for the mitigation of the potential impacts on the business, also in light of the current business continuity plans, as well as the insurance policies in place to cover property damages and business interruptions that could potentially impact the Group's production plants, (the Group's insurance coverage might, however, not be sufficient to compensate for all potential losses and liabilities in the event of catastrophic events). The Pirelli supply chain is also regularly assessed for potential business interruption risks.

Risks Relative to the Financial Reporting Process

Pirelli has also implemented a specific and articulated risk management and internal control system, supported by a dedicated software application, for the preparation of the half-yearly and annual consolidated Financial Statements, in order to safeguard the Company's assets, its compliance with laws and regulations, the efficiency and effectiveness of corporate operations, as well as the reliability, accuracy and timeliness of its financial reporting. The process of preparing financial documentation, in particular, is carried out through the appropriate administrative and accounting procedures, developed in accordance with the criteria established by the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organisations of the Tradeway Commission. The administrative/accounting procedures for the preparation of the Financial Statements and all other financial communications, are prepared under the responsibility of the Manager responsible for the preparation of the Corporate Financial Documents, who verifies their adequacy and effective application on a half-yearly basis. In order to allow for the attestation by the Manager responsible for the preparation of the Corporate Financial Documents, a mapping of the companies and the relevant processes that contribute to and generate economic, asset, and financial information, was carried out. The identification of the companies that belong to the Group and the relevant processes, is carried out annually, on the basis of quantitative and qualitative criteria. The quantitative criteria consists of the identification of those Group companies which, in relation to the selected processes, represent an aggregate value which exceeds a defined materiality threshold. The qualitative criteria consists of the examination of those processes and companies which, according to the assessment of the Manager responsible for the preparation of Corporate Financial Documents, may present potential areas of risk even though they do not fall within the quantitative parameters described above. For each selected process, the control risks/objectives associated with the preparation of the Financial Statements and related disclosures, as well as with the efficiency of the internal control system in general, were identified. For each control objective, specific verification measures were planned and specific responsibilities were assigned. A system of supervision over the controls performed by way of a "*chain*" attestation mechanism, extending all the way to the Chief Executive Officers of each company within the scope of control. Any critical issues that emerge within the evaluation process are subject to a plan of actions whose implementation is then verified within the subsequent half-year. In addition, the Chief Executive Officer and the Chief Financial Officer of the subsidiaries, are required to provide a half-yearly declaration, on the reliability and accuracy of the data submitted for the purposes of preparing the Group's consolidated Financial Statements. In the lead up to the dates of the Board of Directors' Meetings which approve the consolidated data at June 30 and December 31, the results of the audit procedures are discussed with the Manager responsible for the preparation of the corporate financial documents. Lastly, the Internal Audit Department carries out periodic audits aimed at verifying the adequacy of the design and operability of the controls carried out on sample companies and processes, which are selected based on materiality criteria.

In addition, with the entry into force of the Corporate Sustainability Reporting Directive (CSRD) and the consequent changes in the process of preparing the Group's Sustainability Disclosure, Pirelli has extended and strengthened the internal control system for Sustainability Disclosure (compared to what had already been implemented in previous years with regard to the Non-Financial Declaration, prepared pursuant to Legislative Decree No. 254/2016). In particular, the new control framework is now more closely aligned with the requirements for Financial Disclosure. For further details, reference should be made to the section dedicated to the control system, contained in the Sustainability Disclosure itself.

SOCIAL - ENVIRONMENTAL RESPONSIBILITY RISKS

Risks Relative to Social and Environmental Responsibility and Business Ethics

Risk management at Pirelli is enterprise-wide and includes the identification, analysis and monitoring of environmental, social, economic/financial and business ethics risks that are directly or indirectly linked to the Company, through Pirelli affiliates or in dealings with them, such as those related to the sustainability of the supply chain. Before investing in a specific market or initiating new business relations (e.g., M&A, joint ventures), Pirelli conducts ad hoc assessments, including through due diligence, on potential political, financial, environmental and social risks, with a particular focus on the compliance with human and labour rights. In countries where the Group is already present, a systematic monitoring of the internal and external scenario is carried out to mitigate the risks associated with the environments in which it operates and the value chain. This approach makes it possible to prevent any negative impacts, and to undertake to remedy them where necessary. Alongside the continuous monitoring of the application of internal prescriptions regarding financial, social, environmental sustainability and business ethics at Group sites, which occurs through the periodic audits performed by the Internal Audit Department, Pirelli has adopted an ESG (Environmental and Social Governance) risk mitigation strategy for its own supply chain. For further information, on the model used for managing sustainability risks along the supply chain, reference should be made to the paragraph *"Our Suppliers"*. For the corporate governance aspects of human rights issues, reference should be made to the paragraph *"Compliance of Human Rights"*. For the management of internal risk within the subsidiaries, reference should be made to the paragraph *"Compliance with the Legislative-Contractual Requirements on Overtime, Rest, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Compulsory Labour"*. For the management of climate change risks, reference should be made to the section of the Annual Report entitled "*Consolidated Sustainability Reporting*", pursuant to Legislative Decree No. 125 of September 6, 2024.

EMERGING RISKS

Having joined the Task Force on Climate Related Financial Disclosures (TCFD) in September 2018, Pirelli applies all the recommendations made by the TCFD, and is committed, on a voluntary basis, to the dissemination of transparent accounting and the disclosure of any relevant information on climate change related risks and opportunities. To this end, Pirelli monitors these elements of uncertainty along its value chain through sensitivity analyses and risk assessments, to assess and quantify the financial impacts (risks and opportunities) related to climate change and water stress, and to put in place appropriate prevention and mitigation measures to protect its business. One instrument to support these analyses is the Group's Climate Change and Risk Assessment, which is updated periodically to integrate these analyses with forecasts for the medium to long-term time frame, with respect to the IPPC[11] (Intergovernmental Panel on Climate Change) climate scenarios, (RCP 1.9, RCP 2.6, RCP 4.5, and RCP 8.5)[12] and the IEA[13] (International Energy Agency) for energy transition (NZE, APS and STEPS)[14].

For the full description of the eleven TCFD recommendations, reference should be made to the "*Consolidated Sustainability Reporting*" section and the paragraph *"Management of Greenhouse Gas Emissions and Climate Transition Plan*", and to Pirelli's public responses to the CDP Climate Change questionnaire.

Risks related to Increasing Costs relative to Climate Changing Gas Emissions

Consistent with the findings of the Group's latest Climate Change Risk Assessment, the introduction and/or tightening of the current CO_2 emission pricing schemes in the countries where the Group operates, could entail the risk of increased production costs for the Company's operations.

This phenomenon could materialise not only at a European level, where the Emissions Trading System (ETS) mechanism has already been active for years, with impacts that are already evident in the Group's factories in the EU, but also in other economies that already have carbon taxation policies in place or are in the policy evaluation phase (China, Brazil, Mexico and the UK, amongst others).

For the purposes of monitoring the possible impacts, different evolutions of the price of CO_2 have been hypothesised, both on the basis of the forecasts published by the IEA for the STEPS, APS, NZE scenarios, taking into consideration the pathways for the carbon emission intensity of the production sites which are consistent with the Group's objectives, and assuming three different scenarios with respect to the climate scenarios and the time frames under consideration:

- NZE: the implementation of ETS (the Emissions Trading System) in countries that already have an existing framework (e.g., the EU, Mexico, China and Brazil) in the medium-term (2030) and with an extension of the application of an ETS framework to all Group countries in the long-term period (2050);

- APS: the implementation of ETS only in the European manufacturing plants without installed power constraints in the medium-term (2030), and the application of ETS to countries that already have an existing framework (e.g., the EU, Mexico, China and Brazil), in the long-term period (2050);

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11 Intergovernmental Panel on Climate Change.

12 The group of scenarios which represent a projected end-of-century global temperature increase of between <1.5°C (RCP1.9) and >4°C (RCP8.5).

13 International Energy Agency.

14 Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), Net Zero emissions by 2050 (NZE).

- STEPS: the implementation of ETS only in manufacturing plants where it is currently already applied without free allowance allocation quotas, in the medium (2030) and long-term period (2050).

The impact of the risk was assessed in economic terms for the 2024-2050 time period, by calculating the potential additional costs for the Group based on the options described above, in the event of introductions and/or escalations to the carbon pricing system currently in place.

No material impact emerged from the assessment for the short-term (2024-2025) and medium-term (2030). However, elements of uncertainty remained as to the significance of the long-term period impacts (2050) in the event of the NZE scenario occurring.

In addition, due to the potential impacts on production related aspects, Pirelli constantly monitors potential developments in the carbon pricing policies of the main countries in which it operates, so as to proactively intercept any deviations from the announced targets, and be able to implement mitigation measures. In this regard, Pirelli has already adapted its production strategy concerning energy procurement with a plan, that by 2025, it aims to achieve 100% of electricity purchased from the grid to be sourced from renewable energy, the improvement of energy efficiency in its manufacturing plants, and the progressive electrification of its processes.

Risks related to Changes in the Energy Requirements of Production Plants

The global rise in temperature due to climate change determines, among other things, shifts in energy demand at the Group's production plants. This phenomenon could lead to an increase in the energy consumption used for cooling the plants and in the production processes, with a consequent increase in costs. As part of the most recent Climate Change Risk Assessment, Pirelli conducted a study to quantify changes in the net energy demand, availing itself with specialised tools for mapping the exposure to chronic physical hazards (e.g., a heatwave) by taking into account, starting from the current energy requirements of the manufacturing plants, the potential changes in consumption under different RCP scenarios. Although it emerged that some production sites will require a greater supply of energy, the impact of the risk did not result as material in either the short or medium to long-term period (2025-2050).

Risks related to Potential Volatility and Unavailability of Natural Rubber

In context of climate change, drier seasons, significant changes in temperature and extreme rainfall events could threaten natural rubber production in the South-East Asian plantations. Furthermore, climatic and environmental changes could influence the spread of pests and diseases that affect rubber, putting harvests at risk. This scenario could affect the production of the raw material in the region, possibly leading to its reduction in the long-term period.

Through Climate Change Risk Assessment, the Group assesses the effects of climate change to anticipate and mitigate the consequences on the supply chain, and adopting strategies for diversifying its sources of supply. Pirelli scrupulously monitors the impact of the risk associated with price volatility and natural rubber availability in South-East Asia, as well as potential changes in the geographical distribution of production at global level.

Physical Risks due to Climate Change impacting Production Plants and Supply Chains

Current climate change involves, among other things, an increase both in terms of the frequency as well as the severity of catastrophic natural events (such as floods, droughts, wildfires, hailstorms and tornadoes), which could impact both Pirelli's production sites and those of its suppliers.

The Group's Climate Change Risk Assessment takes into account the main climate risk assessment models (IPCC) availing itself with specialised tools for mapping the exposure to physical hazards, as well as with risk mitigation and adaptation measures already in place at various production sites, and then estimates the potential damage to assets and the number of business interruption days for the Group's plants and for strategic suppliers, resulting from the main risks (floods, droughts, wildfires and storms, among others). Where possible, risks have been projected up until 2050, based on the different degrees of global temperature increases as defined by the IPCC climate scenarios (RCP 1.9, RCP 2.6, RCP 4.5 and RCP 8.5).

The analysis of physical risks was carried out both in terms of potential damage to assets (Property Damage) and in terms of potential business Interruption days, by calibrating the climate models to historical events, and thereby correlating the intensity of the events with consequent production downtime. In terms of potential criticality for the Group, no significant impacts are foreseen in the short-medium term (2024-2030), while elements of uncertainty remain on the horizon towards 2050.

The Pirelli Group constantly monitors these risk elements both in terms of production plants and the supply chain, in order to proactively pursue mitigation strategies both in terms of CapEx, as well as scouting and compounding for the supply chain to reduce the risk of damage to its strategic assets and the risk of business interruption.

Risks associated with the Evolution of Mobility Models

Given the evolution of climate patterns, market preferences and urban policies in the medium to long-term, an element of uncertainty exists with regard to trends in mobility demands. In fact, an upward trend can be observed in the market shares gained by electric and shared vehicles, which are increasingly perceived as commodities. These vehicle types require tyres with ever increasing durability, and have a lower impact on the demand for ancillary services.

The risk therefore is dependent on the unpredictability of possible sudden accelerations or decelerations in the evolution of demand, with a consequent impact on the speed of adaptation of tyre manufacturing technologies and/or related services, or, alternatively, in the risks associated with converting production processes and/or services that are not aligned with market demand.

In this context, Pirelli has already integrated product lines dedicated to these markets, while continuing to produce tyres for internal combustion vehicles, which to date still represent the majority of vehicles on the market. Therefore, in order to ensure a growing market presence, avoid a decline in sales and maintain leadership in the relevant segment, the Company:

- closely monitors demand trends in order to anticipate any changes in the market environment;
- tracks technological trends in order to promptly offer the correct product in alignment with market needs;
- guarantees the constant oversight of homologations (Original Equipment requests), with a particular focus on electric vehicles;
- prioritises a just-in-time approach that combines production speed and flexibility, in order to promptly accommodate new specific requests.

Furthermore, considering that the new types of vehicles and mobility will feature lower maintenance requirements, greater autonomy and therefore increased safety in the event of unforeseen events (e.g., punctures), the Company:

- sets targets for wear rate reduction for all new product lines;
- applies extended mobility technologies, self-supporting tyres (e.g., run flat, run forward), self-sealing tyres (seal inside), which increase safety levels in the event of punctures;
- provides all season tyres to minimise seasonal tyre replacement activities (summer - winter change overs) and therefore reduce vehicle downtime.

OUTLOOK FOR 2025

Pirelli, in light of the high uncertainties regarding US tariffs, confirms the targets communicated to the market on February 26. The group has nonetheless defined a plan to mitigate the impact of US tariffs – should the currently announced measures come into effect – with the aim of ensuring the Adjusted Ebit and cash targets at the lower end of the guidance range, thereby achieving the deleverage objective.

(in billions of euro)	**2024**	**2025E**
Revenues	6.77	~6.8 ÷ ~7.0
EBIT margin adjusted	15.7%	~16%
Investments (CapEx)	0.42	~0.42
% of revenues	*6.1%*	*~6%*
Net cash flow before dividends	0.53	~0.55 ÷ ~0.57
Net Financial Position	-1.93	~-1.6
NFP/EBITDA adj.	*1.27x*	*~1.0x*
ROIC *post taxes*	23.2%	~23%

Market Outlook for 2025

The **global scenario** for **2025** is constantly evolving and is characterised by increasing risk at geopolitical level, due to trade uncertainties linked to the potential introduction of tariffs, with consequent impacts on economic growth, inflation and consumption.

For 2025, the **trend in global demand for Car tyres** is expected to be in the range of **~-1% ÷ ~+1%**. For Original Equipment, a *"low-single digit"* decline is expected, due to weak automobile production in the EU and in North America. Expectations for the Replacement channel are for stable/slight growth.

Car ≥18" confirms its resilience, with an expected *"mid-single digit"* growth in demand, compared to a "*low single digit"* decline in demand for **Car ≤17"**.

In light of the results achieved in 2024, Pirelli has confirmed the 2025 targets set out in the Industrial Plan, despite strong volatility in the macroeconomic environment.

Pirelli expects to outperform the market, especially with High Value and to continue to reduce its exposure to Standard.

Specifically, expectations are as follows:

- **Revenues in the range of euro ~6.8 and ~7.0 billion**, with:
  - **volumes which are expected to grow** between ~+1% and ~+2%;
  - **price/mix improvement** in the range of ~+2% / ~+3%, primarily driven by the product mix;
  - the **impact** of the **exchange rate effect** expected to be between ~-2.5% / ~-1.5%**;**
- **EBIT margin adjusted** of ~16%, also thanks to a strengthened efficiency plan, estimated at **approximately euro 150 million** for 2025, compared to the euro 135 million forecast in the Industrial Plan;
- **Net cash generation before dividends** expected to be **between euro ~550 and ~570 million**;
- **Investments** of **euro ~420 million** (~6% of revenues);
- **Net Financial Position** of euro ~-1.6 billion, with a ratio between the NFP/EBITDA adjusted, equal to ~1 times.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

On **February 7, 2025**, Pirelli announced that it has been confirmed - for the seventh consecutive year - as among the global leaders in the fight against climate change, earning a place on the 2024 Climate A list compiled by the CDP, the international non-profit organisation that has collected and analysed the environmental information of more than 24,800 companies. The *"A"* rating is the highest possible score attainable in the Climate section, and was awarded to Pirelli based on its decarbonisation strategy, the effectiveness of its efforts to reduce emissions and climate risks and in developing a low carbon emissions economy, as well as on the completeness and transparency of the information provided and on the adoption of best practices associated with environmental impacts.

On **February 11, 2025**, Pirelli announced that it had been ranked as one of the *"Top 1%"* companies in the 2025 Sustainability Yearbook - the only global tyre manufacturer - thus obtaining the highest possible recognition following the sustainability analysis carried out by S&P Global on approximately 7,700 companies. The result follows Pirelli's top score in the 2024 Corporate Sustainability Assessment by S&P Global, where the Company ranked first (84 points), in both the Auto Components and Automotive sectors, securing its place in the Dow Jones Sustainability World and Europe Indexes.

In **April 2025**, the US administration announced the introduction of tariffs for the Auto & Parts sector starting from May 3, 2025, and reciprocal tariffs on various countries, the latter being temporarily suspended. Additionally, tariffs on products compliant with the USMCA agreements from Mexico and Canada are also temporarily suspended. Pirelli, in light of the high uncertainties regarding US tariffs, confirms the targets communicated to the market on February 26. The group has nonetheless defined a plan to mitigate the impact of US tariffs – should the currently announced measures come into effect – with the aim of ensuring the Adjusted Ebit and cash targets at the lower end of the guidance range, as stated in the paragraph "Outlook for 2025" of this document, thereby achieving the deleverage objective.

On **April 23, 2025**, Pirelli and CTS, an independent operator specializing in retail and services in the tire industry active in Northern Europe, signed a preliminary agreement for a long-term strategic partnership. This partnership will enable Pirelli to strengthen its commercial presence and High Value strategy in the region, while CTS will further enhance its ability to serve customers throughout Sweden. The operation involves CTS acquiring Däckia AB from Pirelli, which currently consists of a network of 60 directly owned stores and 42 affiliates operating in Sweden. The preliminary value of the acquisition is approximately 260 million SEK (around 24 million euros). The transaction, subject to customary closing conditions and regulatory approvals, is expected to be finalized by July 2025. Simultaneously, an agreement between Pirelli and Däckia for the supply of tires until 2030 will come into effect. This agreement will ensure the distribution of Pirelli products and its role as the main supplier. The alliance will allow Pirelli to rely on a more structured distribution system, with an expected greater market coverage, and on the retail specialization that distinguishes CTS in the region.

ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter, even though not provided for by the IFRS (Non-GAAP Measures), in compliance with the ESMA Guidelines on Alternative Performance Indicators (ESMA/2015/1415 Guidelines) published on October 5, 2015. These measures are presented in order to allow for a better assessment of the results of the Group's operations, and should not be considered as alternatives to those required by the IFRS.

Specifically, the Non-GAAP Measures used were as follows:

- **EBITDA**: equal to the EBIT but excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;

- **EBITDA adjusted**: an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses;

- **EBITDA margin**: calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments;

- **EBITDA margin adjusted**: calculated by dividing the EBITDA adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments and the operating costs attributable to non-recurring, restructuring and one-off expenses;

- **EBIT**: an intermediate measure which is derived from the net income/(loss), but which excludes taxes, financial income and financial expenses and the net income/(loss) from equity investments. The EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;

- **EBIT adjusted**: an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;

- **EBIT margin**: calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;

- **EBIT margin adjusted**: calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;

- **Net income/(loss) adjusted**: calculated by excluding the following items from the net income/(loss):
  - the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;
  - non-recurring expenses/income recognised under financial income and expenses;
  - non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;
- **Fixed assets**: this measure is constituted by the sum of the Financial Statement items, *"Property, plant and equipment", "Intangible assets", "Investments in associates and joint ventures", "Other financial assets at fair value through other Comprehensive Income" and "Other non-current financial assets at fair value through the Income Statement".* Fixed assets represent the non-current assets included in the net invested capital;
- **Net operating working capital**: this measure is constituted by the sum of *"Inventory", "Trade receivables"* and *"Trade payables"*;
- **Net working capital**: this measure is constituted by the net operating working capital and by other receivables and payables, including tax receivables and payables, and by the derivative financial instruments not included in the net financial position. This measure represents the short-term assets and liabilities included in the net invested capital, and is used to measure short-term financial stability;
- **Net invested capital**: this measure is constituted by the sum of (i) fixed assets, and (ii) net working capital. Net invested capital is used to represent the investment of financial resources;
- **Provisions**: this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Provisions for employee benefit obligations (current and non-current)", "Other non-current assets", "Deferred tax liabilities"* and *"Deferred tax assets";*
- **Net financial debt**: calculated pursuant to the CONSOB Notice dated July 28, 2006 and in compliance with the ESMA Guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable as of May 5, 2021. Net financial debt represents borrowings from banks and other financial institutions net of cash and cash equivalents, of other current financial assets at fair value through the Income Statement, of current financial receivables (included in the Financial Statements under *"Other receivables"*), and of the derivative hedging instruments for items included in the net financial position and included in the Financial Statements under *"Derivative financial instruments"* as current assets, current liabilities and non-current liabilities;
- **Net Financial Position**: this measure represents the net financial debt less the non-current financial receivables (included in the Financial Statements under *"Other receivables"*) and the

non-current derivative financial hedging instruments for items included in the net financial position and included in the Financial Statements under *"Derivative financial instruments"* as non-current assets. The net financial position is an alternative measure to net financial debt but which includes non-current financial assets;

- **Liquidity margin**: this measure is constituted by the sum of the Financial Statement items, *"Cash and cash equivalents", "Other financial assets at fair value through the Income Statement"* and the committed but unutilised credit facilities;

- **Operating net cash flow**: calculated as the change in the net financial position relative to operations management;

- **Net cash flow before dividends, extraordinary transactions and investments**: is calculated by adding the change in the net financial position due to financial and tax management, to the operating net cash flow;

- **Net cash flow before dividends paid by the Parent company**: calculated by adding the change in the net financial position due to extraordinary transactions and the management of investments, to the net cash flow before dividends, extraordinary transactions and investments;

- **Net cash flow**: calculated by subtracting the dividends paid by the Parent company from the net cash flow before dividends paid by the Parent company;

- **Investments in intangible and owned tangible assets (CapEx)**: calculated as the sum of investments (increases) in intangible assets and investments (increases) in property, plant and equipment excluding any increases relative to the right of use;

- **Increases in the right of use**: calculated as the increases in the right of use relative to lease contracts;

- **ROIC**: calculated as the ratio between the EBIT adjusted net of tax effects and the average net invested capital net of provisions which does not include*, "Investments in associates and joint ventures*"*, "Other financial assets at fair value through Other Comprehensive Income", "Other non-current financial assets at fair value through the Income Statement", "Other non-current assets"*, the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter and the *"Provisions for employee benefit obligations, current and non-current".*

OTHER INFORMATION

ROLE OF THE BOARD OF DIRECTORS

For more information on the role of the Board of Directors, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2024 Annual Report group of documents, as well as to the additional information published on the Pirelli website (www.pirelli.com) in the Governance section.

INFORMATION ON THE SHARE CAPITAL AND OWNERSHIP STRUCTURE

The subscribed and paid-up share capital at the date of approval of this Financial Report was euro 1,904,374,935.66, represented by 1,000,000,000 registered ordinary shares without indication of their nominal value. Each share entitles the holder to one vote. There are no other categories of shares.

The Extraordinary Pirelli Shareholders' Meeting held on March 24, 2021, resolved to increase the share capital in cash, by payment in one or more tranches, excluding option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total countervalue, including any share premium, of euro 500,000,000.00 to service the conversion of the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"*, to be paid in one or more tranches through the issue of ordinary shares of the Company, with regular dividend entitlements, up to a maximum amount of euro 500,000,000.00, to exclusively service the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* issued by the Company, in accordance with the criteria provided for in the relevant Regulation, with the understanding that the final subscription date for the newly issued shares is set as December 31, 2025 and that, in the event that the capital increase has not been fully subscribed by that date, the same shall in any case be deemed to have been increased by an amount equal to the subscriptions received and as of that date, with the express authorisation for the Directors to issue the new shares as they are subscribed. No fractions of shares will be issued or delivered and no cash payments or adjustments shall be made in lieu of any such fractions.

On 16 June 2023, the Prime Minister's Office adopted a measure containing some prescriptions pertaining to Pirelli's corporate governance (the "**Golden Power Prime Ministerial Decree**"). These prescriptions, addressed both to the shareholder National Chemical Corporation Limited ("**CNRC**") and to Pirelli itself, entail, *inter alia*, the obligation to adopt both "*structural safeguards independent of the temporary nature of the shareholders' agreement*" and "*a network of measures operating together to protect the autonomy of Pirelli & C. S.p.A. and its management*, *and to protect the information of strategic importance held by the Company*".

The Golden Power Prime Ministerial Decree prohibits CNRC from exercising management and coordination activities over Pirelli pursuant to Articles 2497 *et seq.* of the Italian Civil Code and requires it, *inter alia*, by way of example only:

(i) to ensure Pirelli complete autonomy in the management of relations with customers and suppliers;

(ii) to ensure that Pirelli independently prepares the strategic, industrial and financial plans and/or budgets of the Company and the Group;

(iii) to guarantee that Pirelli shall not be subject to instructions by the Sinochem Group;

(iv) not to adopt any deeds, resolutions or communications that may suggest that Pirelli's decisions are the consequence of desires and instructions imposed upon it by CNRC;

(v) not to centralise treasury services or other financial assistance or coordination functions (e.g. cash pooling) or other technical coordination functions (e.g. integration of Pirelli's IT systems into those of Sinochem Holdings Corporation Ltd., including those of Pirelli's Chinese subsidiaries);

(vi) not to issue any orders or instructions and in any case not to coordinate the initiatives regarding financial and credit-related decisions and research and development in Pirelli;

(vii) not to issue directives regarding any special transactions carried out by Pirelli including, for example, the listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers, spin-offs;

(viii) not to make any crucial decisions regarding the operating strategies of Pirelli or formulate group strategic guidelines;

(ix) to guarantee the absence of any organisational-functional connections between Pirelli, on the one hand, and CNRC, on the other.

The Golden Power Prime Ministerial Decree also requires the CNRC to undertake to ensure that:

(i) the Chief Executive Officer of Pirelli, drawn from the majority slate submitted by CNRC, is indicated by Camfin;

(ii) out of 12 Directors drawn from the majority slate, 4 are appointed by Camfin;

(iii) the position of General Manager is introduced, to whom the power to implement Pirelli's business plan, budget and ordinary management is delegated;

(iv) all of Pirelli's Delegated Bodies are to be appointed exclusively from among the Directors designated by Camfin;

(v) the power to appoint and dismiss Managers and Deputy Managers of Pirelli is deferred to the Executive Vice Chairman or to the Chief Executive Officer;

(vi) Pirelli's Bylaws are amended so that, in relation to Board resolutions pertaining to the assets of strategic importance (as identified in the Golden Power Prime Ministerial Decree) in addition to the appointment and dismissal from the office of Key Managers, the proposal is reserved for the Chief Executive Officer and any decision contrary thereto may only be adopted with the vote against of at least 4/5 of the Board of Directors (thereby attributing veto power over such resolutions to the Directors elected by Camfin).

Considering the above, the majority of the Pirelli Board of Directors is now composed of independent directors, and the majority of the Directors drawn from the list submitted by the CNRC (8 out of 12) are also independent directors or directly designated by Camfin; limiting to 4 (four) the (non-executive) "non-independent" directors designated by CNRC who, in turn, will have to comply with the requirements dictated by the Golden Power Prime Ministerial Decree, including the one aimed at "*ensuring the absence of organisational-functional links between Pirelli on the one hand and CNRC on the other*".

Adoption of the Golden Power Prime Ministerial Decree made it necessary to carry out a number of in-depth investigations to ascertain the continued existence of MPI Italy control over Pirelli pursuant to the international accounting standard IFRS 10 *"Consolidated Financial Statements"*. On this point, a question was submitted to Consob by the Board of Statutory Auditors and management on 15 February 2024 ("**Question**"). On 31 July 2024, Consob, following proceedings initiated as a result of the Question: (a) communicated the relative results to Pirelli, envisaging the obligation for the Company Board of Directors to assess the existence or otherwise of a controlling entity in accordance with IFRS 10; (b) recalled the commitment required by the Golden Power Prime Ministerial Decree on the part of CNRC not to exercise direction and coordination, and therefore the commitment not to provide directors with indications; (c) emphasised the mandatory nature of certain provisions of said Prime Ministerial Decree concerning the role of Camfin S.p.A. (e.g. regarding the appointment of the Chief Executive Officer who proposes the strategic plan, and the Executive Vice Chairman who outlines the strategies) that strengthen the autonomy of the Company's Board of Directors and that "*prevent the shareholder [Marco Polo International Italy S.r.l ("**MPI Italy**")] from being able – even if not exercised – to influence the significant decisions of the Issuer*".

The Company conducted in-depth studies assisted by opinions from leading auditing firms with reference to the correct application of the accounting standard IFRS 10, as well as additional opinions received from external legal advisors, and took into account the additional documentation submitted in the proceedings initiated by Consob following the Question, and the documentation (including briefs and opinions) provided by the other intervening parties, MPI Italy and Camfin S.p.A. ("**Camfin S.p.A.**").

While conducting these investigations, in order to assess the existence of control by an entity pursuant to IFRS 10, the Company focused on the three requirements of that standard, namely whether an entity has simultaneously (i) power over the investee entity; (ii) exposure or rights to variable returns arising from the relationship with the investee entity; and (iii) the ability to exercise its power over the investee entity in order to affect the amount of its returns. More specifically, focusing on the first requirement, the decisions that generally represent exercise of the power of an investor over another entity were analysed, with an indication for each one of whether MPI Italy can unilaterally take the aforesaid decisions through the rights resulting from the 2023 Shareholders' Agreement Renewal, as amended to incorporate the provisions of the Golden Power Prime Ministerial Decree. Please find below the outcome of these analyses for each decision:

- Appointment and dismissal of executive directors (Executive Vice Chairman and Chief Executive Officer): the two executive directors were assigned the first one by the parties upon appointment by Camfin and the second one by express provision of the Golden Power Prime Ministerial Decree, upon indication by Camfin. The dismissal or replacement of the CEO can only take place upon the proposal of the Executive Vice Chairman (a Camfin person), also delegated to propose a replacement who must be a director representing Camfin;

- Preparation of the budget and the business plan and any significant amendments to be submitted for approval by the Board of Directors: the proposal to the Board of Directors of the budget and business plan and any possible changes must be formulated by the CEO, appointed by Camfin. The Board of Directors has the sole right to approve the CEO proposal or to vote against it, giving adequate reasons and taking the best interests of Pirelli into account. Although MPI Italy has the right to appoint the majority of directors (four of whom "independent"), the MPI Italy right to provide guidelines to the directors it appoints is severely limited by the provisions of the Golden Power Prime Ministerial Decree; so the MPI rights do not appear to be substantive rights, in accordance with IFRS 10 provisions;

- Appointment and dismissal of key managers: the appointment or dismissal of key managers must be put forward by the CEO and any resolution against that proposal requires the favourable vote of at least 4/5 of the members of the Board of Directors – a qualified quorum higher than the number of directors appointed by MPI Italy;

- Matters reserved for the Board of Directors: although the 2023 Shareholders' Agreement envisages that certain decisions are taken by the Board of Directors with a simple majority, and thus potentially by MPI Italy through its directors, this right is severely limited by the provisions of the Golden Power Prime Ministerial Decree. So MPI rights do not appear to be substantive ones, in accordance with the provisions in IFRS 10;

- Decisions pertaining to the Pirelli strategic assets as identified by the Golden Power Prime Ministerial Decree: in accordance with provisions in the Golden Power Prime Ministerial Decree, the Bylaws envisage that in relation to board resolutions pertaining to assets of strategic importance as identified by the Prime Ministerial Decree, the proposal is reserved for the CEO and any resolution against that proposal requires the favourable vote of at least 4/5 of the members of the Board of Directors – a qualified quorum higher than the number of directors appointed by MPI Italy.

Furthermore, the Company considered that in the aforementioned provision, Consob asked the Board of Directors to assess, for the purposes of resulting decisions on the permanence of control, whether MPI Italy has the concrete capacity to dismiss the management body in the event of a disagreement with the Board of Directors on the strategic directions taken and, ultimately, on the returns that the investee generates. To this end, the Company has assessed that in the Ordinary Shareholders' Meetings held from 2018 to 2023 there was a shareholding of over 80% and in the 2024 Shareholders' Meeting it was 88%, which does not allow MPI Italy to independently decide the outcome of the Shareholders' Meeting and dismiss the administrative body in its entirety; nor can MPI Italy influence the appointment and dismissal of the Company managing bodies, devolved to Camfin, pursuant to the Golden Power Prime Ministerial Decree and the Shareholders' Agreement between Camfin and CNRC.

The result of all these considerations is that the issuance of the Golden Power Prime Ministerial Decree resulted in the **loss of the unilateral control of MPI Italy (and, as a result, that of Sinochem) over Pirelli pursuant to IFRS 10 and, at the same time, Pirelli is not subject to the unilateral control of any entity under the aforementioned accounting standard.**

Updated excerpts of the existing agreements between some of the Shareholders, including the indirect Shareholders of the Company, which contain the provisions of the Shareholders' Agreements regarding, amongst other things, the corporate governance of Pirelli, are available on the Company's website. For further details on the Company's corporate governance and ownership structure, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2024 Annual Report group of documents, as well as to the additional information available on the Pirelli website (www.pirelli.com), in the Governance and Investor Relations sections.

WAIVER OF THE PUBLICATION OF INFORMATION DOCUMENTS

The Board of Directors, taking into account the simplification of the regulatory requirements introduced by CONSOB in the Issuer's Regulation No. 11971/99, resolved to exercise the option to derogate, pursuant to the provisions of Article 70, paragraph 8, and Article 71, paragraph 1-bis of the aforesaid Regulation, from the obligation to publish the prescribed disclosure documents at the time of significant mergers, de-mergers, capital increases through contributions of assets in kind, acquisitions and disposals.

FOREIGN SUBSIDIARIES NOT BELONGING TO THE EUROPEAN UNION (EXTRA-EU COMPANIES)

Pirelli & C. S.p.A. directly or indirectly controls some companies based in countries which do not belong to the European Community ("*Extra-EU Companies*"), which hold particular significance pursuant to Article 15 of CONSOB Regulation No. 20249 of December 28, 2017, concerning Market Regulations.

With reference to data at December 31, 2024, the Extra-EU Companies controlled directly or indirectly by Pirelli & C. S.p.A., which are of relevance pursuant to Article 15 of the Market Regulations, are:

LLC Pirelli Tyre Russia (Russia); Pirelli Pneus Ltda. (Brazil); Pirelli Comercial de Pneus Brasil Ltda. (Brazil); Comercial e Importadora de Pneus Ltda. (Brazil); Pirelli Tire LLC (USA); Pirelli Tyre Co., Ltd. (China); Pirelli Otomobil Lastikleri A.S. (Turkey); Pirelli Neumaticos S.A.I.C. (Argentina); Pirelli Neumaticos S.A. de C.V. (Mexico); Pirelli UK Tyres Ltd. (United Kingdom); Pirelli Tyre (Suisse) S.A. (Switzerland) and Pirelli Tyre (Jiaozuo) Co., Ltd. (China).

Also pursuant to the same aforementioned regulatory provision, the Company has specific and appropriate Group Operating Regulations in place that ensures the immediate, constant and full compliance with the provisions of the aforementioned CONSOB Regulation. In particular, the competent Company managements carry out the timely and periodic identification and disclosure of the Extra-EU Companies deemed relevant to the Market Regulation and - with the necessary and appropriate collaboration of the companies concerned – they guarantee the collection of data and information as well as the verification of the circumstances referred to in the aforementioned Article 15, ensuring the availability of the information and data provided by the subsidiaries in the event of a request by CONSOB. A periodic flow of information is also provided for in order to ensure that the Board of Statutory Auditors of the Company, can carry out the prescribed and appropriate checks. Lastly, the aforementioned Operating Regulation, consistent with regulatory provisions, governs the public disclosure of the Financial Statements (that is the Statement of Financial Position and Income Statement), of the relevant Extra-EU companies, which are prepared for the purpose of drafting the consolidated Financial Statements of Pirelli & C. S.p.A. It is therefore noted that, the Company has fully complied, with the provisions of Article 15 of the aforementioned CONSOB Regulation No. 20249 of December 28, 2017 and that the required conditions set forth therein, have been met.

RELATED PARTY TRANSACTIONS

During the periodic review of existing procedures which occurred on May 9, 2024, the Company's Board of Directors - subject to the unanimous opinion of the Committee for Related Party Transactions (***"RPT Committee"***) which deliberated with the presence of all its members - updated the Procedure for Related Party Transactions (***"RPT Procedure"***), with amendments of a formal nature, which mainly refer to the changes to the Company's organisational structure which took place following the last revision.

The RPT Procedure is available on the Company's website (www.pirelli.com). For further details, reference should be made to the section *"Directors' Interests and Related Party Transactions"* included in the Report on Corporate Governance and Ownership Structure, contained in the 2024 Annual Report.

Related Party Transactions do not qualify as either atypical or unusual, but are instead part of the ordinary course of business for the companies of the Group, and are carried out in the interest of the individual companies. These transactions are carried out in accordance with conditions that are standard or market equivalent. Furthermore, they are carried out in compliance with the RPT Procedure.

Pursuant to Article 5, paragraph 8 of CONSOB Regulation No. 17221 of March 12, 2010, as subsequently amended and integrated, (the most recent, by CONSOB Resolution No. 22144 of December 22, 2021), concerning Related Party Transactions, it should be noted that during the course of the 2024 financial year, that no transaction of significant importance as defined by Article 3, paragraph 1, letter b) of the aforesaid Regulation, was submitted to the Pirelli Board of Directors for approval.

It is to be noted that on May 9, 2024, the Company's Board of Directors, after having received the favourable opinion of the RPT Committee, approved amongst other things, the signing of the agreements to revise certain terms and conditions of the existing technology and trademark licences between the Pirelli Group and the Aeolus Tyre Co., Ltd. (*"**Aeolus**"*) and the Prometeon Tyre Group S.r.l. ("***PTG***"), aimed, amongst other things, at the renegotiation of the duration and amounts for royalties due. These agreements are part of a broader negotiation context, that also includes other agreements with Aeolus and PTG that were originally signed as part of the industrial business segregation, carried out by the Group between 2016 and 2017. As already stated, these agreements do not affect the targets of the 2024-'25 Industrial Plan Update announced on March 6, 2024. The overall transaction, even if in terms of its value would qualify as a transaction of minor significance, has been treated by the Company, on a prudential and voluntary basis, in the same way as a transaction of major significance. Therefore, on May 16, 2024, the Company - in keeping with this approach - made available, again on a voluntary basis, a specific disclosure document which was prepared in compliance with CONSOB regulations and with its own internal procedures on the matter.

The figures relevant to Related Party Transactions included in this present document, already reflect the impacts of the renegotiated royalties described above.

The information on Related Party Transactions as required pursuant to CONSOB Notice No. DEM/6064293 of July 28, 2006 is presented in the Financial Statements, and in the Note entitled *"Related Party Transactions"* contained in the 2024 Annual Report group of documents. Related Party Transactions do not qualify as either atypical or unusual, but are instead part of the ordinary course of business for the companies of the Group, and are carried out in the interest of the individual companies. Such transactions, when not settled under standard conditions or are dictated by specific regulatory conditions, are in any case regulated by conditions consistent with those of the market. In addition, they are carried out in compliance with the RPT Procedure.

Furthermore, there were no Related Party Transactions - or changes or developments to the transactions described in the preceding Financial Report - that have significantly affected the Group's financial position or results for the 2024 financial year.

ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Notice No. DEM/6064293 of July 28, 2006, it should be noted that during the 2024 financial year, the Company did not carry out any atypical and/or unusual transactions, as defined in the aforementioned Notice.

COMPLIANCE WITH THE REGULATIONS ON THE PROTECTION OF PERSONAL DATA

It is to be noted, that the Company regularly carries out all activities necessary to fulfil the requirements of the regulations on the protection of personal data, and in particular of EU Regulation 2016/679 and Legislative Decree No. 196/2003 (introduced by Legislative Decree No. 101/2018). These activities are subject to a periodical annual review with the support of the relevant departments. The Data Protection Officer ("***DPO***"), appointed in the person of lawyer Alberto Bastanzio, whose contact details were duly communicated to the Guarantor for the Protection of Personal Data on July 25, 2018, can be contacted not only at the Company's registered office, but also at the following e-mail address: *dpo_pirelli@pirelli.com.* The activities carried out by the DPO during the relevant financial year are described in detail in the *"Annual Report of the DPO",* which is available at the Company's office, to which reference should be made for further details.

CONSOLIDATED SUSTAINABILITY REPORTING - PURSUANT TO LEGISLATIVE DECREE OF SEPTEMBER 6, 2024, N. 125

GENERAL INFORMATION

Methodological note

Reporting Principles

This “Consolidated Sustainability Report”, prepared in accordance with the provisions of Legislative Decree no. 125 of 6 September 2024, which transposed Directive (EU) no. 2022/2464 – Corporate Sustainability Reporting Directive (CSRD), provides the information needed to understand the Group’s impact on sustainability issues[15], as well as how these factors influence the Group’s performance, its results and its financial position.

References to the SASB Auto Parts Sustainability Accounting Standard have also been retained in the Consolidated Sustainability Report.

The 2024 Consolidated Sustainability Report is subject to a limited review by the auditing firm PricewaterhouseCoopers S.p.A., which is also responsible for the statutory audit of the financial statements, and provides its conclusions regarding compliance with:

− the provisions of Legislative Decree no. 125/2024 that govern the reporting criteria;

− the compliance with the disclosure obligations set out in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

For further information, please refer to the related Audit Report, based on the criteria outlined in the International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board, and included at the end of the Annual Report.

Corporate reporting boundary

The Report, published annually, covers the time period from 1 January 2024 to 31 December 2024 and covers the same scope of consolidation as the Group’s consolidated financial statements as expressed in the Notes to the Consolidated Financial Statements at 31 December 2024 included in Note 2 - Basis of Presentation - Scope of Consolidation of this Annual Report. In particular, it is noted that on 3 January 2024, 100% of Hevea-Tec, the largest independent Brazilian operator in natural rubber processing, was acquired.

[15] Environmental, social, human rights and governance factors, including sustainability factors as defined in Article 2, point 24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council

There are no companies within this scope that are subject to the regulatory obligation to prepare an individual Sustainability Statement for the financial year 2024.

Scope of activities subject to reporting

Where possible, this report provides information regarding the Group's value chain, in addition to information on its own operations. This includes an assessment of the relevance of impacts, risks and opportunities (IROs) along the upstream and downstream value chain, an explanation of the policies, the objectives adopted, and the actions implemented to manage these impacts, as well as any metrics that also cover the players in the value chain.

Time frames

The definitions of short-, medium- and long-term time horizons adopted by the Company for defining the Plans and for the Risk Assessment, are the same as those used for the preparation of this report defined by the European Sustainability Reporting Standard 1 (ESRS 1) and therefore:

- Short period: one year from the reference period of this report (annual budget);
- medium term: up to five years from the end of the short-term reference period defined in the previous point (medium-term planning);
- long term: over five years (beyond the strategic plan).

Use of estimates

The use of estimates or proxies in this document has been limited as much as possible, including with respect to data concerning the value chain. Whenever such estimates or proxies are used, they are duly indicated and accompanied by contextual information.

In the 'Environmental Information' section, it should be noted that the information subject to estimates mainly concerns:

- scope 3 emissions where, in the absence of primary data, secondary emission factors are used, including those relating to emissions associated with the use phase of the tyre, calculated according to the PCR methodology
- the calculation of a part of the emissions offset through carbon credits (for further details, please refer to the paragraph 'Greenhouse gas emission management and climate transition plan', 'Metrics - Scope 1, 2, 3 GHG emissions and total GHG emissions' and 'Metrics - GHG removals and GHG emission mitigation projects financed with carbon credits')

- the amount of Tire Wear Loss (whose calculation methodology is illustrated in the section ‘Metrics - Measuring Absolute Emissions of Particulate Matter in the Environment’)
- the share of end-of-life tyres (ELT) sent for recovery/recycling, calculated from literature data on the average recovery and recycling rates of ELTs in the markets in which Pirelli tyres are sold (for details see section “Circular Economy”, paragraph “Management of end-of-life tyres”).

Finally, it should be noted that for some offices with shared utilities, as specific data is not available, the values for energy consumption, water withdrawal and discharge were estimated by taking the number of employees present on the site as a proxy.

Comparative data

This Consolidated Sustainability Report of the Pirelli Group represents the first reporting exercise in accordance with the ESRS standards. For this reason, the Group has utilised the option provided by the transitional provisions of the ESRS standards (ESRS 1, paragraph 136), and the quantitative information related to the metrics has been presented with reference only to the year 2024.

Incorporation by reference

This Consolidated Sustainability Report for the year 2024 does not include incorporation by reference to other documents.

Structure of the document

This Sustainability Report is structured in four macro-sections, as illustrated in Appendix F of the ESRS 1:

- General Information;
- Environmental Information, which also includes the information required by Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation);
- Social Information;
- Governance Information.

The “General Information” section illustrates how Pirelli prepares its Consolidated Sustainability Report, and describes:

- the elements of the Group’s strategy that relate to or influence sustainability issues, the business model and the value chain,
- the ways in which the interests and views of the company’s stakeholders are taken into account in the strategy and business model,
- the double materiality analysis process to identify the impacts, risks, and opportunities relevant to the Group, including how these shape its strategy and business model,
- the governance structure established with regard to sustainability issues.

The Environmental Information, Social Information and Governance Information sections are divided into:

- information related to the management of impacts, risks, and opportunities, with reference to sustainability issues identified as material following the double materiality analysis;
- metrics required by the relevant standard;
- additional information specific to the Pirelli Group, in particular as required by the Dow Jones Sustainability Index (DJSI).

At the end of the Annual Report 2024, before the Independent Auditors’ Report, the following summary table is also provided:

- the SASB Content Index, showing the complete list of indicators reported according to the SASB Auto Parts Sustainability Accounting Standard, indicating the relevant page in this Consolidated Sustainability Report.

SBM-1 Strategy, business model and value chain

Strategy

Founded in 1872, Pirelli is one of the world’s leading tyre manufacturers, with 18 production plants, including two joint venture plants in Subang (ID) and Shenzhou (CN), in 12 countries and has a commercial presence in over 160 countries. As of December 31, 2024, the Group has 30,999 employees, of which 13,665 are based in Europe, 2,039 in Russia & MEAI, 3,812 in the APAC, 3,961 in North America, and 7,522 in South America.

The Group specialises exclusively in the Consumer market, which includes tyres for cars, motorcycles and bicycles, it is positioned in the High Value segment (76% of 2024 turnover), with products designed to achieve the highest levels in terms of performance, safety, quietness and road grip, and is also characterised by a significant technological component.

Pirelli produces tyres both in the Original Equipment sector (23% of 2024 revenues) for new cars and motorcycle production, as well as for the Replacement Channel (77% of 2024 revenues).

Pirelli has a distinguished industrial tradition of over 150 years, which has always combined innovation, product quality and brand strength. It is even recognised outside the world of cars and motorcycles, and considered internationally as an icon of Italian technology, style and excellence, and is synonymous with safety and reliability.

Through a consolidated partnership with the most prestigious car manufacturers, Pirelli has a wide range of High Value tyres, which – as at 31 December 2024 – have over 300 approvals obtained during 2024, which ~90% ≥19'' and >50% specialities/EV. Pirelli has a vast commercial presence, with a network of approximately 20,200 loyal retailer points of sale in about 50 countries, and a high exposure to the three main High Value markets: Europe, North America and APAC (which as at 31 December 2024 together accounted for 81% of Pirelli's revenues).

The Pirelli Group is not directly involved in the fossil fuel sector, the manufacture of chemical products, controversial weapons or the cultivation and production of tobacco, nor does it offer goods or services that are prohibited in any given market.

Ever with an eye on environmental and social issues, Pirelli, the first company in the tyre sector to set itself the target of Net Zero by 2040 (approved by SBTi), has adopted a sustainability model since 2004 that is inspired by the 10 principles of the United Nations Global Compact and the ISO 26000 Guidelines.

As already disclosed to the market, on 26 February 2025 the Board of Directors of Pirelli & C. approved the 2025 Budget, confirming the Economic and Financial Targets of the Industrial Plan presented in March 2024, as well as the Sustainability targets for 2025, 2030, and 2040.

Pirelli integrates sustainability into its business and development model. As evidence of this, the Group's Industrial Plan, and in particular its sustainability targets, take into account the Company's material impacts and their interconnection with the sustainable development challenges arising from global scenarios in the medium and long term, including the technological and innovation challenges related to sustainable mobility, decarbonisation, the evolution of consumer and worker expectations, the resilience required of global supply chains, competition for innovative materials, competition for talent in the labour market, and last but not least, key regulations that will impact the plan's time horizon both with reference to the product (e.g. EURO 7) and management processes (e.g. EUDR). The approach taken by the Pirelli strategy is to transform these challenges into opportunities for growth, resilience and competitiveness, through measurable objectives that impact the entire value chain.

The objectives of the sustainability plan impact multiple stakeholders, from the Environment to Customers, from Suppliers to Collaborators, to the communities where the company operates, and are divided into five main pillars: Climate, Product, Nature, People, Supply Chain.

Climate: acceleration towards Net Zero

Net Zero emissions target for the entire value chain (Scopes 1+2+3)[16] by 2040, with targets in line with the Paris Agreement to keep global warming below 1.5°C, approved by the Science Based Targets initiative (SBTi) in 2024. The decarbonisation process will involve a reduction of at least 90% in absolute Scope 1, 2 and 3 greenhouse gas (GHG) emissions by 2040 compared to the reference year 2018. In particular, Pirelli provides for:

- Scope 1 and 2: 60% reduction in absolute CO_2 emissions by 2025 and an 80% reduction by 2030 compared to 2018;

- Scope 3: 27% reduction in absolute CO_2 emissions by 2025 and a 30% reduction by 2030 compared to 2018.

An intermediate target has also been set, which aims to reduce absolute greenhouse gas emissions by 62% for Scope 1 and 2, and by 28% for Scope 3 by 2027 compared to 2018.

In 2030, for Scope 1+2 emissions, in addition to the previously mentioned 80% reduction compared to 2018, the remaining 20% will be offset through appropriate carbon offsetting measures, using the best available solutions and technologies on the market at that time. This path will lead to the achievement of carbon neutrality, supported by numerous energy efficiency projects, as well as the purchase of 100% renewable electricity purchased from the grid by 2025 for all factories globally, and the electrification of 75% of curing presses by 2030.

The actions supporting the decarbonisation process for Scope 1, 2, and 3 are thoroughly described in the “Environmental Information” section, paragraph “Management of greenhouse gas emissions and climate transition plan”, to which reference is made.

Product: performance and innovative materials

Within the scope of its Eco&Safety approach to Product Design, which involves designing products to maximise environmental performance and safety, Pirelli has confirmed in 2024, and will further strengthen in the coming years, its continued commitment to developing and marketing a range of

[16] Scope 1: direct greenhouse gas emissions from the direct combustion of fossil fuels by the organisation within its boundaries.

Scope 2: indirect greenhouse gas emissions from the use of imported electricity, heat and steam consumed by the organisation within its boundaries.

Scope 3: indirect emissions related to upstream and downstream activities of the company’s operations, calculated according to the GHG Protocol and in line with SBTi criteria.

tyres with greater durability, lower rolling resistance, greater use of innovative materials, better performance in the wet, optimal braking distances throughout the product's lifecycle, and capable of guaranteeing puncture protection for those tyres equipped with the new Runforward technology. For more details on Pirelli's Eco&Safety strategy, please refer to the "Environmental Information" section, and the "Management of greenhouse gas emissions and climate transition plan" paragraph and the "Management and Circular Economy" paragraph for topics related to product environmental performance, and the "Social Information" section, under the paragraph "Product safety, performance and sustainability, for product safety issues".

In terms of raw materials, Pirelli plans to steadily increase the amount of non-fossil materials in its products, which will also help achieve Scope 3 decarbonisation targets for emissions related to raw materials. In particular:

- Pirelli will use over 70% bio-based and recycled materials for its best product[17] by 2025. A value that will exceed 80% by 2030 with the long-term goal of reaching 100% non-fossil materials. Pirelli has already produced a tyre, P Zero™ E, that contains more than 55% natural and recycled materials, a result that exceeds the target of the previous plan, which called for the use of 43% renewable materials by 2025 on selected product lines.

- For the total amount of raw materials consumed, Pirelli will use 27% natural and recycled materials by 2025 and 40% by 2030, with a commitment to progressively extend the use of bio-based and recycled raw materials across its entire product range.

Pirelli's Eco&Safety strategy also contributes to strengthening Pirelli's competitive advantage, making it attractive to investors as the development of new, high-tech solutions capable of anticipating emerging customer needs offers new opportunities for business growth, while at the same time reducing the Company's risk profile.

Further details on the specific targets are provided in the "Environmental Information" section, paragraph "Resource use and Circular economy" of this Report.

Nature: redefining the interactions between business and natural capital

- By 2025, 100% of Pirelli's factories and test tracks will have a biodiversity plan in line with the LEAP (Locate, Evaluate, Assess and Prepare) approach and the five IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) drivers.

- In 2021, in line with its commitment to protecting the forests that provide the natural rubber, Pirelli became the first company in the world to equip a standard car with FSC™-certified tyres, and starting from the 2024 season, it has introduced the same certification on all tyres produced and

[17] Pirelli product available on the market with the highest content of materials of natural or recycled origin in the reporting year

used in F1®. By 2026, the goal is to use 100% FSC™-certified natural rubber in European production.

- In addition, to support the goal of protecting natural resources, Pirelli has set targets aimed at preserving the quality of water and reducing its use, favouring practices such as reuse and recycling.

Further details on the specific targets are provided in the “Environmental Information” section, paragraph “Biodiversity and Ecosystems” of this report.

People: the heart of growth

The culture of safety and the goal of having zero accidents at work are the pillars of Pirelli’s strategy. Following a steady decline over the years, efforts continue to further reduce the accident frequency rate to ~1 by 2025 and <1 by 2030, compared to 1.41[18] in 2024 (expressed per million hours worked), which represents a reduction of 71% from the base year 2015 and 17% compared to 2023.

Furthermore, specific targets have been outlined in the Company’s plan in terms of training, welfare, gender equality (and specifically the gender pay gap and women in management), and employee engagement.

Further details on the specific targets are provided in the “Social Information” section, paragraph “S1 Own workforce” of this report.

Supply Chain

With reference to the supply chain, Pirelli is committed to ensuring responsible business conduct and mitigating risk along its value chain, as well as accelerating its active involvement in the sustainable transition. Specifically, Pirelli has set targets in terms of risk assessment of its high and medium ESG risk suppliers, of supplier involvement in training and capacity building programmes, in order to cascade its targets to its most strategic partners.

Further details on the specific targets are provided in the “Environmental Information”, “Social Information”, “Governance Information” sections of this report.

Finally, in line with the plan already launched in 2021, which saw the introduction of the first Sustainability-Linked Financing framework in the sector in 2022, and the first Sustainability-Linked Bond in benchmark size in the sector in 2023, Pirelli is committed to achieving 100% HQ Funding in the Sustainability-Linked Format by 2025 and, as of 2024, has already reached 84.6%.

[18] If calculated on the basis of 200,000 hours worked, the index value in 2024 is 0.28, the target in 2025 is ~0.2 and the target in 2030 is <0.2.

It should also be noted that all targets related to environmental aspects are defined on a voluntary basis, but are also designed to anticipate potential future legislative obligations.

Business model and value chain

The wide range of products offered by Pirelli is designed, produced, controlled and marketed following an integrated supply chain organisational model that extends from product development to marketing.

The first phase of Pirelli's operating model consists of product development in close collaboration with the car manufacturers of Prestige and Premium Cars. The distinctive feature of the High Value segment is the high degree of technological content that vehicle manufacturers require from tyre manufacturers through product specifications. Great attention is also paid to the needs of customers in the Replacement channel, with a range of products developed based on the needs of end consumers in the various markets.

Pirelli pays great attention to technological innovation and carries out continuous research and development in relation to materials, products and production processes. In the financial year 2024, research and development costs amounted to 289.5 million euros, mainly allocated to High Value and equal to 4.3% of group revenues (5.3% of High Value revenues).

The Group has a sales system that can reach the main markets thanks to a qualified sales network that operates in over 160 Countries. The customers of the Group in the Original Equipment sector are vehicle manufacturers. In the Replacement sector, the main customers of the Group are retailers, specialised distributors and car dealers.

Pirelli's value chain includes the procurement of goods and services (including in and out logistics), research & development, management models and processes, production processes, product positioning on the market, and its use and end-of-life phase. The value chain did not register any significant change during 2024, same as for business relations.

Pirelli's supply chain is global and includes suppliers of goods and services all over the world. With a view to risk reduction, Pirelli favours a local-for-local supply approach.

Geographically speaking, there is slightly more interference in OECD areas than in non-OECD areas, both in terms of the value of purchases and the number of suppliers. The value of purchases, as well as the number of suppliers, is concentrated in OECD countries, and in particular in Europe, while with regard to non-OECD countries, Latin America is the main supply country.

As reconfirmed over the years, the most relevant and significant purchase category is raw materials. On the other hand, Suppliers of consumables and services, account for the majority of the total number of suppliers, although the total value of purchases is lower than, for example, purchases of raw materials, which, show a substantial concentration on a few operators.

Lastly, further analysing the percentage composition in value of the mix of raw materials purchased by Pirelli in the three-year period 2022-2024, it can be noticed that there are no particular fluctuations over the years and that natural and synthetic rubber stably make up more than 1/3 of the raw materials purchased.

The natural rubber supply chain - from upstream to downstream - includes producers/growers, traders, processing plants, distribution companies and manufacturing facilities. Pirelli is at the end of the chain, as a tyre manufacturer, and has no plantations. Pirelli intends to play an active role in the aforementioned context, contributing to the efforts that are globally dedicated to the sustainable management of natural rubber.

The economic, social and environmental sustainability of the natural rubber supply chain is among the priorities of Pirelli, with the full awareness that the origins of its rubber supply chain impact in forestry terms. With global demand for natural rubber expected to increase, sustainable management of the related supply chain is essential to preserve forests, biodiversity and to enable sustainable development for local communities and economies.

With reference to the downstream value chain, the sales channels include:

- Original Equipment, addressed directly to the world’s leading car and truck makers;

- Replacement, for the replacement of tyres on vehicles already in circulation.

Within Replacement, there are two broad types of Pirelli customers: Specialised Resellers and Distributors.

Specialised Dealers are tyre specialists operating on the market in the role of independent businesses and constitute a fundamental point of contact between the Group and the end consumer. Particular attention is devoted to specialised dealers in terms of shared development to enhance the products offering integrated with a high-quality level of service, in compliance with Pirelli values and consumer expectations. In 2024, Pirelli can count on more than 20,000 loyal resellers globally, with a particular concentration in Europe, Asia-Pacific and South America (over 75% of the total points of sale). The degree of affiliation varies according to the market and the very presence of Pirelli, ranging from a softer loyalty (Fidelity Club), which has as main objective for Pirelli territorial coverage and for the dealer sales support, to franchise programmes, in which through the exclusive nature of the partnership there is strong focus on business development point of sale overall, up to the maximum degree of affiliation, represented by the presence of points of sale owned by Pirelli (290 points of sale worldwide).

Distributors are partners who are fundamental to guaranteeing continuity in the supply of tyres to other specialised and non-specialised resellers. They do so by offering local delivery and distribution services throughout the entire territory. With this in mind, Pirelli is activating several programmes of close cooperation with the most important market distributors worldwide.

Stakeholder engagement

The role of Pirelli in an economic and social context is tied to its capacity to create value through a multi-stakeholder approach, i.e. by sustainable and lasting growth that can reconcile the interests and expectations of those with whom the Company interacts and especially:

- the collaborators, who are the driving force of the Group and constitute its wealth of knowledge;
- customers, since the Pirelli way of doing business is based on customer satisfaction;
- shareholders, investors and the financial community;
- suppliers, with which it shares a responsible approach to business;
- competitors, because improved customer service depend on fair competition;
- institutions, government and non-government bodies;
- local communities, starting with those in the various Countries where the Group operates on a stable basis, while being aware of its responsibilities as a Corporate Global Citizen.

The existing interactions between stakeholders are analysed in detail in order to effectively manage relationships with them and with a view to creating lasting and shared value.

Dialogue, interaction and involvement are calibrated to meet the specific needs for consultation with the various types of stakeholders and include meetings, interviews, surveys, joint analyses, roadshows and focus groups. Furthermore, the existing interactions between stakeholders are analysed in detail in order to effectively manage relationships with them with a view to creating lasting and shared value.

The feedback received from stakeholders contributed to the corporate evaluation of the priorities for action, influencing the materiality of sustainability topics and the development strategy outlined in the Industrial Plan.

In fact, the interests and views of the main stakeholders were analysed in the Double Materiality analysis process, as detailed in the related paragraph, and within which the identification of impacts was fuelled by the due diligence activities implemented by the Group to identify, prevent and mitigate the negative impacts on the environment and people connected to its activities and to the value chain, as well as the results that emerged from the stakeholder engagement activities carried out during the year.

The Company's dialogue with stakeholders, together with constant monitoring of studies, analyses and research on the evolution of stakeholder expectations at a global level, on the legislation as well as on the related best governance practices, also inform the Group's sustainable development strategies, its plan and related targets, with a view to meeting stakeholder expectations in a fair and balanced manner, in both the short and long term. In particular, the update of the Industrial Plan was guided, among other macroeconomic factors and market trends, by the analysis of stakeholders' expectations in the context of evolving global scenarios, as gathered through dialogue at various levels and by international companies and ESG analysis. For further information, please refer to the sections where the targets are discussed, in the various parts of this Report.

The interests and perspectives of stakeholders, as incorporated into the actions and targets of the Plan, are brought to the attention of the governance, management, and control bodies and approved by the Board of Directors, after being shared by the Strategies Committee and the Sustainability Committee for matters within their remit. These interests and perspectives are also represented in the analysis of Double Significance submitted to the Audit, Risk and Corporate Governance Committee and the Board of Directors.

The latter bodies receive an annual update on the results of the Double Materiality analysis and the final list of IROs, resulting from the consultation and collection of stakeholders' expectations. The Board of Statutory Auditors attends the meetings of the Audit, Risk and Corporate Governance Committee and the Board of Directors at which the double materiality analysis is reviewed and approved.

For more details about the specific methods of engaging with collaborators, suppliers, customers and local communities, please refer to the sections dedicated to the main categories of stakeholders in the following chapters, in particular collaborators (own workforce) suppliers (workers in the value chain), local communities (affected communities) and customers (consumers and end users).

Double materiality analysis and management of impacts, risks and opportunities

In order to provide its stakeholders with an adequate representation of the Group's activities and the sustainability issues most relevant to the business, according to the dual "inside-out" and "outside-in" approach, Pirelli conducted the first double materiality analysis, in accordance with the EFRAG guidelines on the double materiality analysis process, the ESRS standards, in particular ESRS 1, and the EFRAG IG 1: *Materiality Assessment Implementation Guidance*.

The impact materiality, corresponding to the "inside-out" perspective, concerns the significant impacts of Pirelli connected to the company's operations and the value chain, negative or positive, actual or potential, on people or the environment, in the short, medium or long term.

Conversely, the "outside-in" perspective corresponds to the financial materiality, i.e. it takes into account how external factors, expressed as risks and opportunities, have, or can be reasonably expected to have, a significant influence on the development of the company, on its financial position, economic result, cash flows, access to financing or the cost of capital in the short, medium or long term.

Pirelli's double relevance analysis and the relative list of material IROs, resulting from the opinions of internal and external stakeholders, was analysed by the Strategic Sustainability Committee (management committee), then submitted to the Audit, Risks and Corporate Governance Committee and approved by the Board of Directors.

The Board of Statutory Auditors attended the meetings of the Audit, Risks and Corporate Governance Committee and the Board of Directors, where the double materiality analysis was approved. The Pirelli Group's double materiality analysis is updated annually.

In methodological terms, the analysis included the following main steps:

1) Analysis and understanding of the internal and external context

In the first step, in order to gain an in-depth understanding of the sustainability context in which the organisation operates, a series of internal documents containing information on the company profile, values and the Group's Industrial Plan were analysed, as well as the Group's activities, business relationships and stakeholders. In addition, a benchmark analysis was carried out that included comparable companies in the sector and others, in particular car and car parts manufacturers, and companies in the manufacturing and chemical sectors. The expectations of the main sustainability standards, sustainable finance indexes and major international organisations (such as SASB, S&P Global Indices for Dow Jones Sustainability and the World Economic Forum) were then analysed. Finally, the external context was analysed, taking into account the evolution of norms and regulations in order to intercept the main trends and relevant factors related to sustainability aspects in the tyre sector.

In addition, a mapping of the Company's business relationships and its upstream and downstream value chain was also carried out, identifying the key players involved, such as suppliers of raw materials and services, distributors and specialised retailers, original equipment customers and end customers. The mapping carried out also took into account the phases of the product life cycle, identifying the most relevant and involved players in each phase.

With regard to the supply relationships identified, an analysis of the main raw materials and services offered by suppliers was also conducted, with the aim of obtaining a detailed mapping of business relationships and the most sensitive areas of the value chain.

2) Identification of potentially material impacts, risks and opportunities

The second step, aimed at identifying potentially material impacts, risks and opportunities (IRO) for Pirelli, involved the integration of different sources and multiple company departments, competent and expert with respect to the Company's activities and business. This also allowed the interests and effects of the company's activities on stakeholders to be taken into account.

Starting from the results of the context analysis, the process of identifying the IROs considered the characteristics of the business, the types of products, the markets and the geographical areas in which it operates, as well as focusing on the analysis of the regulatory landscape, and on the indications and suggestions provided by ESG indexes and standards and associations relevant to the sector. This process was integrated with an analysis of the different phases of the Pirelli product life cycle. In particular, each phase of the life cycle was analysed taking into consideration the respective geographies, resources used (raw materials, human resources), services and activities that characterise them, as well as their respective positioning in the value chain, the actors involved and their interests.

For the identification of impacts (impact materiality perspective), the sustainability topics, sub-topics, and sub-sub-topics indicated by the ESRS (ESRS 1, AR 16) were taken into consideration. This made it possible to draw up a preliminary list of impacts associated with each topic, sub-topic, sub-sub-topic, taking into account the context analysis, the mapping of the value chain and the product life cycle. This list was then submitted to the relevant departments for review, in order to identify the main impacts, positive and negative, current and potential, as relevant as possible to the Group's business. By integrating the list of impacts with the mapping of the Pirelli product life cycle, it was possible to identify at which stage each impact occurs or may occur, as well as the actors in the value chain involved.

In identifying both current and potential impact, the company considered gross impact (i.e. before mitigation actions) so as to distinguish between gross impact and impact management (i.e. policies, actions and targets).

To identify risks and opportunities (financial materiality perspective), an analysis was carried out of the results of the Annual Operational Risk Assessment and the Climate Change and related Water Stress Risk Assessment, conducted by the Enterprise Risk Management (ERM) Department. In particular, among the risks resulting from these assessments, those of sustainability and associated with specific sustainability issues were identified, while the list of opportunities resulting from the Climate Change and related Water Stress Risk Assessment was supplemented with a series of opportunities identified from the analysis of reports and documentation relevant to the Auto Parts sector. The list of impacts and opportunities was then refined with the support of the relevant company departments.

3) Impact, risk and opportunity assessment

In the third step, the IROs identified were submitted for internal and external stakeholder assessment to determine their relevance to Pirelli.

The impacts were evaluated, according to the impact materiality perspective, through an anonymous survey in which the magnitude (in terms of entity, extent and irremediable nature, the latter only for negative impacts) and the probability of occurrence in the short, medium and long term were evaluated for each impact, based on a scale from 1 to 4.

Various categories of internal and external stakeholders were involved in the survey based on the relevance of their expertise to the impact area of reference. Internal stakeholders are represented by Pirelli's senior management, composed of representatives from the various company departments. The main external stakeholders include suppliers, distributors, original equipment customers, Pirelli's partner universities and associations specific to the tyre sector.

As required by EFRAG guidelines, the so-called Affected Stakeholders and Silent Stakeholders were involved, which are stakeholders who could be directly or indirectly affected by the activity of the Group or its value chain, including Pirelli employees and environmental NGOs (representing the "Nature" stakeholder).

The evolution of impact is monitored by the Company through the annual update of the Double Materiality Analysis, as well as by periodic monitoring of performance indicators, key targets and the safeguards in place for managing relevant sustainability issues.

The risks were evaluated using the Pirelli Enterprise Risk Management model, which is applied at three key moments in the decision-making process aimed at achieving strategic objectives: strategic planning (medium-/long-term); operational planning (annual and periodic); new investment projects. It should also be noted that the Enterprise Risk Management model goes beyond the scope of these three steps, through continuous monitoring and management of operational risks and assessment of potential reputational and ESG risks that could affect the company's strategic assets (tangible and intangible).

The model requires that, at least once a year and with the involvement and support of all company departments, an ERM assessment is carried out to identify the main risk areas. The assessment scales range from 1 to 4 and are used to evaluate the impact, in economic-financial terms (EBIT, Contribution Margin, Net Sales, Net Cash Flow), and the likelihood of the event occurring. Risks are therefore "prioritised" based on exposure for the Group regardless of the risk category (e.g. Sustainability, Cyber or other). Following the assessment, continuous monitoring is carried out by the ERM Department, assisted by the Risk Owners, to monitor the progress of the mitigation plans and any emerging risks that may arise after the annual assessment cycle. The overall risk register resulting from the assessment was then analysed to understand which risks come directly from the impacts, from the external context and which are generated by the presence of dependencies on human or natural resources; this was useful to verify the completeness of the list of identified risks and to propose hypotheses for future additions.

The evaluation of sustainability opportunities already included in the ERM Risk Assessment process, represented by the opportunities linked to the topic of "Climate Change", followed the same methodology as the risks. The additional sustainability opportunities identified in previous analyses and perfected with the involvement of the various relevant corporate departments were, instead, assessed by Pirelli's Senior Management within the survey, using the same assessment scales as the ERM model.

The double materiality analysis aimed to capture stakeholder perspectives on issues relevant to their areas of interest or in representation of silent stakeholders. In fact, the categories of stakeholders were involved:

- in issues that directly or indirectly affect them (affected stakeholder, or representatives for silent stakeholders);
- in topics relevant to their skills and knowledge.

This method of involvement was used to avoid possible alterations in the assessment results, which would have been caused by the evaluations of stakeholder categories that were not experts or impacted by the topic in question.

The final results were elaborated by aggregating the evaluations provided by the different categories of stakeholders involved, to which a different *weight* was assigned based on factors such as the relevance of the stakeholder category to the Group and the knowledge of the specific characteristics of the business.

In order to determine a materiality threshold for impacts and opportunities, as a starting point Pirelli considered the thresholds already in use in the Enterprise Risk Management risk assessment process.

The thresholds were identified by adopting a conservative and precautionary approach, i.e. applying a more inclusive threshold for impacts and a higher threshold for opportunities.

Material IROs are IROs whose magnitude and likelihood scores exceed the following thresholds:

- Impacts: Magnitude ≥ 3 or Magnitude ≥ 2.5 and Likelihood ≥ 2.5
- Risks: Magnitude = 4, or Magnitude = 3 and Likelihood ≥ 3, or Magnitude = 2 and Likelihood = 4
- Opportunities: Magnitude ≥ 3 and Likelihood ≥ 3

4) Definition of material impacts, risks and opportunities

The result of the assessment process was analysed with the support of the competent corporate departments and Senior Management, in order to verify the completeness and consistency of the material IROs.

This process allowed us to identify the Pirelli Group's material sustainability issues, prioritised according to the criterion of significance and illustrated in the table below.

Impact table

ESRS			Impact[19]	Time horizon	Own operations / Value Chain	Effects on the environment and people and involvement with respect to impacts
Topic	**Subtopic**	**Sub-subtopic**				
Climate Change	❖ Climate change mitigation		- A | CO_2 emissions from Pirelli sites (scopes 1 + 2)	Short, Medium	Own operations	Contribution to climate change due to greenhouse gas emissions from the combustion of hydrocarbons within production sites during tyre manufacturing and from the supply chain.
			- A | CO_2 emissions from Pirelli's Suppliers (Scope 3), for quotas related to goods and services supplied to Pirelli	Short, Medium, Long	Upstream value chain	
			+ A | CO_2 emissions by Pirelli's customers (Scope 3) for quotas related to tyres purchased by Pirelli	Short, Medium, Long	Downstream value chain	Contribution to the reduction of vehicle consumption, and consequently to CO_2 emissions during use, resulting from the efficiency of the A/B class tyre (rolling resistance)
	Energy		- A | Use of energy from fossil sources by Pirelli sites (Scope 1 + 2)	Short	Own operations	Contribution to climate change through atmospheric emissions from fossil energy consumption during tyre manufacturing and by the supply chain.
			- P | Use of energy from fossil sources by Pirelli suppliers	Short, Medium, Long	Upstream value chain	
Pollution	Pollution of air		- P | Release of pollutants into the air by Pirelli suppliers	Short, Medium	Upstream value chain	Potential impact on climate change and air quality degradation resulting from the activities of Pirelli suppliers
	Microplastics		- A | Release of tread material during tyre consumption in the use phase	Short, Medium, Long	Downstream value chain	Potential pollution of water, air, soil, and ecosystems due to the release of tread material during tyre consumption in the use phase
Water and marine resources	Water	Water consumption Water withdrawals Water discharges	- A | Water consumption at Pirelli sites, including in water-stress areas	Medium	Own operations	Contribution to the depletion of natural resources
			- P | Water consumption by Pirelli suppliers, including in water-stress areas	Short, Medium, Long	Upstream value chain	
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Land use change Direct exploitation	- P | Ecosystem degradation / land exploitation by raw material suppliers	Short	Upstream value chain	Contribution to biodiversity loss and potential damage to ecosystems resulting from supplier activities

[19] In the "Impact" column, the letter **A** indicates a actual impact, while the letter **P** stands for potential impact

ESRS			Impact[19]	Time horizon	Own operations / Value Chain	Effects on the environment and people and involvement with respect to impacts
Topic	**Subtopic**	**Sub-subtopic**				
Circular economy	❖ Resources inflows, including resource use		+ A | Use of recycled or recyclable materials by Pirelli, with a potential positive impact on resources conservation	Short, Medium, Long	Own operations	Contribution to the conservation of natural resources
	Resource outflows related to products and services		+ P | Potential contribution of Pirelli to resource conservation, such as through product durability, recyclability, etc.	Short, Medium, Long	Own operations	Reduced exploitation of natural resources through the design of tyres with increasingly higher content of natural or recycled raw materials
			- P | In the downstream value chain, waste generation, namely end-of-life tires (ELTs)	Short, Medium, Long	Downstream value chain	Potential contribution to human health and environmental impacts caused by poor management of end-of-life tyres (ELTs), such as unregulated dumping, fire risks from tyre piles, and illegal reuse of ELTs without safety standards.
Own workforce	Working conditions	Worker well-being (Health and safety, Work-life balance)	+ A | Well-being of workers in the company, in relation to health and safety in the workplace, existence of working arrangements favouring work-life balance	Short, Medium, Long	Own operations	Contribution to the well-being, satisfaction, and improvement of working conditions for the company's workforce
		Working time	+ A | Efficient work organisation, including adherence to time limits set by contracts, regulations, standards and characteristics of the business sector	Short, Medium, Long	Own operations	
		Secure employment	+ A | Permanent employment contracts and employment stability at Pirelli	Short, Medium, Long	Own operations	
		Adequate wages	+ A | Wages of the Pirelli workforce aligned with contracts, regulations, standards and characteristics of the business sector	Short, Medium, Long	Own operations	
		Social dialogue Freedom of association, […] Collective bargaining, including percentage of workers covered by collective agreements	+ A | Presence of collective agreements and opportunities of participation for Pirelli's workforce	Short, Medium, Long	Own operations	

ESRS			**Impact**[19]	**Time horizon**	**Own operations / Value Chain**	**Effects on the environment and people and involvement with respect to impacts**
Topic	**Subtopic**	**Sub-subtopic**				
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value Diversity	+ A | Equal Opportunities in the workplace at Pirelli, respect for gender diversity and other minorities, equal pay for work of equal value between genders	Short, Medium, Long	Own operations	Psycho-physical wellbeing of employees, influence on people's culture with positive impact both within the company and in the community outside the company due to the values conveyed.
			+ A | Commitment to achieving gender balance at Pirelli	Short, Medium, Long	Own operations	
		Training and skills development	+ A | Training and skills development of Pirelli workers throughout their working lives	Short, Medium, Long	Own operations	Growth prospects, improving employee skills and maintaining a high-quality workforce with benefits for both the company and the economic and social context in which it operates
Workers in the value chain	Working conditions Equal treatment and opportunities for all	Secure employment Working time Adequate wages Social dialogue Freedom of association, including the existence of works councils Collective bargaining Work-life balance Health & Safety Gender equality and equal pay for work of equal value The employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity	+ A | Compliance with contractual rules, freedom of association, job stability, adequate working conditions, and equal treatment for the workforce of Pirelli suppliers	Short, Medium, Long	Upstream value chain	Contribution to the well-being, satisfaction, and improvement of working conditions for the workforce throughout Pirelli's supply chain
		Training and skills development	+ A | Training and development of skills throughout the entire working life of employees of suppliers	Short, Medium, Long	Upstream value chain	Improvement of employee skills and maintenance of a high-quality workforce along the supply chain
	Other work-related rights	Child Labour Forced labour Adequate housing	- P | Violation of human rights at Pirelli suppliers, e.g. through the use of child or forced labour	Short, Medium, Long	Upstream value chain	Potential violation of human dignity and compromise of workers' fundamental rights along the supply chain.

ESRS			**Impact**[19]	**Time horizon**	**Own operations / Value Chain**	**Effects on the environment and people and involvement with respect to impacts**
Topic	**Subtopic**	**Sub-subtopic**				
Affected communities	Communities' economic, social and cultural rights	Land-related impacts	+ A | Community development in areas where Pirelli operates through specific initiatives	Short, Medium, Long	Downstream value chain	Contribution to the well-being and improvement of the quality of life of local communities
Consumers and end users	Information-related impacts on consumers and/or end-users	Freedom of expression	+ A | Dedicated channels for listening of customers	Short, Medium, Long	Downstream value chain	Contribution to customer satisfaction and the ability to make informed choices
		Access to (quality) information)	+ A | Availability of adequate information about Pirelli products for customers	Short, Medium, Long	Downstream value chain	
	❖ Personal safety of consumers and/or end users	Health & Safety Security of a person	- P | Occurrence of accidents caused by product characteristics/defects	Short, Medium, Long	Downstream value chain	Contribution to road safety by reducing possible car accidents thanks to tyres that meet the highest quality and safety standards.
Business conduct	Corporate culture		+ A | Sharing and dissemination of the company's rules and principles with internal and external stakeholders	Short, Medium, Long	Own operations	
	Management of relations with suppliers including payment practices		+ A | Development of local supply chains	Medium, Long	Upstream value chain	
	❖ Corruption and bribery	Prevention and detection including training Incidents	- P | Corruption, illegal conduct within Pirelli's operations	Short, Medium, Long	Own operations	

The topics marked with the symbol ❖ are topics that have been identified as relevant based on the double perspective of Impact and Financial Materiality and have therefore been deemed by the Group to be of greater importance. In particular, the topics of Climate Change, Circular Economy, Consumer Safety and Corruption are considered the most relevant for the Group, given that these are the topics for which material impacts, risks and opportunities have been jointly identified. To this end, Pirelli has taken steps to implement appropriate controls and activities to manage impacts, mitigate risks and seize opportunities with a view to sustainable development.

Risks and opportunities table

ESRS			**Risk/opportunity**[20]	**Own operations / Value Chain**
Topic	**Subtopic**	**Sub-subtopic**		
Climate Change	Climate change mitigation		R: Risk of delays by the supply chain in achieving the CO_2 targets communicated to the market and the consequent impact on sustainable finance/claims by investors	Own operations - Upstream value chain
			R: Tightening of carbon taxes in countries where Pirelli manufactures	Own operations
			O: Increased market share related to the ability to respond quickly to requests for low-emission products before competitors	Own operations
			O: Increase in market share related to the rapid growth of the electric market	Own operations
Circular economy	Resources inflows, including resource use		R: Increase in the cost of “carbon-intensive” goods (e.g. steel, aluminium) following introduction of the Carbon Border Adjustment Mechanism (CBAM)	Own operations
			O: Competitive advantage from early adoption of circular economy solutions and technologies such as management of resource scarcity and product end-of-life.	Own operations - Downstream value chain
			O: Cost reduction as a result of AI “predictive maintenance” measures that minimise errors and failures on machinery, resulting in reduced material waste.	Own operations
Consumers and end users	Personal safety of consumers and/or end users	Health & Safety Security of a person	O: Increased market share due to increasingly safe products, for example thanks to intelligent and connected tyres that transmit useful information for safe mobility in real time	Own operations - Downstream value chain
Business conduct	Corruption and bribery	Prevention and detection including training Incidents	R: Non-compliance with company criminal regulations (e.g. 231/2001)	Own operations
			R: Non-compliance with anti-corruption rules and regulations	Own operations

The findings of the analysis, together with stakeholder assessments and expectations, are considered in updating Group objectives and strategies.

For each relevant issue, Pirelli implements a series of actions, in order to adequately manage impacts and/or risks and pursue opportunities, in addition to its policies and existing targets. The business model, strategy and decision-making processes take into account risks and opportunities, leading to the adoption of the mitigation and adaptation measures described in this Report. They also affect the value chain, determining the evolution of relationships with suppliers and partners, and promoting sustainable practices throughout the production cycle.

With specific reference to environmental issues, the process of identifying the IROs included a particular focus on the product life cycle and on the activities carried out by the actors in the upstream and downstream value chain, as illustrated in step 2 “Identification of potentially material impacts, risks and opportunities” described above.

[20] In the “Risk/Opportunity” column, the letter **R** stands for risk, while the letter **O** stands for opportunity

Specific chapters below are dedicated to the dimensions of Climate change and Biodiversity, while the following paragraphs provide information on pollution, water resources, and resource use and circular economy.

In particular, the tyre use phase was analysed in order to identify any polluting emissions deriving from the downstream value chain.

As regards the identification of the IROs connected to the size of the water resource, particular attention was paid to the analysis of the Group's Water Footprint, which Pirelli monitors periodically with a view to medium-long term management and the progressive reduction of its impact on the resource throughout the product life cycle. Particular attention was paid to evaluating water use in Pirelli's own operations and in the activities of the upstream value chain, since water is a part of the production processes.

Furthermore, the main monitoring indicators were taken into account, including water consumption, water withdrawal and water depletion, in order to identify potential impacts, including in specific geographical areas ("water-stressed areas").

Finally, a series of activities were carried out to examine the circular economy issue for the Pirelli Group and identify any positive/negative impacts, with the aim of analysing the effects of the activities carried out and the resources used in its own operations, and in the upstream and downstream value chain. Once again, the analysis of the product life cycle phases was the starting point, followed by the identification of the main raw materials acquired and used in the production processes, verifying which are recycled or recyclable.

The identification of climate-related IROs

Pirelli adopts a structured approach to identify and assess the Impacts, Risks and Opportunities (IROs) related to climate change that is fully integrated into Pirelli's risk governance model. In order to identify these impacts, the Group conducted an in-depth analysis of its operational activities and value chain, examining the characteristics of the business and the Group's Industrial Plan. This process made it possible to identify the main sources of CO_2 emissions and define the activities necessary for their mitigation.

The analysis focused on an integrated assessment of direct emissions (Scope 1), indirect emissions from energy consumption (Scope 2) and emissions along the value chain (Scope 3), ensuring a complete overview of the environmental impacts associated with the Group's operations and products.

Pirelli periodically updates the Group's Climate Change and related Water Risk Assessment analysis to identify, assess, mitigate and monitor the climate risks that may affect the objectives and operations of the Group and its value chain (both upstream and downstream).

This process is aligned with international frameworks, such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Taxonomy Regulation, and includes a catalogue of risks that takes into account:

- Acute and chronic physical risks: for example, extreme weather events or long-term climate changes that can affect production sites and supply chain operations.

- Transition risks: including technological, reputational, policy/regulatory (e.g. tightening of carbon taxes) and market risks.

Given the different nature of the risks assessed, the metrics are adjusted to three different time horizons in which the risk event could occur and/or have an impact on the Group. For each risk event evaluated, three different assessments are therefore provided for the equivalent scenarios considered: short term (by 2025), medium term (2026-30), long term (2031-50).

The Group's exposure to acute physical risks (resulting from extreme weather events such as more frequent and/or intense extreme weather events – e.g. cyclones, storms, floods, droughts) and chronic physical risks (progressive changes in climate or environmental variables – e.g. increase in average temperatures, changes in rainfall patterns, rising sea levels, degradation of ecosystems, loss of biodiversity, water stress and scarcity of resources), is assessed globally by collecting specific data on exposure to these events over time for each site and quantifying the potential economic impacts for the Group with quantitative analyses, where applicable. In particular, the analysis of physical risks was carried out both in terms of potential damage to assets (Property Damage) and in terms of potential business Interruption days, by calibrating the climate models to historical events, and thereby correlating the intensity of the events with consequent production downtime. In terms of potential criticality for the Group, no significant impacts are foreseen in the short-medium term (2024-2030), while elements of uncertainty remain on the horizon towards 2050.

The process adopted by Pirelli for the identification and assessment of the physical risks associated with climate change involves the analysis of different climate scenarios, in line with the models developed by the IPCC[21], which include RCP 1.9/ RCP 2.6 (SSP1), RCP 4.5 (SSP2) and the high emission scenario RCP 8.5 (SSP5)[22].

Pirelli assesses the risks over three time horizons – short, medium and long term – considering the relevance and applicability of each risk in relation to the climate scenarios under consideration. This method allows the company to better understand the evolution of physical risks, both acute and chronic, taking into account a wide range of possible future climate conditions.

With regard to the Group's exposure to climate transition risks (arising from the evolution of the regulatory, technological and market context in which Pirelli operates) at a global level, variables that may impact the Group's activities in terms of revenues and operating costs (such as, for example,

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21 Intergovernmental Panel on Climate Change

22 RCPs (Representative Concentration Pathways) are climate change scenarios that consider different future concentrations of greenhouse gases in the atmosphere and that imply a projected increase in global temperature at the end of the century of between <1.5°C (RCP 1.9) and >4°C (RCP 8.5).

the tightening of current CO_2 emission pricing schemes in the countries where Pirelli operates) are collected and analysed. The identification and assessment of transition risks related to climate change considers the analyses on short-, medium- and long-term time horizons, with respect to three energy transition scenarios developed by the IEA[23] that include the STEPS, APS and NZE[24] scenarios. This methodology allows the company to monitor the evolution of transition risks with respect to scenarios that consider different levels of ambition and speed in implementing climate policies.

In this regard, the introduction and/or tightening of the current CO_2 emission pricing schemes in the countries where the Group operates, could entail the risk of increased production costs for the Company's operations. This phenomenon could materialise not only at a European level, where the Emissions Trading System (ETS) mechanism has already been active for years, with impacts that are already evident in the Group's factories in the EU, but also in other economies that already have carbon taxation policies in place or are in the policy evaluation phase (China, Brazil, Mexico and the UK, amongst others). The impact of the risk was evaluated in financial terms for the 2024-2050 time period, by calculating the potential added costs for the Group based on the options described above, should the current carbon pricing system be introduced and/or worsened.

No material impact emerged from the assessment for the short (2024-2025) and medium-term (2030). However, uncertainty remains as to the significance of the long-term period impacts (2050) in the event of the NZE scenario occurring. Due to the potential impacts on aspects of production, Pirelli constantly monitors potential developments in the carbon pricing policies of the main countries in which it operates, so as to proactively intercept any deviations from the announced targets, and to be able to implement mitigation measures.

The potential impacts of the aforementioned physical and transition risks have been considered in the formulation of internal short-medium term estimates. These estimates have been evaluated in the context of the recoverability of the group's main assets and considered in the assessment of any potential liabilities to be recorded in the financial statements. For more information on the impacts on the consolidated financial statements as of December 31, 2024, please refer to explanatory note 43 'information related to climate change'".

The identification of biodiversity-related IROs

Pirelli considers risks and opportunities related to Biodiversity in the value chain from upstream to downstream.

With reference to upstream activities, Pirelli requires that its suppliers implement a management model at their sites and along their supply chain to protect biodiversity and ecosystems, with

[23] International Energy Agency

[24] Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), Net Zero emissions by 2050 (NZE).

particular attention to the conservation and responsible use of natural resources, in compliance with international standards and the laws and regulations of the countries where they operate.

With regard to the issue of Non-Deforestation, the greatest risks of deforestation in the value chain are found in the supply chain and are related to materials of forest origin and in particular, by materiality of use, to natural rubber.

During 2024, all Pirelli production sites and test tracks were subjected to an assessment of their impact on and dependence on surrounding ecosystems, as well as site-specific risks and opportunities.

In particular, the ENCORE tool was used for the impact assessment, thanks to which the impacts were analysed for each site based on the specific product sector. In addition, environmental indicators collected by Pirelli on site were analysed, such as water withdrawal and consumption, as well as the concentration of substances released into the atmosphere and present in waste water.

The assessment of dependencies on neighbouring ecosystems was also conducted using public tools and datasets; in this case, the use of ENCORE was integrated with the templates provided by the Taskforce for Nature-related Financial Disclosure (TNFD) to determine the dependence on ecosystem services. Based on the commodity sector to which each site belongs, the corresponding dependencies were analysed and each one was assigned a qualitative value (low, medium, high) to determine how relevant the loss or depletion of a specific ecosystem service was for the site, as well as how decisive it was from an economic point of view. The site-specific analysis confirmed the water resource as the main natural resource used by Pirelli, as well as one of the main natural assets on which various ecosystem services depend, such as the regulation of water flows and water quality for the local community.

In order to conduct the site-specific assessment, and understand the exposure of Pirelli's assets to various physical risks (such as drought, landslides, floods, water storage capacity, fires, soil, air and water pollution) and transition risks (legislative and reputational), tools such as the Global Facility for Disaster Reduction and Recovery (GFDRR), the Global Wildfire Information System (GWIS) and, when available, local documents such as vegetation maps, urban development plans and/or environmental conservation and restoration plans were used. The various tools made it possible to assess the state of biodiversity and the condition of the ecosystems surrounding Pirelli sites. The time period taken into consideration for the above analysis corresponds to 20 years, covering the timeframe from 2030 to 2050. For the Pirelli sites (warehouses, production plants and test tracks), the potential systemic risks associated with the company's activities were not considered or analysed in this first step of analysis. Over the next few years, the adopted analysis scenario will be updated when new data collected by Pirelli regarding the possible impacts of company activities becomes available, new data provided by the scientific community regarding the degradation of ecosystems and the loss of biodiversity becomes available and/or when there are new developments from a regulatory point of view.

In addition, for the same Pirelli sites, site-specific opportunities have been identified aimed at improving environmental conditions near the relevant Pirelli sites and at trying to guarantee the continuity of the use of ecosystem services and, in particular, the reduction of water use. By way of example, the following actions have been planned: actions to reduce water consumption through efficiency processes; actions to reduce the withdrawal of water from natural water bodies through processes for the recovery of rainwater and/or industrial water downstream of the processes; actions to monitor and/or filter waste water beyond what is required by law; actions for energy efficiency, energy conversion and renewable energy production to reduce the emission of pollutants into the atmosphere.

Finally, an analysis was conducted on how each site of interest interacts with Key Biodiversity Areas (KBAs), which are critical areas from a biodiversity perspective, and Protected Areas (PAs), which correspond to protected areas.

A Biodiversity Action Plan (BAP) has been drawn up for each Pirelli site. The sites have been analysed and prioritised to identify areas where mitigation actions could lead to the most significant results. The extent of the impacts/dependencies and risks/opportunities related to nature were quantified, and these in turn were linked to the five drivers of biodiversity loss and ecosystem degradation identified by IPBES[25], namely changes in land/water/sea use, resource exploitation, climate change, pollution and invasive alien species.

Risk mitigation actions and opportunities (Key Opportunities) have been identified to address each factor of biodiversity loss and ecosystem degradation. These actions have been recorded and associated with specific objectives for the site in relation to the company vision of No Net Loss of Biodiversity and the mitigation hierarchy indicated by international frameworks (avoid, reduce, regenerate, restore) in order to contribute to the Group Biodiversity Strategy.

No consultations were held with the local communities that depend on the same natural resources and ecosystems as the Pirelli sites during the aforementioned analyses. However, BAPs provide a series of suggestions on local stakeholders that can be contacted for projects aimed at environmental conservation and the sustainable use of natural resources, with the aim of involving local communities and local stakeholders in future analysis steps.

Interaction between the material IROs and Pirelli's strategy and business model

The interaction between the IROs, which are material for Pirelli, and the Group's business strategy is bidirectional. On the one hand, they influence strategic planning and the definition of short-, medium- and long-term objectives, and on the other hand, they derive from the conduct of the characteristic activities of the business and the implementation of the Industrial Plan.

More specifically, the results of the double materiality analysis, together with the expectations of stakeholders identified during other engagement activities, as described in the chapter "Stakeholder engagement", are taken into consideration, among other factors, in strategic planning, as illustrated

[25] Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

in the chapter “Strategy” with reference to the update of the Industrial Plan in 2024. Furthermore, in response to each relevant issue, Pirelli implements a series of actions, in order to adequately manage impacts and/or risks and pursue opportunities, in accordance with its policies and with a view to achieving the Plan’s targets.

This process directly contributes to the resilience of Pirelli’s strategy and business model, as the active management of impact and risks allows the company to adapt and respond to emerging environmental and social challenges in a proactive manner, taking advantage of the opportunities related to such dynamics.

The material negative impacts that emerged from the analysis mainly concern the environmental sphere. Most of these impacts are caused by the Group’s ordinary activities, such as CO_2 emissions or water consumption, or are related to the specific nature of the business, such as the release of microplastics from the use of tyres produced by Pirelli or the deterioration of ecosystems resulting from the sourcing of natural rubber. These impacts, and in particular the reduction of vehicle emissions, are addressed by the company strategy, described in the chapter “Strategy”, aimed at producing tyres that are increasingly efficient and have less impact on the environment.

Pirelli’s ability to adapt and reduce its environmental impact, in line with global expectations, is testimony to the resilience of its long-term strategy. Pirelli tackles environmental risks not only to minimise damage but also to innovate and create value, exploiting the opportunities arising from sustainable growth.

The impacts relating to the social sphere – which are mainly positive – are primarily attributable to the implementation of the strategy and the pursuit of the targets of the Industrial Plan, which are detailed in the sections that follow in the chapters dedicated to the discussion of the targets. This demonstrates the Group’s strong emphasis on social responsibility throughout the value chain, showing the ability of the business strategy and model to adapt to new challenges.

As regards the life cycle of the operational risks included in the analysis, the significant issues in terms of exposure for the Group are monitored on a six-monthly basis in order to assess the progress of the recovery plans.

With reference to the risks and opportunities identified within the scope of the Double Materiality analysis, it should be noted that the relative impact on the economic-financial data mainly concerns the effects of climate change-related risks and opportunities, and the opportunities related to the increase in market share thanks to safer products. In particular, these issues are considered in assessing the recoverability of goodwill and the Pirelli brand as at 31 December 2024: considering that the Group expects in the medium term, net benefits on operating cash flows, the latter were not considered in carrying out the impairment test while the negative effects for the failure to achieve the targets of the plan and the related physical and transition risks were considered, with reference to the period of the plan, in the new cash flows forecast by management for 2025 while, with reference to the medium-long term, the impact was assessed through *stress tests* to assess the sustainability of the recoverable value of goodwill and the Pirelli Brand.

It should also be noted that as at 31 December 2024, there were no risks of probable cash outflows emerged with respect to these risks, such as to require a specific provision in the balance sheet.

For further information, see Notes 11 ‘Intangible Assets’ and 45 ‘Other Information – Information on Climate Change’ to the Consolidated Financial Statements.

For further details about the relationship between the material IROs and Pirelli’s strategy and business model, please refer to the specific sections, and in particular in the section “Environmental Information”, with reference to the dimensions of climate change and biodiversity, and in the section “Social Information”, with reference to the company’s own workforce, workers in the value chain, affected communities, and consumers and end users.

Disclosure requirements in ESRS covered by the company's sustainability statement

After having clarified, in section IRO-1 Double Materiality Analysis and Management of Impact, Risks and Opportunities, how Pirelli determines the information to be disclosed with regard to the IROs it has assessed as material, the **disclosure requirements** the Group has fulfilled in preparing its sustainability statement, including the **information deriving from other EU legislation** listed in Appendix B of Annex II of the CSRD, are set out below.

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS 2 – General information			
ESRS 2 BP-1 General basis for preparation of sustainability statement		Par. [BP-1] Methodological note, pg. 69-72	
ESRS 2 BP-2 Disclosures in relation to specific circumstances		Par. [BP-2] Methodological note, pg. 69-72	
ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies		Par. Sustainability Governance – [GOV-1] Governance Structure, pg. 113-118	
ESRS 2 GOV-1 Gender diversity on the board, paragraph 21 d)	SFDR Annex I, table 1, indicator No. 13 Commission Delegated Regulation (EU) 2020/1816[30], annex II	Par. Sustainability Governance – [GOV-1] Governance Structure, pg. 113-118	
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 e)	Commission Delegated Regulation (EU) 2020/1816, annex II	Par. Sustainability Governance – [GOV-1] Governance Structure, pg. 113-118	
ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		Par. Sustainability Governance – [GOV-2] Governance Structure, pg. 113-118	
ESRS GOV-3 Integration of sustainability-related performance in incentive schemes		Par. Sustainability Governance - [GOV-3] Integration of sustainability-related performance in incentive schemes, pg. 118-119	
ESRS 2 GOV-4 Statement on due diligence		Par. Sustainability Governance - [GOV-4] Statement on due diligence, pg. 120-121	
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, table 3, indicator No. 10	Par. Sustainability Governance - [GOV-4] Statement on due diligence, pg. 120-121	

[26] SFDR Reference: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector (SFDR) (OJ L 317, 9.12.2019, pg. 1).

[27] Pillar 3 Reference: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, pg. 1).

[28] Benchmark Regulation reference: Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, pg. 1).

[29] EU Climate Law reference: Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulation (EC) no. 401/2009 and Regulation (EU) 2018/1999 ("European Climate Law") (OJ L 243 of 9.7.2021, page 1).

[30] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting		Par. Sustainability Governance - [GOV-5] Internal Control System on Sustainability Reporting, pg. 122-124	
ESRS 2 SBM-1 Strategy, business model and value chain		- Par. Strategy, business model and value chain - [SBM-1] Strategy, pg. 72-77Par. Strategy, business model and value chain - [SBM-1] Business model and value chain, pg. 77-78	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 d) point i)	SFDR Annex I, table 1, indicator No. 4 Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453[31], Table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk Commission Delegated Regulation (EU) 2020/1816, annex II		Not material as the Group is not involved in activities related to those indicated.
ESRS 2 SBM-1 Involvement in activities related to the production of chemicals, paragraph 40 d), point ii)	SFDR Annex I, table 2, indicator No. 9 Commission Delegated Regulation (EU) 2020/1816, annex II		Not material as the Group is not involved in activities related to those indicated.
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 d), point iii)	SFDR Annex I, table 1, indicator No. 14 Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818[32] and Annex II to Delegated Regulation (EU) 2020/1816		Not material as the Group is not involved in activities related to those indicated.
ESRS 2 SBM-1 Involvement in activities related to growing and producing tobacco, paragraph 40 d) point iv)	SFDR Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818 and annex II of Delegated Regulation (EU) 2020/1816		Not material as the Group is not involved in activities related to those indicated.
ESRS 2 SBM-2 Interests and views of stakeholders		Par. [SBM-2] Stakeholder engagement, pg. 79- 80	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model		Par. [SBM-3] Interaction between the material IROs and Pirelli's strategy and business model, pg. 94-96	Phase-in: For FY 2024, the company omitted the information prescribed in ESRS-2 SBM-3 (anticipated financial effects), as provided in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772.
ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities		Par. [IRO-1] Double materiality analysis and management of impacts, risks and opportunities, pg. 80-90	

[31] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).

[32] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement		Par. [IRO-2] Disclosure requirements in ESRS covered by the company's sustainability statement, pg. 97-112	
MDR-P - Policies adopted to manage material sustainability matters		Par. [MDR-P] Main policies for the management of IRO materials, pg. 124-125	
ESRS E1 – Climate Change			
ESRS 2 GOV-3 E1 Integration of sustainability-related performance in incentive schemes		Par. Sustainability Governance - [GOV-3] Integration of sustainability-related performance in incentive schemes, pg. 118-119	
ESRS E1-1 Transition plan for climate change mitigation		Par. Management of greenhouse gas emissions and climate transition plan – [E1-1] Transition plan for climate change mitigation, pg. 127-130	
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14	Article 2 paragraph 1 of Regulation (EU) 2021/1119	Par. Management of greenhouse gas emissions and climate transition plan – [E1-1] Transition plan for climate change mitigation, pg. 127-130	
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 g)	Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Bank portfolio - Indicators of potential transition risk related to climate change: Credit quality of exposure by sector, emissions and residual maturity Article 12, paragraph 1, letters d) to g) and paragraph 2 of Delegated Regulation (EU) 2020/1818		Not relevant as the Group is not among the companies excluded from the benchmarks aligned with the Paris Agreement.
ESRS 2 SBM-3 E-1 Material impacts, risks and opportunities and their interaction with strategy and business mode		Par [E1 SBM-3] Climate Change Risk assessment and strategy resilience, pag. 131-132	
ESRS 2 IRO-1 - Description of the processes to identify and assess relevant climate-related impacts, risks and opportunities		Par. Double materiality analysis and management of impacts, risks and opportunities - [E1 IRO-1] The identification of climate-related IROs, pg. 90-92	
ESRS E1-2 Policies related to climate change mitigation and adaptation		- Par. Management of greenhouse gas emissions and climate transition plan – [E1-2] Policies for managing greenhouse gas emissions, pg. 132-133 - Par. Energy management – [E1-2] Policies, pg. 151	
ESRS E1-3 Actions and resources in relation to climate change policies		- Par. Management of greenhouse gas emissions and climate transition plan - [E1-3] Actions, pg. 139-143 - Par. Energy management – [E1-3] Actions, pg. 154-157	
ESRS E1-4 Targets related to climate change mitigation and adaptation		- Par. Management of greenhouse gas emissions and climate transition plan - [E1-4] Targets, pg. 133-139 - Par. Energy management – [E1-4] Targets, pg. 151-153	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS E1-4 GHG emission reduction targets, paragraph 34	SFDR Annex I, table 2, indicator No. 4 Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Bank portfolio - Indicators of potential transition risk related to climate change: alignment metrics Article 6 of delegated regulation (EU) 2020/1818	Par. Management of greenhouse gas emissions and climate transition plan - [E1-4] Targets, pg. 133-139	
ESRS E1-5 Energy consumption and mix		Par. Energy management – [E1-5] Metrics – Energy consumption and mix, pg. 158-159	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (high climate impact sectors only), paragraph 38	SFDR Annex I, table 1, indicator No. 5 and annex I, table 2, indicator No. 5	Par. [E1-5] Energy management – Metrics – Energy consumption and mix, pg. 157-158	
ESRS E1-5 Energy consumption and mix, paragraph 37	SFDR Annex I, table 1, indicator No. 5	Par. Energy management – [E1-5] Metrics – Energy consumption and mix, pg. 157-158	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	SFDR Annex I, table 1, indicator No. 6	Par. Energy management – [E1-5] Metrics – Energy consumption and mix, pg. 157-158	
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions		Par. Management of greenhouse gas emissions and climate transition plan – [E1-6] Metrics – Scope 1, 2, 3 GHG emissions and Total GHG emissions, pg. 143-148	
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, paragraph 44	SFDR Annex I, table 1, indicators No. 1 and 2 Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Bank portfolio - Indicators of potential transition risk related to climate change: Credit quality of exposure by sector, emissions and residual maturity Articles 5 paragraph 1, articles 6 and 8 paragraph 1 of Delegated Regulation (EU) 2020/1818	Par. Management of greenhouse gas emissions and climate transition plan – [E1-6] Metrics – Scope 1, 2, 3 GHG emissions and Total GHG emissions, pg. 143-148	
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	SFDR Annex I, table 1, indicator No. 3 Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Bank portfolio - Indicators of potential transition risk related to climate change: alignment metrics Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818	Par. Management of greenhouse gas emissions and climate transition plan – [E1-6] Metrics – Scope 1, 2, 3 GHG emissions and Total GHG emissions, pg. 143-148	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS E1-7 GHG removals and GHG mitigation projects financed through carbon credits		Par. Management of greenhouse gas emissions and climate transition plan – [E1-7] Metrics – GHG removals and GHG mitigation projects financed through carbon credits, pg. 148-150	
ESRS E1-7 GHG removals and carbon credits, paragraph 56	Article 2 paragraph 1 of Regulation (EU) 2021/1119	Par. Management of greenhouse gas emissions and climate transition plan – [E1-7] Metrics – GHG removals and GHG mitigation projects financed through carbon credits, pg. 148-150	
ESRS E1-8 Internal carbon pricing		Par. Management of greenhouse gas emissions and climate transition plan – [E1-8] Metrics – Setting the internal carbon pricing, pg. 150-151	
ESRS E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		-	Phase-in: For FY 2024, the company omitted the information required in ESRS E1-9, as provided for in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772.
ESRS E1-9 Exposure of the benchmark portfolio to physical climate-related risks, paragraph 66	Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 c)	Article 449 bis of Regulation (EU) No 575/2013; points 46 and 47 of the Commission Implementing Regulation (EU) 2022/2453; model 5: Bank portfolio- Indicators of potential physical risk related to climate change: exposures subject to physical risk		
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 c)	Article 449 bis of Regulation (EU) No 575/2013; point 34 of the Commission Implementing Regulation (EU) 2022/2453 of the Commission; Model 2: Bank portfolio - Indicators of potential climate change-related transition risk: loans secured by real estate - Energy efficiency of secured guarantees		
ESRS E1-9 Degree of exposure of the portfolio climate-relate to opportunities, paragraph 69	Annex II of Delegated Regulation (EU) 2020/1818		
ESRS E2 - Pollution			
ESRS 2 IRO-1 E2 Description of the processes to identify and assess relevant pollution-related impacts, risks and opportunities		Par. [IRO-1] Double materiality analysis and management of impacts, risks and opportunities, pg. 80-90	
ESRS E2-1 Policies related to pollution		Par. Air pollution along the supply chain - [E2-1] Pirelli's policies for managing pollution throughout the supply chain, pg. 165	
ESRS E2-2 Actions and resources related to pollution		- Par. Air pollution along the supply chain - [E2-2] Actions, pg. 166-167 - Par. The phenomenon of particulate emissions from tread wear – [E2-2] Pirelli's commitment, pg. 161-163	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS E2-3 Targets related to pollution		- Par. Air pollution along the supply chain - [E2-3] Target, pg. 166 - Par. The phenomenon of particulate emissions from tread wear – [E2-3] Pirelli's commitment, pg. 161-163	
ESRS E2-4 Pollution of air, water and soil		Par. The phenomenon of particulate emissions from tread wear – [E2-3] Measuring absolute particulate emissions in the environment, pg. 163-164	
ESRS E2-4 Amount of each pollutant listed in Annex II of E-PRTR (European Pollutant Release and Transfer Register) emitted in air, water and land, paragraph 28	SFDR Annex I, table 1, indicator no 8; Annex I, table 2, indicator no 2; Annex 1, table 2, indicator no 1; Annex I, table 2, indicator no 3		
ESRS E2-5 Substances of concern and substances of very high concern			Not material
ESRS E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities			Not material
ESRS E3 -Water and marine resources[33]			
ESRS 2 IRO-1 E3 Description of the processes to identify and assess relevant water and marine resources-related impacts, risks and opportunities		Par. [IRO-1] Double materiality analysis and management of impacts, risks and opportunities, pg. 80-90	
ESRS E3-1 Policies related to water and marine resources		Par. Water resource management - [E3-1] Water management policies, pg. 168-169	
ESRS E3-1 Water and marine resources, paragraph 9	SFDR Annex I, table 2, indicator No. 7	Par. Water resource management - [E3-1] Water management policies, pg. 168-169	
ESRS E3-1 Dedicated policy, paragraph 13	SFDR Annex I, table 2, indicator No. 8	Par. Water resource management - [E3-1] Water management policies, pg. 168-169	
ESRS E3-1 Sustainability of the oceans and seas, paragraph 14	SFDR Annex I, table 2, indicator No. 12		Not material
ESRS E3-2 Actions and resources related to water and marine resources		Par. Water resource management – [E3-2] Actions, pg. 171-172	
ESRS E3-3 TArgets related to water and marine resources		Par. Water resource management – [E3-3] Targets, pg. 171-172	
ESRS E3-4 Water consumption		Par. Water resource management – [E3-4] Metrics – Water resource, pg. 171-172	
ESRS E3-4 Total recycled and reused water, paragraph 28 c)	SFDR Annex I, table 2, indicator No. 6.2		
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations, paragraph 29	SFDR Annex I, table 2, indicator No. 6.1		
ESRS E3-5 Anticipated financial effects from impact, risks and opportunities related to water and marine resources			Not material
ESRS E4 – Biodiversity and ecosystems[34]			
ESRS E4-1 Transition plan and focus on biodiversity and ecosystems in the business strategy and model		Par. [E4-1] Biodiversity Strategy, pg. 174-178	

33 Marine resources not relevant, the information given relates only to **water.**

34 Topic found to be relevant only with reference to the upstream value chain

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS 2 SBM-3 E4 Material impacts, risks and opportunities and their interaction with strategy and business model		Par. [E4 SBM-3] Biodiversity strategy, pg. 174-178	
ESRS 2 IRO-1 E4 Description of the processes to identify and assess relevant biodiversity and ecosystem-related impacts, risks and opportunities		Par. Double materiality analysis and management of impacts, risks and opportunities - [E4 IRO-1] The identification of biodiversity-related IROs, pg. 92-94	
ESRS 2 IRO-1 E4 paragraph 16, letter a), point i)	SFDR Annex I, table 1, indicator No. 7	Par. Double materiality analysis and management of impacts, risks and opportunities - [E4 IRO-1] The identification of biodiversity-related IROs, pg. 92-94	
ESRS 2 IRO-1 E4 paragraph 16, letter b)	SFDR Annex I, table 2, indicator No. 10	Par. Double materiality analysis and management of impacts, risks and opportunities - [E4 IRO-1] The identification of biodiversity-related IROs, pg. 92-94	
ESRS 2 IRO-1 E4 paragraph 16, letter c)	SFDR Annex I, table 2, indicator No. 14	Par. Double materiality analysis and management of impacts, risks and opportunities - [E4 IRO-1] The identification of biodiversity-related IROs, pg. 92-94	
ESRS E4-2 Policies related to biodiversity and ecosystems		Par. E4 Biodiversity and ecosystems - [E4-2] Policies, pg. 178-180	
ESRS E4-2 Sustainable agricultural/land-use practices or policies, paragraph 24 b)	SFDR Annex I, table 2, indicator No. 11		Not material
ESRS E4-2 Sustainable sea/ocean use practices or policies, paragraph 24 c)	SFDR Annex I, table 2, indicator No. 12		Not material
ESRS E4-2 Policies to address deforestation, paragraph 24 d)	SFDR Annex I, table 2, indicator No. 15	Par. E4 Biodiversity and ecosystems - [E4-2] Policies, pg. 178-180	
ESRS E4-3 Actions and resources related to biodiversity and ecosystems		Par. E4 Biodiversity and ecosystems - [E4-3] Actions, pg. 182-185	
ESRS E4-4 Targets related to biodiversity and ecosystems		Par. E4 Biodiversity and ecosystems - [E4-4] Targets, pg. 180-182	
ESRS E4-5 Impact metrics related to changes in biodiversity and ecosystems			Not material
ESRS E4-6 Anticipated financial effects of relevant biodiversity and ecosystem-related risks and opportunities			Not material
ESRS E5 – Circular Economy			
ESRS 2 IRO-1 E5 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities		Par. [IRO-1] Double materiality analysis and management of impacts, risks and opportunities, pg. 80-90	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS E5-1 Policies related to resource use and circular economy		Par. Resource use and Circular economy - [E5-1] Policies for sustainable resource management and the circular economy, pg. 187-188	
ESRS E5-2 Actions and resources related to resource use and the circular economy		Par. Resource use and Circular economy - [E5-2] Actions, pg. 191-200	
ESRS E5-3 Objectives related to resource use and the circular economy		Par. Resource use and Circular economy - [E5-3] Targets, pg. 189- 190	
ESRS E5-4 Resource inflows		Par. Resource use and Circular economy - [E5-4] Metrics - Resource inflows, pg. 200	
ESRS E5-5 Resource outflows		Par. Resource use and Circular economy - [E5-5] Metrics - Resource outflows, pg. 200-201	
ESRS E5-5 Non-recycled waste, paragraph 37 d)	SFDR Annex I, table 2, indicator No. 13		Not material
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	SFDR Annex I, table 1, indicator No. 9		Not material
ESRS E5-6 Anticipated financial effects from resource use and circular economy-related risks and opportunities			Phase-in: For FY 2024, the company omitted the information required in ESRS E5-6, as provided for in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772.
Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy)			
EU regulation (2020/852): Purpose and regulatory context		Par. EU regulation 2020/852: Purpose and regulatory context, pg. 202-204	
		Par. The taxonomy for the Pirelli group, pg. 204	
		Par. Eligible economic activities of the Pirelli Group, pg. 205-206	
		Par. Aligned business activities of the Pirelli Group, pg. 207-209	
		Par. Social Minimum safeguards, pg. 210-212	
		Par. Performance indicators, pg. 212-219	
		Par. Future developments, pg. 219- 220	
ESRS S1- Own workforce			
ESRS 2 SBM-2 S1 Interests and views of stakeholders		Par. [SBM-2 & SBM-3] Stakeholders' interests and views and interaction between IROs and the strategy and business model, pg. 221-222	
ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model		Par. [SBM-2 & SBM-3] Stakeholders' interests and views and interaction between IROs and the strategy and business model, pg. 221-222	
ESRS 2 SBM-3 S1 Risk of forced labour, paragraph 14 f)	SFDR Annex I, table 3, indicator No. 13		Not relevant
ESRS 2 SBM-3 S1 Risk of child labour, paragraph 14 g)	SFDR Annex I, table 3, indicator No. 12		Not relevant

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS S1-1 Policies related to own workforce		- Par. Respect for human rights – [S1-1] Global Human Rights Policy, pg. 231-233 - Par. Working Conditions - [S1-1] Policies for the Protection of Working Conditions, pg. 235 - Par. Diversity, Equity & Inclusion – [S1-1] Diversity, Equity & Inclusion Policy, pg. 238-239 - Par. Skills Development - Performance Management and Training [S1-1] Policies, pg. 247-248 - Par. Welfare and initiatives for the internal community - [S1-1] Policies, pg. 255-256 - Par. Occupational Health & Safety – [S1-1] Pirelli's workforce health and safety management Policies, pg. 266-267	
ESRS S1-1 Human rights policy commitments, paragraph 20	SFDR Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	Par. Respect for human rights – [S1-1] Global Human Rights Policy, pg. 231-233	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Commission Delegated Regulation (EU) 2020/1818, annex II	Par. Respect for human rights – [S1-1] Global Human Rights Policy, pg. 231-233	
ESRS S1-1 Procedures and measures to prevent human trafficking, paragraph 22	SFDR Annex I, table 3, indicator No. 11	Par. Respect for human rights – [S1-1] Global Human Rights Policy, pg. 231-233	
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	SFDR Annex I, table 3, indicator No. 1	Par. Occupational Health & Safety – [S1-1] Pirelli's workforce health and safety management Policies, pg. 266-267	
ESRS S1-2 Processes for engaging with own workers and workers' representatives about impacts		Par. [S1-2] Processes for engaging the Company's workers, pg. 222-224	
ESRS S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns		Par. [S1-3] Channels for employees to raise concerns, pg. 225-226	
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 c)	SFDR Annex I, table 3, indicator No. 5	Par. [S1-3] Channels for employees to raise concerns, pg. 225-226	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		- Par. Working conditions - [S1-4] Actions, pg. 236-237 - Par. Diversity, equity and inclusion – [S1-4] DE&I Actions, pg. 240-244 - Par. Skills development - Performance Management and Training - [S1-4] Training and development, pg. 248-255 - Welfare and initiatives for the internal community - [S1-4] Welfare activities, pg. 256-262 - Welfare and initiatives for the internal community - [S1-4] MORE Programme (Pirelli Global Welfare Program), pg. 262-263 - Occupational Health & Safety – [S1-4] Actions, pg. 268-274	
ESRS S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		- Par. Own labour force - Working conditions - [S1-5] Target, pg. 236 - Par. Diversity, equity and inclusion – [S1-5] Target, pg. 240 - Par. Skills Development - Performance Management and Training [S1-5] Target, pg. 248 - Par. Welfare and initiatives for the internal community - [S1-5] Target, pg. 256 - Par. Occupational Health & Safety – Target, pg. 267-268	
ESRS S1-6 Characteristics of the undertaking's employees		Par. Pirelli employees around the world - [S1-6] Metrics – Characteristics of own workforce, pg. 227-228	
ESRS S1-7 Characteristics of non-employee workers in the undertaking's own workforce			
ESRS S1-8 Collective bargaining coverage and social dialogue		Par. Working conditions – [S1-8] Metrics – Collective bargaining, pg. 237	Phase-in (for non-EEA countries): For FY 2024, the company omitted the information prescribed in ESRS S1-8, as provided in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772
ESRS S1-9 Diversity metrics		Par. Diversity, Equity and Inclusion - Metrics - DE&I, pg. 244-245	
ESRS S1-10 Adequate wages		Par. Working conditions – [S1-10] Metrics – Adequate wages, pg. 237	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS S1-11 Social protection			Phase-in: For FY 2024, the company omitted the information prescribed in ESRS S1-11, as provided in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772
ESRS S1-12 Persons with disabilities			Not material
ESRS S1-13 Training and skills development metrics		Par. Skills development - Performance Management and Training - [S1-13] Training and development, pg. 248-255	
ESRS S1-14 Health and safety metrics		Par. Occupational Health & Safety – [S1-14] Metrics – Health and Safety, pg 274	Phase-in: For FY 2024, the company omitted the information on cases of work-related ill-health required in ESRS S1-14, as provided for in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772.
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 b) and c)	SFDR Annex I, table 3, indicator No. 2 Commission Delegated Regulation (EU) 2020/1818, annex II	Par. Occupational Health & Safety – [S1-14] Metrics – Health and Safety, pg 274	
ESRS S1-14 Number of days lost due to injury, accident, fatality or illness, paragraph 88 e)	SFDR Annex I, table 3, indicator No. 3		Phase-in: For FY 2024, the company omitted the information on number of days lost required in ESRS S1-14, as provided for in Appendix C (ESRS 1) of Delegated Regulation (EU) 2023/2772.
ESRS S1-15 Work-life balance metrics		Par. Welfare and initiatives for the internal community - [S1-15] Metrics – Work-life balance, pg. 263-264	
ESRS S1-16 Remuneration metrics (pay gap and total remuneration)		Diversity, equity and inclusion – [S1-16] Metrics - DE&I, pg. 244-245	
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 a)	SFDR Annex I, table 1, indicator No. 12 Commission Delegated Regulation (EU) 2020/1818, annex II	Diversity, equity and inclusion – [S1-16] Metrics - DE&I, pg. . 244-245	
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 b)	SFDR Annex I, table 3, indicator No. 8	Diversity, equity and inclusion – [S1-16] Metrics - DE&I, pg. . 244-245	
ESRS S1-17 Incidents, complaints and severe human rights impacts		Par. Respect for human rights – [S1-17] Metrics – Human Rights, pg. 233-234	
ESRS S1-17 Incidents of discrimination, paragraph 103 a)	SFDR Annex I, table 3, indicator No. 7	Par. Respect for human rights – [S1-17] Metrics – Human Rights, pg. 233-234	
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 a)	SFDR Annex I, table 1, indicator no. 10 and annex I, table 3, indicator no. 14 Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818	Par. Respect for human rights – [S1-17] Metrics – Human Rights, pg. 233-234	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS S2 – Workers in the value chain			
ESRS 2 SBM-2 S2 Interests and views of stakeholders		Par. [SBM-2] Interests and views of stakeholders, pg. 276-277	
ESRS 2 SBM-3 S2 Material impacts, risks and opportunities and their interaction with strategy and business model		Par. [SBM-3] Material impacts, risks and opportunities related to workers in the value chain and their interaction with the strategy and the business model, pg. 277-278	
ESRS 2 SBM-3 S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 b)	SFDR Annex I, table 3, indicators No. 12 and 13	Par. Working conditions and respect for human rights along the Supply chain –. [SBM-3] Actions, pg. 282-283	
ESRS S2-1 – Policies related to value chain workers		- Par. Working conditions and respect for human rights along the Supply chain – [S2-1] Policies for the management of working conditions and respect for human rights along the Supply chain, pg. 280-282 - Par. Training along the supply chain - [S2-1] Policies for the managing training throughout the supply chain, pg. 287-288	
ESRS S2-1 Human rights policy commitments, paragraph 17	SFDR Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	- Par. Working conditions and respect for human rights along the Supply chain – [S2-1] Policies for the management of working conditions and respect for human rights along the Supply chain, pg. . 280-282	
ESRS S2-1 Policies related to value chain workers, paragraph 18	SFDR Annex I, table 3, indicators No. 11 and 4	- Par. Working conditions and respect for human rights along the Supply chain – [S2-1] Policies for the management of working conditions and respect for human rights along the Supply chain, pg. . 280-282	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guideline paragraph 19	SFDR Annex I, table 1, indicator No. 10 Annex II of Delegated Regulation (EU) 2020/1816 and article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818	- Par. Working conditions and respect for human rights along the Supply chain – [S2-1] Policies for the management of working conditions and respect for human rights along the Supply chain, pg. . 280-282	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Commission Delegated Regulation (EU) 2020/1818, annex II	- Par. Working conditions and respect for human rights along the Supply chain – [S2-1] Policies for the management of working conditions and respect for human rights along the Supply chain, pg. . 280-282	
ESRS S2-2 – Processes for engaging with value chain workers about impacts		Par. [S2-2] Processes to involve workers in the value chain and to remedy negative impacts, including channels for workers in the value chain to raise concerns pg. 277-279	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns		Par. [S2-3] Processes to involve workers in the value chain and to remedy negative impacts, including channels for workers in the value chain to raise concerns pg. . 277-279	
ESRS S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions		- Par. Working Conditions and Respect for Human Rights along the Supply Chain – [S2-4] Actions, pg. 283-287 - Par. Training along the supply chain – [S2-4] Actions, pg.288-289	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	SFDR Annex I, table 3, indicator No. 14	- Par. Working Conditions and Respect for Human Rights along the Supply Chain – [S2-4] Actions, pg. 283-287 - Par. Training along the supply chain – [S2-4] Actions, pg. 288-289	
ESRS S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		- Par. Working Conditions and Respect for Human Rights along the Supply Chain – [S2-5] Targets, pg.287-288 - Par. Training along the supply chain – [S2-5] Targets, pg.289-290	
ESRS S3 – Affected communities			
ESRS 2 SBM-2 Interests and views of stakeholders		Par. S3 Affected communities, pg. 291-292	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model		Par. S3 Affected communities, pg. 291-292	
S3-1 Policies related to affected communities		Par. Pirelli's commitment to the external community - [S3-1] Policies for managing relations with the external community, pg. 294-295	
ESRS S3-1 Human rights policy commitments, paragraph 16	SFDR Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11		Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	SFDR Annex I, table 1, indicator No. 10 Annex II of Delegated Regulation (EU) 2020/1816 and article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Not material
S3-2 Processes for engaging with affected communities about impacts		Par. [S3-2] Processes for engaging with affected communities about impacts, pg.292-293	
S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns		Par [S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns, pg.293-294	
S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions		Par. Pirelli's commitment to the external community - [S3-4] Actions, pg. 295-321	

Duty of disclosure and/or corresponding information	**Obligations from other EU legislation[26;27;28;29]**	**Disclosure**	**Non-material / phase-in**
ESRS S3-4 Human rights issues and incidents, paragraph 36	SFDR Annex I, table 3, indicator No. 14		Not material
S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (affected communities)		Par. Pirelli's commitment to the external community - [S3-5] Target, pg. 295	
ESRS S4 – Consumers and end users			
ESRS 2 SBM-2 S4 Interests and views of stakeholders		Par. [SBM-2] Interests and views of stakeholders, pg. 324-325	
ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model		Par. [SBM-3] Interests and views of stakeholders, pg. 324-325	
ESRS S4-1 Policies related to consumers and end-users		- Par. Transparency and customer information - [S4-1] Policies, pg. 329-330 - Par. Product safety, performance and sustainability - [S4-1] Policies, pg. 336-338	
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	SFDR Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	- Par. Transparency and customer information - [S4-1] Policies, pg. 329-330 - Par. Product safety, performance and sustainability - [S4-1] Policies, pg. 336-338	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	SFDR Annex I, table 1, indicator No. 10 Annex II of Delegated Regulation (EU) 2020/1816 and article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Not material
ESRS S4-2 Processes for engaging with consumers and end-users about impacts		Par. [S4-2] Consumer and end user engagement processes in respect of impacts, pg.325-327	
ESRS S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		Par. [S4-3] S4-3 Channels allowing consumers to express concerns, pg. 327-328	
ESRS S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions		- Par. Transparency and customer information - [S4-4] Actions, pg. 331-332 - Par. Product safety, performance and sustainability - [S4-4] Actions, pg. 338-343	
ESRS S4-4 Human rights issues and incidents, paragraph 35	SFDR Annex I, table 3, indicator No. 14		Not material
ESRS S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end users)		- Par. Transparency and customer information - [S4-5] Targets, pg. 330 - Par. Product safety, performance and sustainability - [S4-5] Target, pg. 338	
ESRS G1 – Business conduct			
ESRS 2 GOV-1 G1 The role of the administrative, supervisory and management bodies		Par. Sustainability Governance - [GOV-1] Governance Structure, pg. 113-118	

Duty of disclosure and/or corresponding information	Obligations from other EU legislation[26;27;28;29]	Disclosure	Non-material / phase-in
ESRS 2 GOV-1 G1 Description of the processes to identify and assess material impacts, risks and opportunities		Par. [IRO-1] Double materiality analysis and management of impacts, risks and opportunities, pg. 80-90	
ESRS G1-1 Corporate culture and Business conduct policies and corporate culture		- Par. Pirelli's corporate culture and its management model - [G1-1] The Code of Ethics, pg. 344-345 - Par. Pirelli's corporate culture and its management model - [G1-1] Whistleblowing Policy, pg. 345-348 - Par. Anti-Corruption - [G1-1] Group Anti-Corruption Compliance Programme, pg. 351-353	
ESRS G1-1 United Nations Convention against corruption, paragraph 10 b)	SFDR Annex I, table 3, indicator No. 15	- Par. Anti-Corruption - [G1-1] Group Anti-Corruption Compliance Programme, pg. 351-353	
ESRS G1-1 Protection of Whistleblowers, paragraph 10 d)	SFDR Annex I, table 3, indicator No. 6		Not material
ESRS G1-2 Management of relations with suppliers		- Par. Management of relations with suppliers - [G1-2] Supply chain sustainable management system pg. 356-360 - Par. Management of relations with suppliers - [G1-2] Sustainability elements in the purchasing process: Labour, Human Rights, Environment, and Business Ethics, pg. 357-362 - Par. Management of relations with suppliers - [G1-2] Policies for sustainable supply chain management, pg. 362-363 - Par. Management of relations with suppliers – [G1-2] Targets, pg. 363-364 - Par. Management of relations with suppliers – [G1-2] Actions, pg. 364-366	
ESRS G1-3 Prevention and detection of corruption and bribery		- Par. [G1-3] Anti-corruption, pg. 351-352Par. Anti-Corruption - [G1-3] Group Anti-Corruption Compliance Programme, pg. 351-353 - Par. Anti-corruption – [G1-3] Actions pg. 353 - Par. Anti-corruption – [G1-3] Targets pg. 353	
ESRS G1-4 Incidents of corruption or bribery		Par. Anti-corruption – [G1-4] Incidents of corruption or bribery, pg. 355	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 a)	Annex I, table 3, indicator No. 17 Annex II of Delegated Regulation (EU) 2020/1816	Par. Anti-corruption – [G1-4] Incidents of corruption or bribery, pg. 355	
ESRS G1-4 Standards anti-corruption of and anti-bribery, paragraph 24 b)	Annex I, table 3, indicator No. 16	Par. Anti-corruption – [G1-4] Incidents of corruption or bribery, pg. 355	

Duty of disclosure and/or corresponding information	**Obligations from other EU legislation[26;27;28;29]**	**Disclosure**	**Non-material / phase-in**
ESRS G1-5 Political influence and lobbying activities			Not material
ESRS G1-6 Payment practices		Par. Management of relations with suppliers - [G1-6] Metrics - Payment practices, pg. 366-367	

Sustainability Governance

Governance Structure

Pirelli's governance structure, hinged on the very best international practices, as ruled by Art. 3.4 of the Bylaws, is structured according to the traditional model of administration and control.

The Board of Directors in office as of the date of this report was appointed by Pirelli Shareholders' Meeting held on 31 July 2023. Its term of office will end with the approval of the financial statements as at 31 December 2025. The Board of Directors is composed of: Jiao Jian (Chairman), Marco Tronchetti Provera (Executive Vice Chairman), Andrea Casaluci (Chief Executive Officer), Chen Aihua, Zhang Haitao, Chen Qian, Alberto Bradanini, Michele Carpinelli, Domenico De Sole, Fan Xiaohua, Marisa Pappalardo, Grace Tang, Giovanni Lo Storto, Roberto Diacetti and Paola Boromei.

60% of the members of the Board of Directors are independent. Within the Board of Directors 2 members have executive roles, while there are 13 non-executive members. Furthermore, 60% of members of the members of the Board of Directors are men, while women make up the remaining 40%, with a gender diversity ratio of 66.67%. Considering the entirety of the management and control bodies, including the Board of Statutory Auditors, 55% of the members are men, while women constitute the remaining 45%.

Taking into account the recommendations and principles contained in the Corporate Governance Code, to which Pirelli adheres, the Board of Directors, at its meeting on 3 August 2023, confirmed the establishment of the following Board Committees: Strategies Committee, Related-Party Transactions Committee, Appointments and Successions Committee, Remuneration Committee, Audit, Risks and Corporate Governance Committee and established the Sustainability Committee. In particular, the Sustainability Committee – composed of the Directors Marco Tronchetti Provera (Chairman of the Committee), Jiao Jian, Andrea Casaluci and Giovanni Lo Storto – has a supporting role vis-à-vis the Board of Directors in the analysis of sustainability issues related to the exercise of business activities, corporate social responsibility and the analysis of issues relevant to the generation of long-term value, and the Audit, Risks and Corporate Governance Committee – composed of the Directors Fan Xiaohua (Chairman of the Committee), Chen Aihua, Roberto Diacetti, Giovanni Lo Storto and Michele Carpinelli – incorporates the roles of the control and risk committee, with the duty of supporting the Board of Directors in its assessments and decisions regarding the internal control and risk management system, as well as in those regarding the approval of periodic financial and sustainability reports. With reference to sustainability reports, the Audit, Risks and Corporate Governance Committee assesses the suitability of non-financial information to correctly represent the business model, the Company's strategies, the impact of its activities and the performance results achieved, examining its content relevant to the internal control and risk management system.

When choosing the Committee members, the Board of Directors considered as a priority the skills and experience acquired by each director in the subjects under discussion, distributing the appointments in order to avoid an excessive concentration of appointments being held by a limited number of people and to encourage the exchange of multiple viewpoints and perspectives.

The Board of Statutory Auditors in office at the Report Date was appointed by the Pirelli Shareholders' Meeting held on 28 May 2024. Its term of office will end with the approval of the financial statements as at 31 December 2026. The Board of Statutory Auditors is composed of: Riccardo Foglia Taverna (Chairman of the Board of Statutory Auditors), Maura Campra, Francesca Meneghel, Teresa Naddeo and Riccardo Perotta as Standing Auditors, and Franca Brusco, Roberta Pirola and Enrico Holzmiller as Alternate Auditors. The Board of Statutory Auditors carries out supervisory activities in accordance with the terms of the regulations in force at the time.

In accordance with art. 11 of the Bylaws, the Board of Directors manages and supervises the overall business activity, pursuing its sustainable development, and to this end is assigned powers of administration, except those that the law or Bylaws demand be assigned to the Shareholders' Meeting and without prejudice to the prerogatives granted to the Executive Vice Chairman (EVC) and Chief Executive Officer, also taking into account the provisions of the Decree of the President of the Council of Ministers dated 16 June 2023. The role of the board committees is to offer support to the Board in relation to matters deemed worthy of further investigation, in order to ensure that there is an effective and informed exchange of opinions about them.

On the sustainability-related matters, the Board of Directors:

- approves the sustainability plan, integrated into the company's strategic plans, the implementation of which is subject to periodic monitoring.

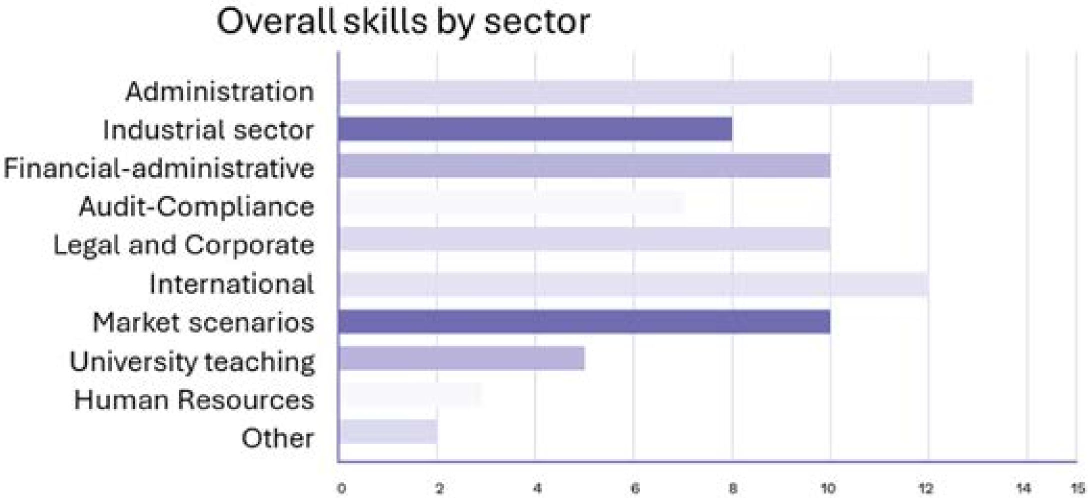
- approves the Double Materiality analysis, that includes the material IROs

- includes ESG indicators in its remuneration policy, consistent with the objectives included in the Company's strategic plans for measuring the management performance in its annual and medium/long-term remuneration plans;

- has identified the Chief Executive Officer as the director in charge of sustainability matters with the task of overseeing sustainability issues related to the company's activities and its dynamics of interaction with all stakeholders and implementing the guidelines defined by the Board of Directors;

- has set up the Sustainability Committee, a board committee with the duty of supporting the Board of Directors in the analysis of sustainability issues related to the exercise of business activities, corporate social responsibility and the analysis of issues relevant to the generation of long-term value.

The following chart illustrates the overall experience per sector of the members of the Board of Directors:



With reference to Sustainability Governance, the Board of Directors, supported by the Sustainability Committee, approves, upon the proposal of the Chief Executive Officer and in coordination with the Executive Vice Chairman, the strategies and objectives for sustainable management integrated in the Strategic Plans of the Company with reference to all areas of management, including, inter alia, those relating to human rights, health and safety, climate change and decarbonisation, reduction of environmental impacts of products and processes, supply chain sustainability, cyber security, diversity and inclusion, and ESG risks and opportunities, mapping of impacts on the economy, society, environment and human rights.

The competences of the administrative, management, and supervisory bodies on sustainability issues and the impacts, risks, and opportunities (IROs) relevant to the Company is fostered through induction activities, to which they have access, as well as through the systematic examination of these issues during the meetings of the Board Committees, with the support of the Company's relevant management and third parties, invited for training and/or in-depth exploration of specific topics. During 2024, the management – and in particular the Corporate General Manager, the Head of Corporate Affairs & Governance, the Head of Compliance & Rules, the Manager responsible for the preparation of the corporate financial documents, the Head of Financial Statements and Administration, the Head of Consolidated Financial Statements & Accounting governance, the Head of Sustainability and New Mobility, the Head of ESG Rating and Reporting, the Head of Internal Audit, the EVP Sustainability, New Mobility and Motorsport, the Head of Finance, M&A and Risk Management, the Risk Manager, the Head of Information Security, the Chief Digital Officer and the Head of Corporate Security – regularly participated in the meetings of the Audit, Risks and Corporate Governance Committee, contributing to the periodic and updated reporting of the Committee on topics such as corporate governance, internal audit, compliance, corruption, sustainability reporting, ongoing projects to ensure compliance with new obligations introduced by Legislative Decree no. 125/2024 for sustainability reporting, double materiality analysis, control framework for sustainability reporting, operating procedures for sustainability reporting, review plan for sustainability reporting, risk analysis, and cybersecurity.

During 2024, management – and in particular the Head of Corporate Affairs & Governance, the EVP & Chief Human Resources & Organisation Officer, the Head of Compensation & Benefits and the Head of International Mobility & HR Administration – took part assiduously in the meetings of the Remuneration Committee, contributing to a periodic and updated information of this Committee regarding the variable components of the remuneration of Directors holding specific offices, the General Manager and Key Managers, and the related objectives, which include those relating to sustainability.

The Audit, Risks and Corporate Governance Committee, in the meeting held on 18 December 2024, in support of the assurance that the members of the Board of Directors and the Board of Statutory Auditors possess the necessary expertise in sustainability matters, including relevant impacts, risks, and opportunities (IROs) for Pirelli in the environmental, social and governance areas, also reviewed the progress of the induction programme aimed at the administrative, management, and control bodies. The programme was also shared on that same date with the Board of Directors. Training was delivered by the Company's competent managers, supported by an external consultant expert on the subject, before approval of the financial statements at 31 December 2024.

In addition to the above, throughout 2024, the members of the Audit, Risks and Corporate Governance Committee were consistently informed about the initiatives carried out by the Company to ensure compliance with the new regulations on sustainability reporting, including the update of the operating standard aimed at defining the ESG data collection model, as well as the roles and responsibilities of the relevant functions within the Company in the process of preparing the consolidated sustainability reporting pursuant to Legislative Decree no. 125 of 06 September 2024.

With regard to the risk management process, the Board of Directors – with the support of the Audit, Risks and Corporate Governance Committee – periodically and constantly assesses the risks associated with the business in order to create long-term value for the benefit of shareholders.

Pirelli performs risk assessment and due diligence activities to identify its current and potential impacts on economy, society, the environment, and human rights along the value chain, with a view to identifying, preventing, mitigating and managing these impacts responsibly. The results of risk assessments on Human Rights, Climate Change, as well as the materiality mapping of Impacts and the related mitigation and responsible management strategies are submitted to the Audit, Risk, and Corporate Governance Committee.

The Audit, Risks and Corporate Governance Committee, on 18 December 2024, following the analysis of the objectives, the methodology adopted for conducting the double materiality analysis, and the related outcomes, expressed a positive assessment of the double materiality analysis concerning the 2024 consolidated sustainability reporting, particularly regarding the IROs (Impacts, Risks, and Opportunities) identified as relevant at the conclusion of the double materiality analysis and presented in the tables in the previous chapter titled "Double materiality analysis and management of impacts, risks and opportunities". Subsequently, the Board of Directors, considering the evaluations and opinion expressed by the Audit, Risks and Corporate Governance Committee, approved the update of the results of the double materiality analysis.

The Audit, Risks and Corporate Governance Committee also took positive note of the update of the operating procedure, originally drafted to regulate the process of preparing the non-financial disclosure, which defines the model for collecting ESG data as well as the roles and responsibilities of the relevant departments within the Company in the process of preparing the consolidated sustainability report, in compliance with Legislative Decree No. 125 of 6 September 2024. This operating procedure was subsequently approved by the Board of Directors.

Pirelli has also set up a supervisory body (the "Supervisory Body"), with the aim of creating a system of rules to prevent the occurrence of illegal behaviour considered potentially relevant for the purposes of application of the organisation and management model envisaged by Decree no. 231 of 8 June 2001, as subsequently amended from time to time (the "Model 231").

The Supervisory Body in office was appointed by the Board of Directors on 3 August 2023, in continuity with the previous body. Currently, the Supervisory Body is made up of 3 members, specifically: Carlo Secchi (Chairman), Maura Campra (Standing Auditor, appointed by the Board of Directors on 1 August 2024 to replace Antonella Carù, who ceased to be a Standing Auditor following the completion of her term of office) and Alberto Bastanzio (by virtue of the office held as Executive Vice President of Corporate Affairs, Compliance, Internal Audit, Corporate Security and Company Secretary). The Supervisory Body satisfies the autonomy, independence, professionalism and continuity of action requirements specified by law for that body. The Supervisory Body will remain in office until expiry of the mandate of the Board of Directors and, therefore, until Shareholders' Meeting approval of Pirelli's annual financial statements at 31 December 2025.

The strategic evolution of Group Sustainability is entrusted to the Strategic Sustainability Committee (management committee), a body appointed in 2004, chaired by the Executive Vice Chairman and that includes the Chief Executive Officer and the Company's top management representing all the organisational and functional responsibilities. The Committee holds ordinary meetings at least twice a year and has strategic competence on sustainability issues, including human rights, health and safety, climate change and decarbonisation, reduction of environmental impacts from products and processes, supply chain sustainability, cybersecurity, diversity and inclusion, and ESG risks and opportunities.

The Strategic Sustainability Committee is supported by an Operational Sustainability Committee (management committee), chaired by the Chief Executive Officer and including the Company's top management, with responsibility for the operational management of the Group's sustainability issues, including, among others, human rights, health and safety, climate change and decarbonisation, reduction of environmental impacts of products and processes, supply chain sustainability, cyber security, diversity and inclusion, ESG risks and opportunities.

The organisational structure is thus made up of a Sustainability and New Mobility Department reporting directly to the Chief Executive Officer of the company, which has oversight of the management at a Group level and proposes plans for sustainable development to the Sustainability

Strategic Committee (management committee). The Department avails itself of the support of: i) a Sustainability Working Group, made up of sustainability representatives within the various central company departments, in order to guarantee constant monitoring and coordination of strategic programmes with an impact on the areas of competence of the specific departments; ii) the Country Sustainability and Diversity Managers for the monitoring of activities covering all the Group's affiliates. The role of the Country Sustainability Manager is currently held by Country CEOs, who rely on their direct reports for the operational management of sustainability plans at the country level.

Integration of sustainability-related performance in incentive schemes

The principles that the Group follows in order to determine and monitor the application of the Remuneration Guidelines for Directors holding specific offices, to General Managers, Executives with strategic responsibilities, Senior Managers and other Group Executives, are described in the Remuneration Policy (published in the Governance section of the Pirelli website, in the "Remuneration" subsection, and as an integral part of the Annual Report).

The remuneration policies adopted aim to fairly and appropriately reward individual contributions to Pirelli's success, recognising performance and the quality of professional contributions.

The purpose is twofold: on the one hand to attract, retain and motivate employees, while on the other to reward and promote conduct that is consistent with the corporate culture and values. Compensation policies and processes for Group management (intended as the overall Executives) are managed by the Human Resources and Organisation department, while for non-executive personnel they are handled on an individual Country basis, albeit with centralised supervision.

In defining the Remuneration Policy, both at the level of Short-Term Incentives (STI) and Long-Term Incentives (LTI), the Group's sustainability objectives aimed at managing the impacts on the economy, the environment and people, including Human Rights, are considered, with a weighting of 15% of the STI bonus and 25% of the LTI bonus.

The Annual Incentive Plan (STI) is linked to the achievement of both economic-financial and functional annual objectives, in addition to three sustainability objectives:

- "Eco & Safety Volumes" placed on the market (the volume of Eco & Safety Performance tyres out of the total tyre sales volume of the Group; Eco & Safety Performance products are the car tyres that Pirelli produces globally and that fall into the rolling resistance and wet grip classes A, B, as measured according to the labelling parameters established by European standards), with a weight of 5% of the total;

- "Accident Frequency Index" (the index measures the incidence of accidents at work in relation to the hours worked in the year) with a weight of 5%; and

- “Diversity, Equity, and Inclusion: percentage of women in managerial positions” (the index measures the number of women in managerial roles as a proportion of the total managerial positions within the company) with a weighting of 5% of the total.

The table below shows the payout percentages for the Executive Vice Chairman and the Chief Executive Officer, as well as the portion deriving from ESG objectives and, in particular, details of the Climate component.

STI	*Performance*	*Payout*	*Of which ESG*
EVC:	*Targets*	125% of the GAR	19%(climate 6%)
	Maximum	250% of the GAR	38%(climate 13%)
CEO	*Targets*	110% of the GAR	17%(climate 6%)
	Maximum	220% of the GAR	33%(climate 11%)

Almost all of the Executives are also entitled to a long-term incentive plan (LTI); of the total incentivised population, 47% are within two levels of the Chief Executive Officer, while the remaining population (52%) is positioned from level three downwards.

The LTI Plan is based on a rolling mechanism, which does not have an ON/OFF access condition and has the following objectives:

- Net Cash Flow of the Group (before dividends) with a weighting of 35%:
- Total Shareholder Return (TSR) relative to a panel of competitors (TIER 1) with a weighting of 40%;
- CO_2 emissions reduction with a weighting of 15%.
- Positioning in the Dow Jones Sustainability Index World with a weighting of 10%;

The table below shows the payout percentages for the Executive Vice Chairman and the Chief Executive Officer as well as the portion deriving from ESG objectives and, in particular, details of the Climate component.

LTI	*Performance*	*Payout*	*Of which ESG*
EVC:	*Targets*	70% of the GAR	18%(climate 11%)
	Maximum	200% of the GAR	50%(climate 30%)
CEO	*Targets*	65% of the GAR	16%(climate 10%)
	Maximum	180% of the GAR	45%(climate 27%)

Statement on due diligence

Pirelli has established and manages due diligence processes and systems in the areas of social, environmental, and business conduct, aligned with the most advanced industry standards. The social due diligence system is in compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, ensuring continuous alignment between business practices and key international frameworks.

Through these processes, Pirelli is able to identify, assess, and manage the actual and potential negative impacts arising from its operations and value chain, both upstream and downstream, also considering the role of its products, services, and business relationships. The integration of due diligence into governance and corporate strategy ensures that Pirelli's activities are in line with national and international regulations, while promoting the adoption of responsible business practices.

Below is an overview of the information contained in the Consolidated Sustainability Report related to the due diligence processes in the social and environmental areas, with reference to the ongoing activities.

Key elements of the due diligence procedure	Sustainability Reporting Paragraphs
Integration of Due Diligence into the Governance, Strategy and Business Model	- ESRS-2 General Information – Sustainability Governance – Governance Structure - Governance information - G1 Business conduct - Elements of sustainability in the procurement process: Labour, Human Rights, Environment, and Business Ethics
Stakeholder engagement	- Social information – S1 Own workforce – Processes for the involvement of workers in the value chain - Social information – S2 Workers in the value chain – Processes to involve workers in the value chain and to remedy negative impacts, including channels for workers in the value chain to raise concerns - Social information – S3 Affected communities – Processes to remediate adverse impacts and channels for communities to express concerns
Identify and assess negative impacts on people and the environment	- Social Information – S1 Own Workforce, Respect for Human Rights - Social Information – S2 Workers in the value chain - Working conditions and respect for human rights along the supply chain, Policies for the management of working conditions and respect for human rights along the supply chain - Social information – S3 Affected communities – Processes to remediate adverse impacts and channels for communities to express concerns - Environmental information - E2 Pollution - Air pollution along the supply chain - Assessment of supplier impact and corrective plan - Environmental information - E3 Water and Marine Resources - Water resource Management - Water Management Policies
Intervention to address negative impacts on people and the environment	- Social Information – S1 Own Workforce, Respect for Human Rights - Social information – S2 Workers in the value chain - Working conditions and respect for human rights along the supply chain – Actions - Governance information - G1 Business conduct - Anti-Corruption, Actions - Governance Information - G1 Business conduct – Management of relations with suppliers, Actions
Monitoring the effectiveness of these efforts	- Environmental information - Air pollution along the supply chain - Assessment of supplier impact and corrective plan - Social Information – S1 Own Workforce, Respect for Human Rights, Metrics - Social Information - S2 Workers in the Value Chain - Working Conditions and Respect for Human Rights along the Supply Chain, Actions

Internal Control System on Sustainability Reporting

In order to guarantee the completeness and reliability of the information reported in this Sustainability Statement, during 2024 the Group updated the Internal Control System on Sustainability Reporting (hereinafter referred to as "SCIIS") already in place for the purposes of the Non-Financial Disclosure (pursuant to Legislative Decree 254/2016), taking the leading practices in the field of internal control systems as a reference, including the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

The Pirelli control system consists of:

- An Operating Procedure that defines the roles and responsibilities of the various departments involved in the process of drafting and controlling the Sustainability Statement;
- A framework of first-level controls, aimed at guaranteeing greater assurance regarding the correct reporting of non-financial information (as detailed below);
- Second-level controls, aimed at verifying the correct and effective implementation of the above-mentioned first level controls – through independent random testing;
- Verification, following a circulation activity, of the quantitative data contained in the Sustainability Statement;
- Certification by the Group department managers (and, insofar as within their remit, by the CEOs of the subsidiaries) of the information included in the Sustainability Statement.

Furthermore, in order to comply with the new regulations introduced by the Corporate Sustainability Reporting Directive and implemented within Legislative Decree 125/2024 and, in particular, to ensure ever greater integration between Sustainability Reporting and Financial Reporting, Pirelli has included the certification of sustainability information among the responsibilities of the Manager Responsible to certify the sustainability reporting, who is already in charge of the financial reporting processes.

In particular, the implementation of SCIIS has provided for:

- Identification of risks (based on mapping the processes of generation, collection and consolidation of information relevant to the Group);
- the definition of controls to cover all identified risks, at local and HQ level;
- the definition of a testing strategy (which considers: relevance of the data, probability of error and contribution of local entities to the consolidated Group total), aimed at defining the scope of second-level control activities on the effective implementation of the SCIIS.

The main risks identified with respect to the drafting of the Sustainability Statement are:

- the risk of inaccuracy and/or incompleteness of the data, monitored through the definition of controls aimed at verifying:
    - the validity of the primary source of the data,
    - the calculations and/or estimates made in the processing of the data,
    - the presence of adequate approval/review flows by management,
    - the presence of adequate supporting documentation,

  all referring to the phases of generation, retrieval, processing, consolidation and reporting;
- the risk of non-compliance with ESRS requirements, monitored through specific certifications by the management of the departments responsible for the data; the Group has also prepared a reporting manual as a reference for management in analysing data compliance with the requirements of the standards.

Any critical issue detected within the SCIIS is analysed and its impact (current or potential) on the data included in the Sustainability Statement is evaluated, adopting the appropriate corrective actions, which consist of:

- Definition of an action plan to analyse the causes of the critical issues detected and implement the appropriate corrective actions, involving the departments responsible for the processes;
- Evaluation of the opportunity to modify the defined control framework (for example, possible modification to the design of existing controls and/or definition of additional compensatory controls);
- Updating of the risk assessment and therefore of the testing strategy for the following year.

The Board of Directors, with the support of the Audit, Risks and Corporate Governance Committee:

- defines the guidelines for the internal control and risk management system, in line with the Group's strategies;
- assesses the adequacy of the internal control and risk management system;
- examines the periodic reports prepared by the Manager Responsible to certify the sustainability reporting on the effectiveness of the internal control system and in particular on the critical issues that emerged from the second-level control activities and/or the circulation activity (independent verification of the data reported and the related information sources).

The Board of Statutory Auditors attends the meetings of the Audit, Risks and Corporate Governance Committee and the Board of Directors.

Main policies for the management of material IROs

At the end of 2024, the Group consolidated the body of the Main Sustainable Management Policies in the following documents:

- Pirelli's Code of Ethics
- The "Group Code of Conduct"
- the "Global Human Rights" Policy
- the "Health, Safety and Environment" Policy
- the "Social Responsibility for Health, Safety and Rights at Work, Environment" Policy
- the "Diversity, Equity & Inclusion" Policy
- the "Product Stewardship" Policy
- the "Global Quality" Policy
- the "Supplier Code of Conduct"
- the "Green Sourcing" Policy
- the "Sustainable Natural Rubber Management Policy"
- The "Group Code of Conduct"
- The "Anti-Corruption" Programme
- the "Whistleblowing" Policy

The Policies and updates of existing Policies are approved by the Executive Vice-Chairman or the Chief Executive Officer or by the Board of Directors of Pirelli & C. S.p.A. (supported by the Committees set up within the Board of Directors).

The Code of Ethics and Policies apply to all Pirelli operations, including commercial relations with third parties. All business partners (joint ventures, suppliers, etc.) are also required to respect the principles contained in the Code.

In accordance with the approval process for company regulations established by Pirelli, the contents of the Code of Ethics and Policies were shared with all company departments involved in their implementation and validated by top management before approval and issuance.

The implementation of the Code of Ethics and Policies is the responsibility of Pirelli’s top management, which operates with the support of the competent company departments and in coordination with the various other departments involved in different capacities.

The Code of Ethics and the Policies are made available to employees in the corresponding section of the company Intranet and, whenever a new Policy or an update to the current ones is published, it is promptly communicated to employees via email. Depending on the circumstances and the type of Policy in question, initiatives to strengthen communication and awareness may be undertaken, such as publishing news on the company intranet and posting on the noticeboards of the Group’s offices. These initiatives are aimed at supporting the implementation of the Policies, considering the materiality of the impacts based on the roles of the specific departments, with a view to maximum effectiveness. Moreover, the Group has implemented processes aimed at providing new employees, upon their hiring, with a copy of the most relevant Policies in force (via email or hard copy), for their acknowledgement and acceptance.

In the event of a violation of the established principles of company Policies, or related Procedures, by its employees (by way of example and not limited to the context of: health and safety, anti-corruption, antitrust, information security, etc.), Pirelli applies the sanctions provided for by the company disciplinary system in compliance with collective labour agreements, company procedures and applicable regulations in the countries where Pirelli operates.

All the documents listed are also published and made available to all interested stakeholders on the Pirelli website in the languages of the main countries where Pirelli operates.

The plans and performances in the areas covered by all the Policies referred to here are discussed and approved by the Sustainability Strategic Committee (management committee) and are included in the Sustainability Plans as well as the results presented, discussed and approved by the Board of Directors. Furthermore, Pirelli reports the plans and results in these areas in this Group Annual Report, subject to approval by the Board of Directors.

More details about the policies mentioned are contained in the sections Environmental Information, Social Information and Governance Information.

ENVIRONMENTAL INFORMATION

E1 Climate change

Management of greenhouse gas emissions and climate transition plan

Following the Double Materiality analysis, the following material impacts, risks and opportunities related to the management of CO_2 emissions along Pirelli's entire value chain were identified.

Impacts:

- *CO_2 emissions from Pirelli sites (Scope 1 + 2).*
- *CO_2 emissions from Pirelli's suppliers (Scope 3) for quotas related to goods and services supplied to Pirelli.*
- *CO_2 emissions from Pirelli customers (Scope 3) for quotas related to tyres purchased from Pirelli.*

Risks:

- *Risk of delays by the supply chain in achieving the CO_2 targets communicated to the market, with the consequent impact on sustainable finance and possible disputes by investors.*
- *Tightening of carbon taxes in countries where Pirelli manufactures.*

Opportunities:

- *Increased market share linked to the ability to quickly respond to the demand for low-emission products before competitors.*

With respect to the issue of climate change, Pirelli's commitment to transparent corporate reporting on the issue has been a priority since it formally joined the Task Force on Climate-related Financial Disclosures (TCFD) in September 2018.

To this end, following the guidelines of this standard (which in 2023 were fully incorporated into the IFRSs[35] of the International Sustainability Standards Board, thus concluding the work of the Task Force), Pirelli publicly reports this information both in its Annual Report and through the CDP Climate Change programme where, again in 2024, it was confirmed as one of the leading companies, having been awarded the "A list".

[35] International Financial Reporting Standards

In detail, the coverage of climate change issues covers all 4 areas and 11 recommendations identified by the TCFD, as detailed in the following sections of this report:

- GOVERNANCE (Oversight by the Board of Directors; Role of Management) in “General Information” – “Governance Structure”.
- STRATEGY (Climate-related risks and opportunities in the short, medium and long term; Impacts of climate-related risks and opportunities; Resilience of strategy) in “Environmental Information” – “E1 Climate Change”, “Transition Plan for Climate Change Mitigation” and “Climate Change Risk assessment and strategy resilience”.
- RISK MANAGEMENT (Identification and assessment processes; Management processes; Integration into overall risk management) in “General Information” – “The identification of climate-related IROs”.
- METRICS AND TARGETS (Metrics Used; GHG Emissions; Targets) in “Environmental Information” – “E1 Climate Change”, “Transition Plan for Climate Change Mitigation”, “Targets” and the various paragraphs referring to the metrics.

In particular, with regard to governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Sustainability Committee, approves, at the proposal of the Chief Executive Officer and in coordination with the Executive Vice Chairman, the environmental management strategy and targets integrated into the Industrial Plan, including those relating to climate change and decarbonisation, and discusses their performance at least once a year during the approval of the financial results.

In turn, Pirelli’s top management also plays a strategic role in the full implementation of Pirelli’s Environmental Management Model and related strategic objectives on this matter.

Transition plan for climate change mitigation

The Pirelli Group has adopted a specific Transition Plan for climate change mitigation in order to support the strategic evolution of the business model with respect to the objectives of the Paris Agreement. The Transition Plan is included in Pirelli’s Industrial Plan, being integrated into the Company’s general strategy, and follows its approval process, for which see section “General information, the paragraph “Strategy, business model and value chain”.

In line with the ambition to limit global warming to 1.5°C, Pirelli has defined new short-to-medium- and long-term decarbonisation targets for the reduction of climate-altering gas emissions, which concern both the Group (at the level of production processes, raw materials and products) and the value chain, expecting to reach Net Zero emissions by 2040, 10 years ahead of the indications given by the EU[36] with the European Climate Law.

In detail, compared to 2018 values, absolute greenhouse gas emissions of Scopes 1 and 2 are expected to be reduced by 60% by 2025 and 80% by 2030, while for Scope 3[37] by 27% by 2025 and 30% by 2030. The achievement of the Net Zero target is set, as mentioned, to 2040 and requires the absolute greenhouse gas emissions of Scopes 1, 2 and 3[38] to be decreased by at least 90% compared to the values of the base year 2018.

In 2024, all of these targets were approved by the Science Based Targets initiative (SBTi), in line with the most ambitious scenario of the Paris Agreement to keep global warming within 1.5°C, following Pirelli's achievement of the previous targets already validated by SBTi two years in advance.

In the decarbonisation path towards Net Zero, Pirelli also envisages intermediate targets to 2027 to reduce absolute greenhouse gas emissions by 62% for Scopes 1 and 2 and by 28% for Scope 3, compared to 2018. Moreover, by 2030 it is committed to achieving Group Carbon Neutrality (Scope 1 and 2) by neutralising the remaining emissions related to the expected 80% reduction compared to 2018, with high quality carbon credits, generated by projects to reduce and prevent greenhouse gas emissions or to permanently remove carbon from the atmosphere, which will be certified and internationally recognised when purchased as best practice for compliance and effectiveness.

Pirelli's Transition Plan includes investment programmes to innovate products and production processes from a low-carbon perspective, energy efficiency projects and initiatives to promote access to renewable energy sources in order to accelerate the gradual phase-out from fossil fuels (gas and oil derivatives), in line with the recommendations that emerged at COP28 in Dubai.

The levers identified by Pirelli to achieve the decarbonisation targets include numerous transversal initiatives at the level of production processes, raw materials and products. These include:

- at production processes level, these include the use by all the Group's factories of 100% renewable electricity purchased from the grid by 2025, a programme to implement more than 90 energy efficiency projects over the period 2022-2025, and the electrification of 75% of the tyre curing presses in the Group's factories by 2030. In addition to these, recurring actions are implemented in the factories to reduce energy consumption, the gradual transition to the use of

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[36] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulation (EC) no. 401/2009 and Regulation (EU) 2018/1999 ("European Climate Law")

[37] Scope 3 emissions of categories 1, 3 and 4 according to the GHG Protocol, respectively generated by the purchase of raw materials, activities linked to fuel and energy use, and the transport and distribution of raw materials and finished products.

[38] Scope 1: direct greenhouse gas emissions from the direct combustion of fossil fuels by the organisation within its boundaries; Scope 2: indirect greenhouse gas emissions from the use of electricity, heat and steam imported and consumed by the organisation within its boundaries; Scope 3: indirect emissions related to the upstream and downstream activities of the company's operations, calculated according to the GHG Protocol (which includes all categories of the value chain excluding the "use phase" charged to Car Manufacturer Customers) and in line with SBTi requirements.

non-fossil fuels, the improvement and streamlining of production processes with a focus on resource efficiency.

- in terms of raw materials, Pirelli aims to increase the quantity of natural-origin (bio-based[39]) and recycled[40] materials in its products, with a target by weight on its best product[41] of more than 70% in 2025 and more than 80% in 2030, with the ambition of reaching 100% non-fossil origin in the long term. At the same time, Pirelli is committed to promoting decarbonisation throughout the supply chain and optimising the efficiency of material use by reducing its consumption.

- at product level, in line with Pirelli's Eco & Safety Design[42] strategy, the goal is to have, by 2025, over 70% of new car products, i.e. the new labelled IP Codes, considered at Group level, classified A or B for rolling resistance, i.e. highest (A) and high (B) tyre energy efficiency classes according to the highest European labelling standards. These tyres offer highly energy efficiency during use, contributing to lower fuel consumption for traditional vehicles or increasing the battery range for electric vehicles, with a positive impact on climate change mitigation along the downstream value chain.

In order to reach these targets, specific projects are envisaged for the production of Class A and B Rolling Resistance tyres, contributing to the gradual alignment of its economic activities with the criteria set forth in the Delegated Regulation EU 2021/2139, as better detailed in the "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy)" paragraph.

In order to implement its Transition Plan, Pirelli started a series of programmes, expenditures and investments in manufacturing and product development. These include the multi-year CAPEX Plans set out in the Industrial Plan for the electrification of curing presses and for the implementation of the over 90 energy efficiency projects in the factories. Additional CapEx and OpEx linked to the Transition Plan result from the implementation of the individual Actions, as reported in the following paragraphs.

By the end of 2024, implementation of the climate transition plan had made significant progress with respect to the reduction of the Group's environmental impacts, with performance progressing in line with all targets set out in the plan, as described below. Pirelli undertakes to review its performance annually and implement actions to support the achievement of targets.

Pirelli assesses the potential greenhouse gas emissions that will inevitably be released in atmosphere in the future due to existing infrastructure and policies *(locked-in GHG)*, considering

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39 Bio-based material: Material fully or partially of biogenic origin. (source: ISO 16620 – 2 2019)

40 Recycled material: material that has been reprocessed from recovered material through a manufacturing process and transformed into a final product or component for incorporation into a product. (source: ISO 14021 – paragraph 7.8.1.1).

41 Pirelli's commercially available product with the highest content of bio-based and recycled materials in the reporting year.

42 The Eco-Safety Design approach aims to maximise environmental performance while maximising safety for people, embracing the entire product life cycle with a view to a circular economy.

those arising both from existing or planned assets under its control and from the use of products sold. Specifically, with reference to:

- company assets, GHG emissions related to production infrastructure, such as plant and equipment, were assessed. The decarbonisation strategy includes the gradual electrification of production lines, which will reduce gas consumption in steam boilers and favour the use of renewable energy. No new installations of fossil fuel plants for energy production are planned and the only gas-fired cogeneration plant, currently operated by the service and utilities supplier of the Pirelli plant in Germany, will be phased out before 2030. In some Group factories, interventions on gas afterburners in order to abate volatile organic compounds (VOCs) are being evaluated, to guarantee atmospheric emissions limits imposed by some local regulations.

- products sold, the use phase of the tyres was analysed to assess the GHG emissions linked to the use of the products. According to the specific standard of the GHG Protocol[43], and as recalled by the Science Based Targets initiative, emissions from the tyre use phase are considered "indirect" for Pirelli, as the tyre manufacturer, since they are already included in the use phase of the vehicle, of which the tyre is a component (with indirect responsibility for the energy consumption of the vehicle during use depending on the rolling resistance class to which the tyre belongs). These emissions, already accounted for in the overall emissions balance of the vehicle, should not be included in the emissions scope considered for value chain reduction targets by tyre manufacturers. However, in order to monitor the efficiency of its products in terms of their indirect contribution to the use phase of vehicles, Pirelli annually calculates the potential impact of tyres placed on the market, following the Product Category Rules (PCR version 3.05), developed by the Tire Industry Project Group[44] of the WBCSD[45].

This integrated vision allows Pirelli to mitigate locked-in emissions, both by reducing those related to the manufacturing assets and by improving product efficiency to minimise their indirect contribution to vehicle energy consumption. In this way, the company ensures consistency between its operational strategies and GHG emission reduction targets, efficiently contributing to the transition towards a low-emission model for greenhouse gases.

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[43] GHG Protocol Corporate Value Chain – Scope 3

[44] Established in 2005, the Tire Industry Project (TIP) is a voluntary initiative led by the CEOs of member companies with the mission of anticipating, understanding and addressing environmental, social and governance (ESG) issues relevant to the tyre industry and its value chain. The TIP members are: Bridgestone, Continental, Goodyear, Hankook, Kumho Tire, Michelin, Pirelli, Sumitomo Rubber, Toyo Tires and Yokohama Rubber

[45] World Business Council for Sustainable Development

Climate Change Risk assessment and strategy resilience

Pirelli periodically performs sensitivity analyses and risk assessments for its own operations and the value chain with respect to scenarios of transition towards a low-carbon economy and climate scenarios, in order to have a constantly updated overview of potential risks and opportunities linked to climate change and water stress, relevant to the business, with the relative quantification of potential financial impacts. The information gathered is used to support the analysis of the strategy and business model in order to strengthen the resilience to climate change.

The analysis is conducted using the Group's Climate Change and related Water Stress Risk Assessment, which uses scenario analyses referring to short- (2025), medium- (2030) and long-term (2050) time horizons, consistent with the timeframes considered in the company's sustainability strategy, in order to assess the risks related to climate change. The scenarios considered are both the IPCC climate scenarios[46] (RCP 1.9, RCP 2.6, RCP 4.5 and RCP 8.5)[47] and the IEA energy transition scenarios[48] (STEPS, APS and NZE-2050)[49].

The risks and opportunities identified as most relevant are assessed and ranked against internal metrics of potential financial impact and, for those recognised as significant, a plan for risk mitigation or adaptation is being prepared or an internal discussion is initiated to maximise the benefit of the opportunity.

In line with the results of the latest analyses, in the short to medium term (up to 2030), no significant impacts from physical and transitional risks were found in relation to the production activities of Pirelli's factories and its suppliers (*upstream value chain*), or to the markets in which the Group operates (*downstream value chain*). Elements of uncertainty remain in the long term, when Pirelli's plants could be subject to a series of both physical risks (extreme weather events with potential impacts on plant production continuity) and regulatory risks (possible effects on operating costs). As regards opportunities, on the other hand, potential growth in the sale of low-emission products was identified.

With reference to the Double Materiality process, the risks identified as material are both transitional and respectively point to "the tightening of carbon taxes in countries where Pirelli manufactures" and the "risk of delays by the supply chain in achieving the CO_2 targets communicated to the market with a consequent impact on sustainable finance and possible disputes by investors".

Within the framework of the publication of the Group's Industrial Plan, the results of the scenario analyses updated in 2024 (broken down by assets, markets, and geographies) were considered in defining the "Net Zero" decarbonisation strategy by 2040, validated by the Science Based Targets initiative, in line with the objective of limiting global warming to 1.5°C (as validated by SBTi), and with

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46 Intergovernmental Panel on Climate Change

47 RCPs (Representative Concentration Pathways) are climate change scenarios that consider different future concentrations of greenhouse gases in the atmosphere and that imply a projected increase in global temperature at the end of the century of between <1.5°C (RCP 1.9) and >4°C (RCP 8.5).

48 International Energy Agency

49 STEPS: Stated Policies Scenario; APS: Announced Pledges Scenario; NZE-2050: Net Zero emissions by 2050.

a view to business growth, which aims to seize market opportunities related to products developed specifically for the electric vehicle market (tyres marked Elect™) and to meet the demand for low-emission goods and services (tyres with very high and high energy efficiency values, identified respectively as class A and B of Rolling Resistance according to the labelling parameters established by European regulations).

Policies for managing greenhouse gas emissions

Pirelli's approach to managing greenhouse gas emissions is set out in its Health, Safety and Environment Policy and Product Stewardship Policy, under which the company undertakes to:

- promote positive impacts in terms of lower CO_2 emissions both by Pirelli sites (Scope 1 and 2 emissions) and Pirelli suppliers (upstream Scope 3 emissions) and customers during the vehicle use phase (downstream Scope 3 emissions), for the portion attributable to the efficiency of the tyres (Rolling Resistance class) purchased from Pirelli;
- mitigate the risk of carbon tax hikes in countries where Pirelli manufactures;
- seize the opportunity of an increased market share linked to both the ability to respond quickly to the demand for low-emission products before competitors and the rapid growth of the electric vehicle market.

In particular, the Health, Safety and Environment Policy describes how Pirelli is engaged in the development of products and production processes in compliance with circular economy principles, in order to pursue climate change mitigation, gradual decarbonisation along the value chain and the minimisation of polluting emissions.

As mentioned above, Pirelli's commitment to reducing emissions extends to its supply chain, and this implies, among other things, asking Pirelli's suppliers to adopt the same responsible approach at their sites and along the supply chain, as set out in the Health, Safety and Environment Policy. Specifically, suppliers are required to comply with Pirelli's Supplier Code of Conduct which, with reference to the topic, urges them to prevent, reduce and mitigate all forms of environmental pollution, including air pollution, also setting scientifically valid Greenhouse Gas reduction targets, aimed at the gradual decarbonisation of their operations and supply chain. Upon express request, suppliers, who are asked to be transparent about data on emissions from their own operations and upstream activities, are also required to share information with Pirelli on GHG emissions from products and/or services (Scopes 1, 2 and 3), from origin to Pirelli's gate and calculated according to international standards recognised worldwide (GHG Protocol, ISO 14064, ISO 14067, etc.).

The Sustainable Natural Rubber Management Policy, with express reference to suppliers of this raw material, also requires their commitment to manage operations by minimising the amount of energy used as well as minimising and mitigating carbon emissions.

The issue of emissions reduction in the supply chain is therefore at the core of the business relationship between Pirelli and its suppliers and this, among other things, helps mitigate the risk of delay by the supply chain in achieving the decarbonisation targets announced to the market with a consequent impact on sustainable finance/claims by investors.

The Sustainable Natural Rubber Management Policy, with express reference to suppliers of this raw material, explicitly requires their commitment to manage operations by minimising the amount of energy used as well as minimising and mitigating carbon emissions.

The aforementioned Policies reaffirm Pirelli's commitment to manage environmental aspects in compliance with applicable international standards and in accordance with the envisaged Sustainability Models, including, with reference to the management of greenhouse gas emissions, the European Union's growth strategy (known as the "Green Deal").

Targets

Pirelli is committed to significantly reducing its absolute greenhouse gas emissions along the entire value chain, in line with the GHG Protocol, with the goal of achieving Net Zero emissions by 2040 (developed in accordance with the Corporate Net Zero Standard of SBTi and validated by the initiative in 2024). This commitment supports the content of the Global Health, Safety and Environment Policy, to which Pirelli pays attention in carrying out its activities and production processes in order to pursue climate change mitigation and gradual decarbonisation along the value chain both upstream and downstream.

In order to pursue this goal, in line with international best practices for climate change mitigation, Pirelli has defined short to medium and long-term decarbonisation targets to reduce CO_2 emissions, which concern both its own operations (Scopes 1 and 2) and the entire value chain (Scope 3). All these targets were developed following the models proposed by SBTi, which formally approved them in 2024 in line with the most ambitious scenario in the Paris Agreement to keep global warming within 1.5°C. These expectations were also cross-referenced with the results of scenarios used for climate risk assessments (Climate Change and related Water Stress Risk Assessments), in order to ensure that emission reduction strategies are not only scientifically sound, but also resilient in the face of possible climate change impacts.

In detail, compared to 2018 values, a reduction in absolute greenhouse gas emissions, approved by SBTi, is planned as follows:

1) **for Scopes 1+2[50], 60% by 2025 and 80% by 2030**

[50] Target on aggregated Scope 1 and Scope 2 "Market-based" emissions

2) **for Scope 3[51], 27% by 2025 and 30% by 2030**

3) **for Scopes 1+2+3[52], at least 90% by 2040 (Net Zero target)**

The first is a Group target covering the whole of the Group's own operations, while the second covers part of the upstream value chain (purchase of goods and services, inbound and outbound transport, emissions from the production of purchased and consumed fuels and energy). Both are applicable to the period 2018-2030. These are relative and measurable targets, as they monitor the reduction percentage with respect to the base year value and have been confirmed in the current Industrial Plan, in continuity with the previous one. The 2018 values, expressed in tonnes of CO_2 equivalent, amounted to 852,866 tonnes for Scope 1+2 and 3,689,019 tonnes for Scope 3 (referring to the GHG Protocol categories included in the target as mentioned above) respectively. In addition to the 2025 and 2030 targets, Pirelli has also set interim targets to 2027 to reduce absolute greenhouse gas emissions by 62% for Scope 1+2 and 28% for Scope 3, compared to 2018.

The third target, the Net Zero target, was introduced in the new Industrial Plan and covers the entire value chain. It is spread over the period 2018-2040 and is also a relative and measurable target, as it calculates the percentage reduction compared to the 2018 base year value of 4,858,988 tonnes for Scopes 1, 2 and 3 (all categories of the value chain according to the GHG Protocol excluding the "use phase" charged to the Car Manufacturer Customers). The Net Zero target is complemented by both previous near-term targets, which serve as intermediate milestones towards 2040.

The targets just described apply to the Group's consolidated scope.

At the end of 2024, the Group's absolute Scope 1 and 2 emissions were 57.1% lower than in 2018, the year on which the SBTi-validated target for absolute emission reductions to 2025 and 2030 is based.

In terms of absolute Scope 3 emissions[53], the reduction in 2024 compared to 2018 is 26.2%.

The methodology for setting decarbonisation targets followed the guidelines of the Science Based Targets initiative (SBTi), assessing the emission reduction actions described in the Climate Transition Plan. The process involved both external stakeholder categories, such as SBTi, and internal stakeholder categories, such as the relevant company departments (in particular Manufacturing, Sustainability, Procurement and Logistics). The SBTi validation criteria for alignment to the 1.5°C

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[51] Scope 3 emissions of categories 1, 3 and 4 according to the GHG Protocol, respectively generated by the purchase of raw materials, activities linked to fuel and energy use, and the transport and distribution of raw materials and finished products.

[52] Scope 3 emissions related to all upstream and downstream activities of the company's operations, calculated according to the GHG Protocol (which includes all categories of the value chain excluding the "use phase" charged to Car Manufacturer Customers) and in line with SBTi requirements.

[53] Scope 3 emissions of categories 1, 3 and 4 according to the GHG Protocol

scenario also ensure that targets are consistent with Pirelli's GHG inventory scope, including at least 95% of absolute Scope 1 and 2 emissions and over 90% of Scope 3 emissions[54].

With regard to the definition of the 2018 base year, the reference emission values are representative with respect to the targets set, due to a complete and thorough quantification of the company's greenhouse gas inventory, along its value chain, including all GHG Protocol Scope 3 categories. The data collected for Scopes 1, 2 and 3 in the year 2018 are third-party verified (SGS Italia S.p.A.) and are accurate, reliable and verifiable, providing a solid basis for analysing progress and identifying areas for improvement. For the calculation of the emission inventory and definition of the relative targets, the contribution of biogenic emissions and emissions from land use change (LUC[55]) are also considered.

Not only are these targets an essential component of the company's climate strategy, but they also demonstrate a willingness to actively contribute to a fair and sustainable transition to a low-carbon future. Transparency and reporting on the results achieved are also an integral part of the path taken, ensuring that commitments are met.

To support its commitment to reduce greenhouse gas emissions and transition to more sustainable mobility, Pirelli also integrates strategies aimed at improving the energy performance of its tyres into its decarbonisation objectives. In particular, the company defined growth targets in the Industrial Plan for low and very low rolling resistance tyres. In fact, tyre rolling resistance has an indirect impact on fuel consumption / battery life of vehicles. Therefore, improved performance in terms of low rolling resistance of the tyre contributes to the reduction of the CO_2 emissions of vehicles.

At Product level, Pirelli expects that:

- **35% of the volume of car tyres sold in 2025, and over 50% in 2030, belong to classes A and B for rolling resistance** taking into account the parameters set out in the European tyre labelling legislation.
- **by 2025, over 70% of new car products (new IP Code labelled) placed on the market must fall within rolling resistance classes A and B**, in accordance with the parameters set by European tyre labelling regulations[56].

The first target applies to car tyres sold in the reporting year and is measured as a percentage share of the total sales volume of products conforming to rolling resistance classes A and B. To ensure the

[54] The 2030 target includes the most emission-impacting Scope 3 categories (Category 1 – purchased goods and services, Category 3 – fuels and energy not included in Scope 1 and 2, Category 4 – upstream transportation and distribution), while the 2040 Net Zero target includes all Scope 3 categories of the value chain, excluding the "use phase" charged to Car Manufacturer Customers, as required by the GHG Protocol and in line with SBTi requirements.

[55] Land Use Change

[56] The benchmarks are the European labelling values for rolling resistance according to **Regulation (EU) 2020/740 of the European Parliament and of the Council of 25 May 2020 on the labelling of tyres with respect to fuel efficiency and other parameters, amending Regulation (EU) 2017/1369 and repealing Regulation (EC) No 1222/2009 (Text with EEA relevance)**, in which the rolling resistance classes indicate the energy efficiency level of the tyre and range from A (highest energy efficiency) to E (lowest energy efficiency).

comparability of the ratings outside the European Union, the rating scales adopted in non-European markets are converted into the corresponding EU scale levels. The baseline is 30%, calculated for the year 2023. The performance recorded in 2024 exceeded internal forecasts, standing at 34.5% of volumes, confirming the validity of the strategy implemented. This progress represents a significant step towards achieving the goals set, reinforcing the company’s commitment to promoting increasingly sustainable and safe mobility solutions.

The baseline for the second target is 39% in the year 2020, with a target validity covering the five-year period 2020-2025. The target scope includes new car products (new IP Codes) that made their first sales on the market[57] in the reporting year. The performance figures for 2024 indicate progress in line with the set target, highlighting the success of the initiatives taken for innovation and the energy efficiency of next-generation products. This is confirmed by the fact that, in 2024, the new IP-labelled tyres placed on the market by Pirelli worldwide recorded 55.4% A or B Rolling Resistance labels and 90.5% A or B Wet Grip labels, according to the European classification, including ice grip (which is indicated by the presence of the ICE pictogram).

With reference to the entire range of tyres sold by Pirelli in 2024, 59.1% of the Group’s revenue comes from markets where product labelling is required, such as the European Regulation 2020/740 on tyre labelling in relation to fuel consumption and other parameters (“eco-safety label”). The company continues to invest in the development of advanced solutions, with the aim of further improving performance and contributing to more sustainable mobility. More details on this can be found in the “Circular Economy” section, “Research and Development for Material Sustainability and Open Innovation” paragraph.

Product and production process objectives, included in the Climate Change Mitigation Transition Plan, contribute to managing the impacts, risks and opportunities identified as material with respect to climate change. In fact, the reduction of emissions at Pirelli’s production sites (Scope 1+2 emissions from its own operations) limits the potential exposure to present and future carbon taxation mechanisms (Emission Trading System, Carbon tax, etc.) and mitigates the risk with respect to any cost increase. Moreover, product efficiency targets, for the reduction in rolling resistance, on the one hand favour the reduction of fuel consumption and therefore vehicle emissions in the in-use phase (Scope 3 downstream emissions) to the benefit of Pirelli Customers, and on the other hand support the Group’s positioning with respect to the low-emission products and electric vehicles markets, with an opportunity to increase sales.

In line with the commitments expressed in the Global Health, Safety and Environment Policy and the principles of the Supplier Code of Conduct, Pirelli sets responsible sourcing objectives aimed at reducing the supply chain’s impact on the carbon footprint of its products. To this end, the Company has defined specific targets for its suppliers to reduce the emission impact of material and products purchased and used for tyre production.

[57] sales of at least 50 units

Among these objectives, the following stand out:

- **by 2025, a direct request will be made to 100% of raw material suppliers to use exclusively renewable electricity in the production of materials supplied to Pirelli**.

  To ensure the achievement of this goal, in 2024, the process was completed through which 100% of raw material suppliers are formally required to use certified renewable electricity for the entire production of materials supplied to Pirelli, thereby ensuring alignment with global decarbonisation standards.

- **by 2025, the objective is to extend the requirement to 100% of raw material suppliers to define decarbonisation targets that are validated by SBTi.**

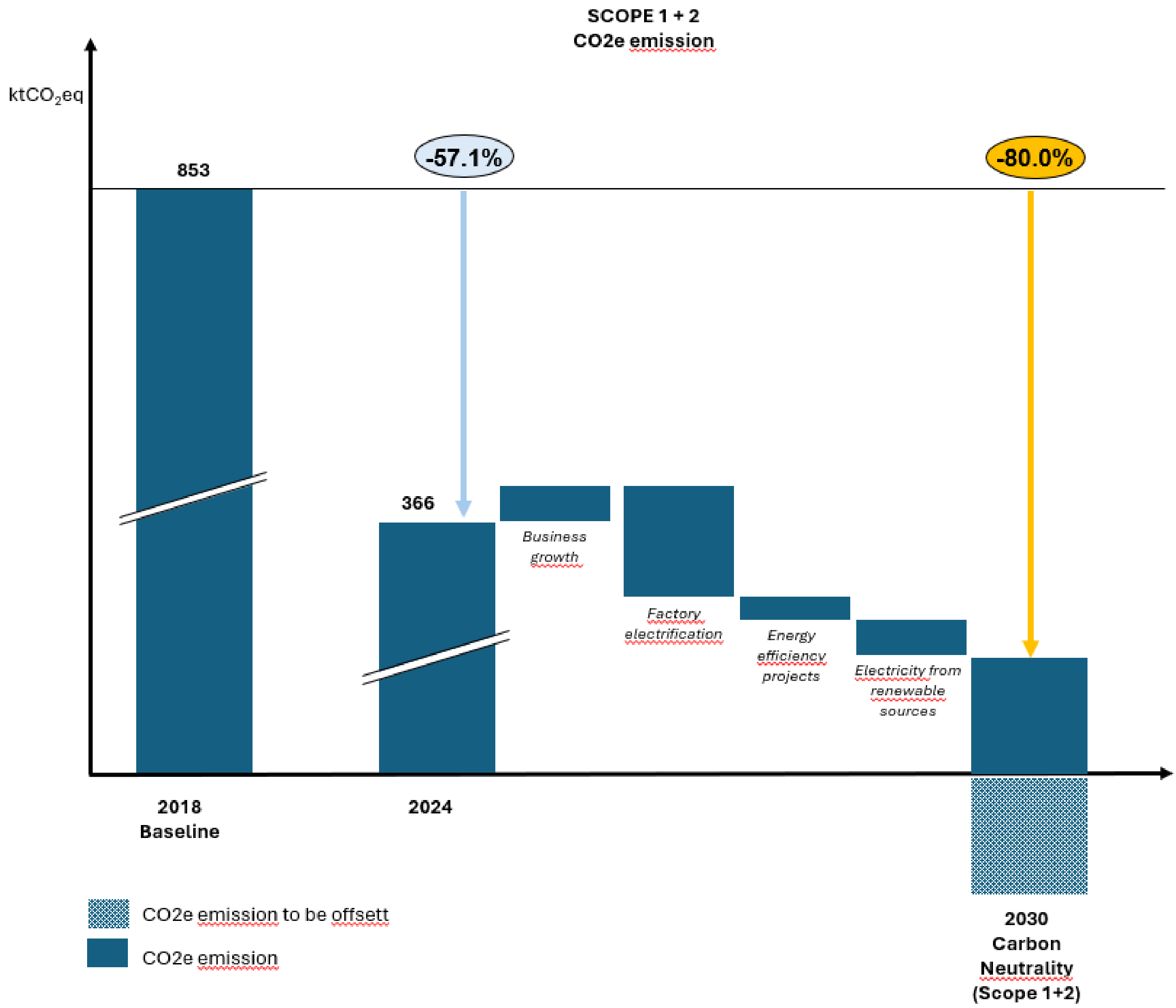
  To ensure alignment with international standards, 100% of raw material suppliers have been formally required to apply the Science-Based Targets initiative guidelines for setting their targets, based on emission data certified according to the GHG Protocol. In fact, a generic request for "science-based" targets that does not specify which methodology they refer to is not considered sufficient. This approach ensures compliance with global emission reduction targets, as set out in the Paris Agreement, and supports the transition to a low-carbon economy.

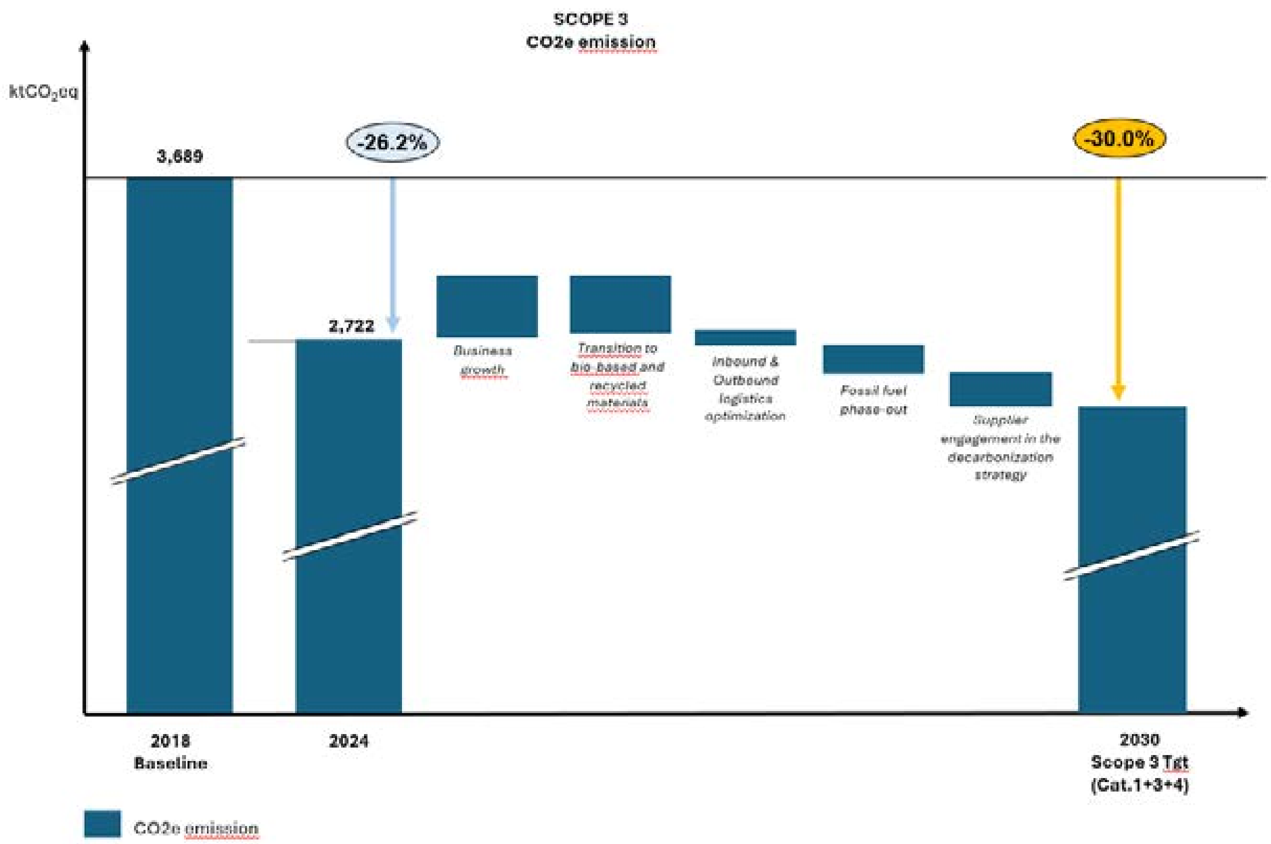
- **The increase in the availability of primary data on the emissions of raw material suppliers.**

  Starting with 90% coverage of the Scope 3 category 1 emissions of the GHG Protocol (Purchased goods and services), measured in the base year 2023 using primary data, the company aims to strengthen the quantity and quality of the information by collecting information directly from the suppliers, thereby fostering greater transparency and reliability in environmental impact data along the supply chain. Thanks to this approach, in 2024, primary data coverage was confirmed to exceed 90%, reinforcing Pirelli's commitment to this objective. The engagement and involvement of suppliers are key to achieving the aforementioned objectives. To this end, Pirelli formally submitted requests to all raw material suppliers, offering the support of its decarbonisation and procurement teams to facilitate the adoption and implementation process as well as to ensure the accuracy and reliability of the data collected and monitored.

These targets reflect Pirelli's commitment to ensuring transparency and accountability throughout the supply chain, in accordance with international standards such as the GHG Protocol and relevant ISO standards.

The graph below summarises the contributions, in terms of Scope 1 and 2 emission reductions, of Pirelli's main decarbonisation levers with respect to Group targets.


SCOPE 1 + 2
CO2e emission
$ktCO_2eq$
853
-57.1%
-80.0%
366
Business growth
Factory electrification
Energy efficiency projects
Electricity from renewable sources
2018 Baseline
2024
CO2e emission to be offsett
CO2e emission
2030 Carbon Neutrality (Scope 1+2)



Actions

The Group's strategy is embodied in actions aimed at reducing climate-altering gas emissions both in its own operations (Scope 1 and 2) and along the supply chain (Scope 3), through strategic investments, technological innovation, the energy transition and partnerships with its stakeholders.

The actions are part of a long-term strategy described in the Group Industrial Plan, approved by the Board of Directors in March 2024, and are subject to an internal evaluation, approval and planning process.

The actions implemented as shown below, in addition to those indicated in the "Energy Management" section, resulted in a reduction of absolute emissions of about 100 kton for Scope 1+2 and about 38 kton for Scope 3 in 2024 compared to the previous year.

<u>Decarbonisation in its own operations</u>

To support the objectives of reducing climate-altering gas emissions with reference to its own operations (Scope 1 and 2), as specified in the previous paragraphs, Pirelli has defined a specific Climate Transition Plan based on a detailed programme of actions and investments at production sites which include, among other things, energy efficiency projects, the gradual electrification of production processes (linked to the target of 75% electric curing presses by 2030) and the simultaneous switch to the supply of renewable energy in factories (linked to the target of 100% renewable electricity purchased from the grid by 2025) for a gradual transition away from fossil fuels.

The actions, investments and operating expenses identified at Group level to reduce Scope 1 and 2 emissions all fall within the scope of energy management. Therefore, for a detailed discussion of the specific initiatives including, if significant, an indication of the related investments and operating expenditures incurred during the year and expected in future years, see "Energy Management" paragraph, "Target" and "Actions" sections.

<u>Decarbonisation along the supply chain</u>

To support the reduction of Scope 3 emissions from its upstream value chain, Pirelli has several engagement and capacity building initiatives underway with its suppliers on the topics of monitoring and reducing their carbon footprint and the potential decarbonisation levers available for their business sectors. The actions suppliers have taken over the year, including the introduction of technologies and the implementation of more efficient production practices, contributed to Pirelli's 2024 performance in reducing Scope 3 emissions.

For raw material suppliers, in particular, Pirelli requested the definition of a decarbonisation roadmap and targets in line with the criteria required by SBTi for their validation, and the adoption of 100% renewable electricity in the production of materials supplied to Pirelli, to reduce emissions related to the most energy-intensive production processes.

Work also continued in 2024 to collect primary emissions data from its suppliers, replacing secondary data from literature data sets, in order to improve the accuracy of the Group's GHG inventory and ensure a timelier assessment of each supplier's progress with respect to Pirelli's targets. To date, the coverage of indirect upstream Scope 3 emissions with primary data has reached more than 90%.

The ongoing activities to replace the raw materials used in the production of tyres with alternative materials with lower carbon footprints also make a significant contribution to the decarbonisation targets for the supply chain. For a detailed discussion of the material switch initiatives, see the "Circular Economy" paragraph.

Moreover, for years Pirelli has been involved in the Climate Change, Forest and Water Security programmes promoted by the CDP. Since 2014 Pirelli has in turn decided to extend the CDP assessment request to its key suppliers at the Group level, identified according to environmental and economic materiality criteria. In 2024, the selection concerned the suppliers with the greatest impact on the Group's Carbon Footprint in the Raw Materials, Logistics and Energy categories. The CDP Supply Chain supports Pirelli in monitoring the Scope 3 emissions of its supply chain and ensures that suppliers are adequately sensitised on issues related to Climate Change, in order to identify and activate all possible opportunities to reduce climate-changing gas emissions.

Climate change training activities

On the topic of emissions and effects on Climate Change, in 2024 the company introduced new training activities for all employees, in addition to the numerous awareness-raising campaigns already in place.

With the new Industrial Plan, in fact, Pirelli has defined emission reduction targets that are the most ambitious in the tyre industry and require the involvement and active participation of all colleagues in order to achieve them.

To this end, the “Climate Change Challenge” programme was initiated, aimed at spreading the culture and awareness of the issue of Climate Change throughout the company so as to engage all participants in the challenge of achieving Net Zero emissions by 2040. This, as mentioned, will be achieved through massive engagement and training of 100% of employees on company’s goals, so that everyone can contribute to them with conscious behaviour and daily actions within the scope of his or her competencies.

The training and engagement campaign, launched and completed in 2024, brought Pirelli’s decarbonisation strategy and plans to the Group’s factories around the world, through a thorough cascading programme. To cover the four regions where Pirelli has manufacturing sites, as many training workshops were organised during the year, involving, among others, the local Health, Safety and Environment, Energy Management, Sustainability and Human Resources departments.

After this first training phase, a subsequent time is planned for the implementation of energy transition projects and initiatives suggested by employees and collected at factory level to support the Scope 1 and 2 emission reduction targets. This second phase will end at the end of 2025 with an award from Headquarters to the most virtuous factory in the Group.

As part of the long-term strategy to decarbonise the manufacturing processes, the Climate Change Challenge Programme will be ongoing for years to come, as an integral part of employee engagement, training and awareness activities.

Product Innovation

In line with its position in the Premium and Prestige segments, Pirelli develops and introduces increasingly innovative products and services on the market, responding to a macroeconomic scenario in constant and rapid evolution.

As stated in Pirelli's Product Stewardship Policy, during the design and development of new products, potential risks on health, safety, environment and society are systematically assessed throughout their life cycle, including analysis of the geopolitical context of reference and ESG impacts in the supply chain. This assessment is also supported by Life Cycle Assessment analyses performed in accordance with the industry Product Category Rules and adopting the latest methodologies for calculating potential environmental impacts.[58]

Pirelli's 'Eco-Safety' strategy aims to maximise environmental performance while keeping safety at the centre. The company's significant operating costs incurred in research and development on materials, compounds, structures and tread patterns allows Pirelli products to achieve extremely high performance in terms of braking in dry and wet conditions and, at the same time, improved environmental performance such as:

- lower rolling resistance, resulting in lower CO_2 emissions for traditional vehicles or increased mileage per recharge for electric vehicles;
- less noise, which implies reduced noise pollution;
- increased mileage, which lengthens tyre life and reduces the exploitation of resources.

The targets to improve the environmental performances adopted by Pirelli for its products are objective, measurable and they consider the level of materiality of the impacts along the life cycle of the product with a perspective of the maximum effectiveness of the action. In particular, it was seen how the tyre's rolling resistance - thus its energy efficiency - during the vehicle's use phase impacts the vehicle's fuel consumption / battery life and, thus, its CO_2 emissions. In this respect Pirelli is constantly striving to reduce the rolling resistance of its car products, with a continuous reduction on all car products.

Among the products that best reflect the Eco-Safety approach, it is worth mentioning the P Zero™ E, the new tyre that integrates the latest technological innovations developed by Pirelli, put at the service of the new electrified and sustainable mobility.

Thanks to years of research into new materials and careful selection of suppliers, Pirelli was the first to be able to make a high-performance tyre with more than 55%[59] bio-based and recycled materials across the entire launch range, a claim validated by Bureau Veritas according to the ISO14021 reference standard.

The Pirelli study on the life cycle of the P Zero™ E, also verified by Bureau Veritas, shows, among other things, a 24% reduction in CO_2 equivalent emissions compared to a previous generation Pirelli

[58] Such as the EF (Environmental Footprint) method, provided for in EU Commission Recommendation 2021/2279, and all impact categories therein.

[59] Percentage achieved with a combination of physical segregation and mass balance. Bio-based materials are natural rubber, textile reinforcements, bio-resins, bio-chemicals and lignin. The recycled materials are metal, chemical and – through mass balance – synthetic rubber, silica and carbon black reinforcements

tyre[60]. Moreover, this attention to the materials used has made it possible to reduce the use of materials of fossil and mineral origin, replaced by natural and recycled raw materials (12 kg less than a standard set of P Zero tyres of the same size).

Pirelli P Zero™ E has been awarded, for all available sizes, class A in all three parameters of the European label (best performance for rolling resistance, wet braking and noise). Among the development areas that contributed to this result are the tread pattern, designed using motorsport-derived virtualisation and simulation techniques, and the adoption of specific compounds (Rolling Reduction Compounds) capable of reducing rolling resistance, favouring the autonomy of battery-powered vehicles, extending tyre life through reduced wear, and improving car control in particular driving situations, such as when braking on wet roads.

The Group incurred significant operating expenses in 2024 with reference to research and development related to product "sustainability" features, i.e. aimed at reducing environmental impacts (e.g. development of products with rolling resistance class A and B, Cycling products) and increasing safety for people (e.g. projects in the Pirelli Cyber Tyre area, development of products with wet grip class A and B). For information on the main projects in these areas see the specific sections within this report.

These costs cover about 75% of the research and development costs, which in 2024 amounted to a total of 289.5 million euros, or 4.3% of the Group's consolidated revenues - a percentage in line with the forecast for 2025.

Metrics – Scope 1, 2, 3 GHG emissions and total GHG emissions

Pirelli monitors and reports its emissions of greenhouse gases through the calculation of CO_2-equivalent (CO_2e) – unit of measurement used for the emissions reported here below –, which takes into account the contribution of carbon dioxide, methane (CH_4) and nitrous oxide (N_2O).

Biogenic and land use change (LUC) emissions are quantified and included in the greenhouse gas (GHG) inventory and within the scope of the targets in accordance with the GHG Protocol guidelines (FLAG-C5).

For the purpose of quantifying Scope 1 and Scope 2 emissions, fully covering the same corporate perimeter of the Group's consolidated financial statement, energy consumption data (fuel, electricity and thermal energy) is collected annually for all local units through the HSE-DM information system, which, multiplied by the respective emission factors, returns the value of CO_2 equivalent.

These greenhouse gases are mainly generated by the combustion of hydrocarbons at production sites, mainly used to operate heat generators that power the plants, and particularly those that produce steam for vulcanisers, or generated by the consumption of electrical or thermal energy. The

[60] P Zero E, Size 235/45R18 (IP 42865) compared to the same size as the previous generation product (PZ4 IP 27429) according to ISO 14067 and ISO 14026 verified by Bureau Veritas.

former are defined as “direct emissions”, or Scope 1 emissions, insofar as produced at the Company’s production sites, while the latter represent the “indirect emissions”, or Scope 2 emissions, as they are generated in the energy plants that produce the electricity and/or steam purchased and consumed by Pirelli. Scope 2 emissions are reported in two separate ways: “location-based” and “market-based” (methodology defined by the “GHG Protocol Scope 2 Guidance” and current reference for Pirelli’s emission reduction targets).

Performance concerning greenhouse gas emissions, in relation to Scope 1 and 2, is calculated on the basis of emission factors obtained from the following sources:

- IPCC[61]: Guidelines for National Greenhouse Gas Inventories (2006)[62];
- Within location-based Scope 2:
  - National emission factors[63] taken from IEA Emission factors 2024[64]:
- Within market-based Scope 2:
  - Specific emission factors of suppliers where available;
  - Residual-mix emission factors[65] taken from AIB European Residual Mixes (EU)[66] and Green-e Residual Mix Emissions Rates (US)[67];
  - Emission factors used in the context of location-based method if other sources of data are not available;

and are reported according to the models proposed by:

- GHG Protocol: Corporate Accounting and Reporting Standard;
- GHG Protocol Scope 2 Guidance.

Regarding Scope 2 emissions, the national average coefficients are defined with respect to the last year available on the above reports. It should be noted that the tyre production industry is not a carbon-intensive industry; in fact, it falls within the European Emission Trading Scheme only with reference to thermal power plants above 20 MW of installed capacity. The Company is not subject to other specific regulations at the global level.

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61 Intergovernmental Panel on Climate Change

62 Emission factors expressed in CO_2 equivalent, obtained by considering the GWP (Global Warming Potential) coefficients based on 100 years of the IPCC Sixth Assessment Report, 2021 (AR6).

63 Emission factors expressed in CO_2e /kWh.

64 2024 Publication with update to the 2023 figure.

65 Emission factors expressed in CO_2e /kWh.

66 2024 Publication with update to the 2023 figure.

67 2023 Publication with update to the 2021 figure.

To quantify indirect Scope 3 emissions, Pirelli uses, when available, primary data collected directly from the various stakeholders along the value chain, such as suppliers of goods and services, employees, logistics providers and other relevant partners. In these cases, emission factors based on supplier-specific data or verified life cycle assessments are used, ensuring the accuracy and precision of quantified emissions. Specifically, over 90% of Scope 3 emissions was calculated using primary data.

In the absence of primary data, secondary emission factors, based on industrial market averages from recognised sources, are applied to ensure consistent estimates.

Pirelli calculates greenhouse gas (GHG) emissions for Scope 1, Scope 2 and Scope 3 following international guidelines and standards for GHG emission accounting and life cycle assessment, such as those defined by the World Business Council for Sustainable Development and the World Resources Institute.

Moreover, Pirelli's GHG calculation methodology and reduction targets (validated by SBTi) were subject to third-party verification by an accredited environmental verifier, in compliance with the methodology for verifying and validating GHG declarations set out in ISO 14064, following the criteria established by the GHG Protocol Corporate Standard.

In particular, for the Scope 3 emissions inventory, the calculation methodology also follows the guidelines of the **GHG Protocol Corporate Value Chain** and the ISO 14067 standard. The defined criteria allow emissions to be monitored in a systematic and integrated manner, considering all stages of the life cycle, from production to distribution and final consumption. Pirelli is committed to collecting reliable data and continuously improving the accuracy of the calculation, with the aim of reducing the overall environmental impact and ensuring transparency in the reporting process.

When available, primary emission factors such as supplier-specific data or verified life cycle assessments are used. In the absence of such data, secondary emission factors, based on industry average data from recognised sources, are used to ensure consistency and accuracy in emission calculations.

The Scope 3 greenhouse gas (GHG) emissions inventory includes all the categories.

This table sets out the distribution of greenhouse gas (GHG) emissions of Scope 1, Scope 2 and Scope 3, including market- and location-based totals, in accordance with relevant reporting standards.

	Base year	**Retrospective**	**Goals and target years**			
GHG emissions[68]	2018	2024	2025	2030	(2040)	**Target % per annum / Base year**
GHG scope 1 emissions						
Gross GHG scope 1 (tonCO_2e) emissions	190,046	215,247				
Percentage of GHG scope 1 emissions covered by regulated emissions trading schemes (%)	%	26.2%				
GHG scope 1 biogenic emissions	0	0				
GHG scope 2 emissions						
Gross GHG scope 2 location-based (tonCO_2e) emissions	598,311	479,475				
Gross GHG scope 2 market-based (tonCO_2e) emissions	661,347	150,949				
GHG scope 2 biogenic emissions	1,473	95				
Scope 1 GHG emissions + Scope 2 market-based GHG emissions	851,393	366,196				
Scope 1 GHG emissions + Scope 2 market-based GHG emissions including biogenic emissions	852,866	366,291	341,147	170,573	-	9.5%
Significant scope 3 GHG target emissions						
GHG emission target categories (categories 1;3;4) including biogenic emissions	3,689,019	2,722,328	2,692,984	2,582,313	-	4%
Significant scope 3 GHG emissions						
Total gross indirect GHG scope 3 (tonCO_2e) emissions	24,350,960	20,683,324				
1 Goods and services purchased	3,049,578	2,300,135				
Scope 3 biogenic emissions	45,755	47,520				
[Optional subcategory: Cloud computing and data centre services						
2 Capital goods	245,000	186,709				
3 Fuel and energy-related activities (not included in scope 1 or 2)	375,793	135,100				
4 Upstream transport and distribution	217,893	239,483				
5 Waste generated during processing	35,751	34,021				
6 Business travels	10,434	9,595				
7 Employee commuting	23,450	23,618				
8 Upstream leased assets	0	0				
9 Downstream transport	0	0				
10 Processing of products sold	-	1,660				
11 Use of products sold	20,344,838	17,659,952				
12 End-of-life treatment of products sold	2,468	2,469				
13 Downstream Leased Assets	-	8,000				
14 Franchising	-	1,851				
15 Capital expenditure	-	33,211				
Total GHG emissions						
Total GHG emissions (location-based) (tonCO_2e)	25,140,790	21,378,141				
Total GHG emissions (market-based) (tonCO_2e)	25,203,826	21,049,615				
Total GHG emissions – Net Zero target scope (Scope 1 + Scope 2 Market-based + Scope 3 (classes 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15)	4,858,988	3,389,663			485,899	5%

Considering the life phases of the product according to the GHG Protocol standard (Corporate Value Chain – Scope 3) and as reflected in the Science Based Targets initiative, the emissions of the use phase of the tyre (Category 11 - Use of products sold) are assessed as “indirect” because they are already included in the use phase of the vehicle (and therefore in the Scope 3 emissions charged to

[68] Greenhouse Gases

Car Manufacturer Customers), of which the tyre is a component with indirect responsibility for the energy consumption of the vehicle during use. These emissions, therefore, do not fall within the emission perimeter to be considered by tyre manufacturers for value chain reduction targets, which, instead, includes Scope 1 and 2 emissions, generated by the group's production activities, and Scope 3 emissions mainly related to the supply chain, logistics and product end-of-life.

However, in order to provide an estimate of the magnitude of the use phase of the tyre, the figure was calculated according to the PCR (Product Category Rules[69]) for tyres developed by the Tire Industry Project Group of the World Business Council for Sustainable Development. In particular, emissions attributable to the rolling resistance of tyres put on the market by Pirelli in 2024, refer to the version[70] of the new PCR.

Scope 1 emissions from stationary combustion amount to 200,023 tonCO_2e, from mobile combustion 15,224 tonCO_2e, process 0 tonCO_2e and fugitive 0 tonCO_2e.

In addition to the emissions of the subsidiaries, the own emissions of the units under operational control[71], as required by the E1-6 disclosure obligation, amount to:

- Scope 1, 7,435 tonCO_2e
- Scope 2 calculated using the Location-Based method: 69,141 tonCO_2e and Scope 2 calculated using the Market-Based method: 25,776 tonCO_2e

For the following units, an operational control was found to be in place, in line with the indications of ESRS and EFRAG IG 2: Value Chain Implementation Guidance, according to which Pirelli can direct the activities and operational relations of the aforementioned entities. For the sake of completeness, it should be noted that the requirements considered in order to determine the operational control required by ESRS do not correspond to the requirements verified to determine the existence of control for the purposes of full consolidation according to the IFRS in the Group's financial statements, where the two companies are classified as joint ventures and consolidated using the equity method.

Biogenic CO_2 emissions from the combustion or biodegradation of biomass in Scope 1 are 0 tonCO_2e, Scope 2 95.39 tonCO_2e and Scope 3 47,520 tonCO_2e.

In 2024, there were no significant changes to the reporting scope that significantly impacted the CO_2 emissions inventory.

Pirelli calculated the emission intensity for 2024 considering the total GHG emissions calculated using the market-based and location-based method, compared to the Group's net revenues, which

[69] Set of specific rules, requirements and guidelines for the development of environmental declarations, for one or more product categories, defined according to ISO 14025.

[70] PCR version 3.05

[71] Two production units held by Pirelli in the form of joint ventures,

amount to **6,773,324 thousand euros**, in line with “Revenues from sales and services” in the consolidated income statement.

GHG intensity versus net revenue	**2024**
Total GHG emissions (market-based) versus net revenues [tonCO_2e/€]	**0.003108**
Total GHG emissions (location-based) versus net revenues [tonCO_2e/€]	**0.003156**

With reference to the scope of emissions included in the Group targets approved by SBTi, the GHG intensity indicator relative to net revenues recorded in 2024 is as follows:

- for Scopes 1+2 (market-based) equal to 0.000054 [tonCO_2e/€]
- for Scope 3 (categories 1, 3 and 4 of the GHG Protocol) equal to 0.000402 [tonCO_2e/€]
- for Scopes 1+2+3[72] (target Net Zero) equal to 0.000500 [tonCO_2e/€]

Metrics – GHG removals and GHG mitigation projects financed through carbon credits

In 2024 Pirelli continued in the compensation project of CO_2 emissions produced by its Italian fleet of company cars, by purchasing and retiring carbon credits certified in accordance with the most important VCM (Voluntary Carbon Market) standards. In order to ensure the credibility and integrity of carbon credits, the following key criteria apply in the process of identifying and purchasing them: climate relevance, environmental integrity, transparency, accountability, duration (continuity), additionality, social and environmental sustainability, compliance with regulations and standards, independent monitoring and verification, as well as the prevention of double counting.

Direct issuance of the Pirelli auto policy, which introduces an Internal Carbon Price model for the economic quantification of the impacts associated with car emissions, this initiative aims to promote the choice of vehicles with less impact on the environment and support environmental protection projects.

The car emissions of the corporate fleet subject to offsetting amounted to 852 tonnes of CO_2.

In addition, by purchasing credits, Pirelli also neutralised the emissions from the travel and commuting of the participants in the “Climate Change Challenge” training activity, estimated at 230 tonnes of CO_2.

[72] Scope 3 emissions related to all upstream and downstream activities of the company’s operations, calculated according to the GHG Protocol (which includes all categories of the value chain excluding the “use phase” charged to Car Manufacturer Customers) and in line with SBTi requirements.

In 2024, therefore, Pirelli offset the climate impact of a total of 1,082 tonnes of CO_2, respectively supporting:

- in China, an afforestation project for the planting of native plant species on arid and degraded land (for 43% of the credits purchased), with a view to fostering an initiative that ensures the permanent removal of atmospheric CO_2 according to a principle of addition;

- in Brazil, a Fuel Switching technology project for a renewable energy source from biomass (for 36% of credits) for a local production company;

- in India, a further technological project for the production of energy from renewable photovoltaic sources (for the remaining 21% of the credits) to be allocated to the Indian electricity grid, which is mainly powered by electricity produced from fossil fuels.

The activities financed with Pirelli's contribution (by purchasing and retiring credits belonging to the VCS[73] VERRA standard) were all carried out in 2024 and concern mitigation initiatives that are outside its value chain, following the BVCM (Beyond Value Chain Mitigation) principle.

Future purchases of carbon credits to offset CO_2 emissions outside the value chain are not currently contracted.

As part of the Group's commitments to Carbon Neutrality by 2030 (Scope 1 and 2) and Net Zero by 2040 (Scope 1, 2 and 3 approved by SBTi), in order to neutralise residual emissions that cannot be reduced, Pirelli plans to adopt a strategy focused on projects for the permanent removal of carbon from the atmosphere that are associated with high quality carbon removal that will be certified and internationally recognised as best practice, for compliance and effectiveness, when purchased.

To complement the actions already underway to achieve its short- and long-term reduction targets, Pirelli will undertake actions or make investments outside its value chain to mitigate greenhouse gas (GHG) emissions. The company will support projects, programmes and solutions with quantifiable climate benefits, prioritising those that generate additional co-benefits for people and nature.

[73] Verified Carbon Standard

<u>Carbon credits cancelled in the reference year</u>

	2024
Total (tonCO_2e)	1082
Share from reduction projects (%)	57%
Share from absorption projects (%)	43%
Recognised quality standard 1 (%)	100%
Share from projects within the EU (%)	0%
Share of carbon credits that can be considered matching adjustments (%)	0%

Metrics – Setting the internal carbon pricing

As part of its climate strategy, Pirelli adopts different types of internal carbon prices that are used for different application purposes, targets and GHG emission coverage, as described below.

To evaluate new investments at Group level in the Operations area, the Company internally adopts a carbon price in order to integrate the potential medium-term (2030) benefits of avoided Scope 1 and 2 GHG emissions into the feasibility analysis of the individual project. The introduction of an internal carbon price, in addition to supporting the Company in navigating the emerging greenhouse gas regulations, has the main aims of promoting low-carbon investments, energy efficiency and identifying opportunities. The environmental efficiency associated with projects is in fact one of the guiding criteria to be considered in investment management, as governed by the related internal Group operating rule. For this type of analysis, Pirelli adopts as a reference for the entire Group, regardless of the location of the project, an internal carbon price linked to the trading value of emission allowances in the European Union's Emission Trading System (EU ETS) market and used in the form of a shadow price (a monetary value assigned to a tonne of CO_2 for the economic quantification of impacts). The average internal carbon price used in 2024 amounts to 65 €/tonCO_2e.

It is noted that, for the valuation in the financial statements of emission allowances purchased through the ETS by certain Group subsidiaries, the market price at the date of purchase is used instead of the aforementioned price.

Pirelli also adopts a different internal carbon price model, used as an internal fee in its car policy, for an economic quantification of the impacts associated with car emissions (Pirelli Scope 1 and 3) aimed at influencing user behaviour in the conscious choice of vehicles that have less impact on the environment. In this case, the internal carbon price takes the market value of voluntary carbon credits as a reference.

The economic contribution required to the users of company vehicles goes into a fund (carbon offset budget) used to offset the CO_2 emissions produced by the company's fleet of cars through the purchase and retirement of carbon credits certified according to the most important VCM (Voluntary Carbon Market) standards. For details of the initiative, please refer to the paragraph above "Metrics – GHG removals and GHG emission mitigation projects financed through carbon credits".

The table shows the estimated volumes, expressed as percentages, of Scope 1, 2 and 3 GHG emissions affected by carbon pricing systems in 2024.

Percentage of gross Scope 1 GHG emissions covered by the internal carbon pricing system	4%
Percentage of gross Scope 2 GHG emissions covered by the internal carbon pricing system	9%
Percentage of gross Scope 3 GHG emissions covered by the internal carbon pricing system	0.001%

Energy management

Policies

Pirelli's Product Stewardship Policy also highlights, among the various aspects regulated, Pirelli's commitment to fostering positive impacts in terms of reduced energy use by Pirelli sites and, in particular, it reaffirms Pirelli's commitment to invest resources in research and development to reduce its environmental impact, also focusing on increasing the use of renewable energy and reducing the use of energy from fossil fuels.

With its Health Safety and Environment Policy, Pirelli is committed to developing products and production processes that respect the principles of the circular economy in order to pursue climate change mitigation and gradual decarbonisation along the value chain, with the responsible use and reduced consumption of natural resources, in addition to minimising polluting emissions.

Pirelli's commitment to energy efficiency and reducing energy from fossil fuels also extends to its supply chain: the Pirelli Supplier Code of Conduct requires them to improve their energy efficiency, increase the use of energy from renewable sources, as well as set greenhouse gas reduction targets. Upon request, Suppliers must make products and services made from renewable energy available to Pirelli and provide the certificate of origin of the renewable energy assigned to Pirelli's supply.

Targets

The foregoing with regard to the specific commitments made by Pirelli with its policies, translates into a series of strategic objectives to improve energy efficiency, promote the use of renewable sources and reduce the environmental impact throughout the supply chain.

In fact, the targets published in the Group's Industrial Plan integrate targeted actions both within the company's own operations, through energy efficiency projects, and along the supply chain, encouraging the adoption of responsible practices.

These were defined starting from the Group's Climate Transition Plan, which is based on specific investment programmes aimed at improving products and industrial processes from a low-carbon perspective, increasing energy efficiency and fostering access to renewable energy sources in order to accelerate the gradual phase-out from fossil fuels.

Renewable Electricity

At Group level, **Pirelli is committed to achieving 100% renewable electricity purchased from the grid by 2025**, relying on established market instruments and additional elements to ensure the transparency and effectiveness of the path.

In 2024, 95.6% of the total grid electricity purchased by Pirelli came from renewable sources.

This is an absolute Group target, covering all of its own operations, regarding the share of electricity purchased from the grid and applicable to the period 2020-2025. The target was confirmed in the current Industrial Plan, in line with the previous one, with a baseline referring to 2020 and a value of 31%.

The methodology used to define the target included assessing the accessibility of the various market tools for the procurement of renewables in the electricity markets in which Pirelli operates (Energy Attribute Certificates, Green Supply Contracts, Power Purchase Agreements, etc.), based on the expected evolution of the Group's electricity consumption. The process involved categories of interested internal stakeholders such as business departments, in particular Manufacturing and Purchasing.

The target, monitored by measuring the renewable share of total electricity consumed and expressed in percentage terms, reflects the company's commitment to the energy transition and the strengthening of its contribution to reducing the environmental impact of its operations.

For all production sites in North America, South America, Europe, Turkey and China, 100% of the electricity purchased from the grid in 2024 was from certified renewable sources.

Electrification of curing presses

With a view to the gradual decarbonisation of the production phase, one of the main levers identified by the company lies in the electrification of industrial processes.

To this end, **Pirelli is committed to achieving the goal of electrifying 75% of curing presses globally by 2030, with 100% coverage in Europe.**

This is an absolute group target, covering all of its own operations, applicable to the period 2024-2030. The target also aims to improve the energy efficiency of curing presses by more than 80%, with a significant reduction in energy consumption associated with the production process, and reflects the roadmap for implementing the programmes and investments required for this transformation by identifying specific plans for each factory.

In the target setting methodology, the electrification of presses is considered a decarbonisation lever for reducing emissions. Consequently, centralised planning was developed, which was then translated into specific plans for each factory. The process involved relevant internal stakeholder categories, such as business departments, in particular Manufacturing, Research & Development, Sustainability and Purchasing.

Performance against the target is monitored by measuring the number of electrified presses against the total installed and expressed in percentage terms, ensuring a transparent and results-oriented approach.

In 2024, out of the total number of curing presses installed in the Group's factories[74], 5% were electrified, against an investment of 27.1 million euros, and is expected to reach 16% in 2025 with a further investment of 26.1 million euros. The electrification process will continue in the following years according to the plan to cover 75% of the electrified presses in 2030, with an almost linear distribution over the coming years.

In terms of production sites in Europe only, the share of electrified curing presses in 2024 was 10%.

Energy efficiency projects

Pirelli **set the target of implementing over 90 energy efficiency projects in the period 2022-2025, with a total CapEx investment of 50 million euros.**

This target, which is absolute and can be measured by monitoring the number and the cost of projects implemented, applies to the company's operations, confirming the company's commitment to continuously improve energy management and reduce the environmental impact of its activities.

As it is not based on values or reference years, the target reflects a direct and solid approach, geared towards generating tangible progress over the implementation period.

The target-setting methodology assessed the potential reduction of energy consumption related to energy efficiency projects also identified by energy audits carried out periodically at operational units. The process involved categories of interested internal stakeholders such as business departments, in particular Manufacturing and Purchasing.

The investment in projects included in the Multi-Year Energy Efficiency Plan, implemented from 2022 to the end of 2024, amounts to **a total of 39.7 million euros in CapEx of which 9 million euros in 2024 alone and a further 9 million euros planned for 2025**.

[74] Total number of presses in Group factories as at 31/12/2023

Actions

Energy efficiency

During 2024 the energy efficiency plan continued at all Group plants, already initiated in recent years and characterised by actions aimed at:

- improving and accelerating the digitalisation in an Industry 4.0 perspective of energy measurement and management systems through monitoring of consumption;
- designing a global platform aimed at generating technical indicators and continuous improvement also through the use of artificial intelligence tools;
- optimising the procurement of energy resources, direct or indirect;
- improving the quality of energy transformation;
- improving the efficiency of distribution plants;
- improving the efficiency of production plants;
- recovering energy for secondary uses;
- applying targeted maintenance plans in order to reduce energy waste.

The energy efficiency plan includes a series of ongoing actions implemented on a recurring basis at the Group's various production units.

With regard to Life Cycle Assessment, the specific consumption of the industrial plants is mapped, whether those dedicated to production or dedicated to the generation of energy carriers in order to: increase the standard reference indicators, compare similar families of machinery, evaluate in detail the energy content of the plants' different families of products and sub-products and implement actions to improve their energy performance.

In terms of compliance, every industrial facility completely fulfils the indications of law regarding energy consumption and management. The legislative situation affecting the Company includes the introduction of periodic audit mechanisms on energy management and use, as well as possible tariff incentives. In this respect, there are no critical issues or non-compliances.

In order to pursue the continuous improvement of the Group's energy performance, production sites are equipped with an Energy Management System. Opportunities for efficiency in energy use are identified from energy audits at the operating units and contribute to the definition of targets for reducing consumption and saving energy with targets defined both at Group level and specific to each site (local targets). The plants in Breuberg (Germany), Izmit (Turkey) and Yanzhou (China) are already certified according to the ISO 50001 standard, the plants in Campinas (Brazil), Feria de

Santana (Brazil) and Slatina (Romania) have started the certification procedure, which will be progressively implemented by the Group’s other plants.

Actions and investments for energy efficiency are alongside the assessment of environmental impacts to economic sustainability criteria normally applied to all Pirelli projects. In addition to innovation in production processes, driven by Research & Development, the areas for technical action both concern the traditional themes applied to each industrial area such as modernisation of thermal insulation, maintenance of distribution plants, use of technologies using inverters, implementation of optimised control systems - and special projects assessed according to the needs of each manufacturing site. There are also regular employee awareness campaigns dedicated to energy issues, which are also addressed in the “Climate Change Challenge” training program described in the previous paragraphs.

During 2024, great emphasis was placed on the digitisation of energy consumption management through Building Energy Management Systems (BEMS). This activity includes the installation of smart systems (Green Buttons) on production equipment to modulate energy consumption according to the operating state of the machinery, the modulation of ventilation in a smart and automatic manner, and the development of forecasting systems to assess in advance any deviations of energy consumption from the forecast. The expansion of the real-time energy carrier measurement network and its interconnection with Building Energy Management Systems (BEMS) is also continuing, and is already underway in Slatina (Romania), Breuberg (Germany), Settimo Torinese (Italy) and Carlisle (UK), and is in the start-up phase for the Group’s other plants.

In addition to the aforementioned electrification of the vulcanisation process, another area of focus in 2024 was the electrification of production processes that traditionally use natural gas such as thermal control units in the mixing and semi-finished products area.

The implementation of projects related to efficiency in the transformation of thermal energy and the recovery of thermal waste for space heating and the improvement of steam generation performance through flue gas recovery and combustion air preheating systems continued. Efficiency activities were also in the field for both compressed air generation, using high-efficiency compressors, and energy flows, with a focus on cold management, starting to expand the pilot projects developed in previous years. Efficiency in electricity consumption was continued through the replacement of motors with more efficient models or power modulation.

Activities also continued in the area of reducing compressed air and steam leaks on both machinery (generators and users) and distribution lines, through monitoring and periodic maintenance of the elements most at risk of malfunctioning (leak management) or through their replacement with more reliable and efficient models.

Electricity absorption measurements performed on individual plants are also continuing in order to correlate the specific consumption to production in greater detail, in order to optimise the operating conditions.

The application of energy management geared towards maximising industrial efficiency, by implementing continuous improvement logics, has led to a reduction in specific energy consumption per tonne of finished product compared to the previous year.

The costs for the actions listed above mainly refer to capitalisation of tangible fixed assets, recorded as an increase in the relevant item of the balance sheet, particularly for the electrification of curing presses and energy efficiency projects in factories. As reported in the previous paragraphs, the Group incurred capital expenditure of 27.1 million euros and 9.1 million euros, respectively, substantially in line with the investments planned for 2025. It should be noted that the press electrification project is expected to be completed in 2030 with an annual investment spread linearly over the years beyond 2026.

Energy efficiency investments in factories are reflected in the amounts reported under the Taxonomy, attributable to the activities (*7.3 Installation, maintenance and repair of energy efficiency devices, 7.5 Installation, maintenance and repair of metering, regulation and energy performance control devices and instruments of buildings and 7.6 Installation, maintenance and repair of renewable energy technologies, 3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation*) that contribute to achieving the objective of climate change mitigation. The electrification project was partly included in Activity 3.6 Manufacture of other low-carbon technologies.

With reference to the electrification of the presses, it should be noted that the Group obtained public financing in Italy and the UK in the amount of 13.5 million euros, which has not yet been received.

Renewable Energy

In line with Pirelli's Transition Plan, a number of initiatives were implemented in 2024 to promote access to renewable energy sources in order to accelerate the gradual phase-out of all fossil fuels. Among the actions completed in 2024, the following initiatives can be highlighted for the procurement of renewable electricity and biomass-derived steam[75].

- the supply of steam generated by biomass plant, fuelled with waste wood from local supply chains, activated for the Campinas (Brazil) plant;
- the procurement of electricity through Power Purchase Agreements for the dedicated supply from renewable sources at the Merlo (Argentina), Campinas (Brazil) and Feira de Santana (Brazil) sites;
- the supply of 100% of electricity purchased from the grid from renewable sources at the sites of Silao (Mexico), Rome (US), Slatina (Romania), Burton and Carlisle (UK), Breuberg

[75] The share of indirect (Scope 2) emissions generated by these projects was reported according to the procedures set out in the GHG Protocol Guidelines.

(Germany), Izmit (Turkey), Yanzhou and Jiaozuo (China), Campinas and Feira de Santana (Brazil) and Merlo (Argentina), Bollate and Settimo Torinese (Italy) and Headquarters (Italy);

- the start of the transition process towards the purchase of grid-certified electricity from renewable sources for Voronezh and Kirov (Russia) sites as well, which enabled them to cover more than half of their electricity consumption in factories in 2024.

With reference to the aforementioned initiatives, the Group recorded 6.4 million euros within Other Expenses in the 2024 income statement. A total cost of approximately 14.7 million euros is expected in 2025. The increase on 2024 takes into account the growth in volumes of renewable energy sources, and it should be noted that these volumes and costs are not incremental in absolute terms, but replace volumes and costs from fossil fuels phased out under the Group's energy transition plan, which also includes benefits from increased energy efficiency.

Metrics – Energy consumption and mix

For the purposes of quantifying Pirelli's energy consumption, fully covering the same corporate perimeter of the Group's consolidated financial statement, data relating to the use of fuels and energy (electrical[76] and thermal) are calculated using direct measurements and collected annually for all local units via the HSE-DM information system.

Energy consumption and mix	**2024**
1) Consumption of coal and coal-derived fuels (MWh)	0
2) Fuel consumption from crude oil and petroleum products (MWh)	48,213
3) Fuel consumption from natural gas (MWh)	980,841
4) Fuel consumption from other fossil sources (MWh)	0
5) Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	607,596
6) Total energy consumption from fossil sources (MWh) (sum of rows 1 to 5)	**1,636,650**
Share of fossil sources out of total energy consumption (%)	57.6%
7) Consumption from nuclear sources (MWh)	**12,164**
Share of nuclear sources out of total energy consumption (%)	0.4%
8) Fuel consumption for renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	0
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	1,191,740
10) Consumption of self-generated non-fuel renewable energy (MWh)	152
11) Total energy consumption from renewable sources (MWh) (sum of rows 8 to 10)	**1,191,892**
12) Share of renewable sources out of total energy consumption (%)	42%
13) Total energy consumption (MWh) (sum of rows 6, 7 and 11)	**2,840,706**

[76] On total energy consumption, electricity accounts for 44.7% in 2024 (41.6% considering electricity taken from national distribution networks).

With reference to the calculation of the energy intensity index, the total consumption in the activities classified as high climate impact, a sector identified on the basis of the NACE codes[77] of each subsidiary, amounted to 2,506,688 MWh.

The energy intensity in these sectors, measured as total energy consumption per net revenue, is 182.60. The revenues considered refer to the "Revenues from sales and services" of each subsidiary with a NACE code identifying a high-impact sector, including both third-party and intra-group revenues. The difference between the value considered for the purposes of this indicator and the consolidated value of Revenues from sales and services of 6,773,324 thousand euros corresponds to the elimination of intra-group revenues and revenues from third parties of companies with NACE codes other than those identifying a high climate impact sector.

Focusing more on electricity, Pirelli purchases renewable electricity through the following instruments: Energy Attribute Certificate, Green Supply Contract, PPA on-site and PPA off-site. Energy Attribute Certificates can be bundled or unbundled with respect to the electricity supply contract**.**

Therefore, 35.5% of the electricity consumed is covered by bundled contractual instruments (such as renewable energy certificates) while 53.6% comes from unbundled contracts. Therefore, a total of 89.1% of the electricity consumed by the Group comes from the certified instruments described above (up from previous years).

Environmental management system and factory environmental performance monitoring

100% Pirelli tyre production sites, the test track in Vizzola Ticino and the Milan headquarters are equipped with Environmental Management Systems and are certified according to the ISO 14001 International Standard. The International Standard ISO 14001 was adopted by Pirelli as a reference from 1997. All the ISO 14001 certificates have been issued with international accreditation ANAB (ANSI-ASQ National Accreditation Board: accrediting entity of the United States). The certification of the environmental management system according to the ISO 14001 Standard is part of Pirelli's Environmental Policy and, as such, is extended also to new settlements that become part of the Group. The certification activity, together with control and maintenance of previously certified and implemented systems, is coordinated on a centralised basis by the Health, Safety and Environment Department.

In addition, as a result of the environmental certification of its motorsport tyre factory management systems, Pirelli was the first tyre manufacturer in the world to have been awarded three stars by the Environmental Accreditation Programme promoted by the FIA (International Automobile Federation).

[77] The following NACE Codes were identified as applicable to Pirelli: 22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres, 33.2 Installation of industrial machinery and equipment, 45.2 Maintenance and repair of motor vehicles, Wholesale trade of motor vehicle parts and accessories, 45.32 Retail trade of motor vehicle parts and accessories, 46.18 Agents specialised in the sale of other particular products, 52.29 Other transportation support activities, 68.1 Buying and selling of own real estate.

The three stars represent the maximum score level awarded by the programme, whose aim is to propose a series of measures that participants must implement to achieve the highest environmental standards.

The environmental performance of every tyre manufacturing site is monitored with the HSE-DM (Health, Safety and Environment Data Management) system, which is processed and managed centrally by the Health, Safety and Environment Department.

As a result of the environmental management systems implemented in the production units, and the implementation of procedures dedicated to emergency prevention and response, constant and timely monitoring and intervention is ensured on potential emergency situations that may occur, as well as on reports received from stakeholders.

During 2024, there were no significant incidents, complaints or penalties related to environmental issues.

E2 Pollution

Following the Double materiality analysis, the following material impacts related to pollution management along Pirelli's entire value chain were identified:

- *Release of tread material during tyre usage;*
- *Release of pollutants into the air by Pirelli suppliers (tier 1)*.

An in-depth analysis of Pirelli's value chain, with a particular focus on the activities and actors in the upstream and downstream value chain, has led to the identification of these impacts. For further details, please refer to the "General Information" section.

With reference to its own operations, as a matter of policy, Pirelli produces compounds and tyres without the use of "Substances of Very High Concern" (SVHCs), i.e. those substances that give rise to high concern for their potential effects on human health and/or the environment. Furthermore, in its production Pirelli does not use substances that fall under the category internationally recognised as POPs[78], as defined by the Stockholm Convention, nor mercury and its derivatives as per the Minamata Convention, nor those substances that are limited or subject to restrictions by the REACH regulation.

The phenomenon of particulate emissions from tread wear

Tyres are a product that must adhere to the road in order to guarantee safety and braking capacity.

[78] Persistent Organic Pollutants

In turn, the tyre's grip on the road is responsible for the physical phenomenon of abrasion of the tread and the road. The combined abrasion of tread and road results in the release of the abraded material into the environment in the form of particles, the so-called tyre and road wear particle (TRWP) emissions, a combination of abraded tread particles (tyre wear particle, TWP, ~50%) and road surface particles (Road Wear Particle, ~50%).

Although the tread material is rubber (an elastomer), it is increasingly common to refer to the particulate matter generated by tread abrasion as "unintentionally released microplastics". However, the properties of TWPs are quite different from the microplastics derived from commonly used plastic objects – e.g. bottles, glasses, synthetic textiles/clothes, or the microplastics contained in hygiene and body care products – or even the microplastics derived from paints (including, in order of importance, those used for ships, buildings and road markings)[79].

TRWPs have dimensions of around 80-100 micrometres and, once emitted, have a density that causes them to sediment quickly when transported in an aqueous or gaseous environment, significantly reducing the quantity of dispersed particles.

The factors that influence the wear of the tyre tread, and the consequent release of material, are many and concurrent, and are listed below in decreasing order of impact (according to the source Contribution of Road Vehicle Tyre Wear to Microplastics and Ambient Air Pollution[80]): driving style (aggressive or relaxed, at high or moderate speed, with sudden or progressive braking, etc.), road characteristics (road surface and roughness, whether the road is straight or winding, uphill or downhill, etc.), vehicle characteristics and conditions of use (weight, mass distribution, correct tyre pressure, etc.), tyre design and, finally, environmental conditions (dry or wet, hot or cold weather).

The various causal factors extrinsic to the tyre and belonging to the sphere of influence of multiple stakeholders require combined action by all actors in order to define and implement the most effective mitigation actions.

Based on scientific data collected by TIP studies[81], about three quarters of the TWP generated is deposited in the soil or in sediments, just under 20% is intercepted and removed (for example by water water treatment plants) and only a minimal part is present in airborne form (about 2%) or is found in surface water at river mouths (less than 5%)[82].

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79 EU Impact Assessment Report Combatting microplastic pollution in the European Union

80 *Sustainability* **2024**, *16*(2), 522; **https://doi.org/10.3390/su16020522**

81 The TIP (Tire Industry Project) was set up in 2005 and operates under the umbrella of the WBCSD, with the aim of advancing the scientific study of issues common to the tyre industry (particulate emissions and tyre recycling), with a scientific approach and commissioning independent research that can then be published in peer-reviewed scientific journals. It includes ten of the largest tyre manufacturers (covering 60% of the world's tyre production capacity).

82 Tire Industry Project - Tire and Road Wear Particles - Home page; https://tireparticles.info/wp-content/uploads/2021/02/zWBCSD_TIP_TRWP_infographic.pdf

With particular regard to the contribution of TWPs to airborne particulate matter in urban environments, published studies show that it is very low compared to other sources, accounting for less than 1% of the total PM10 and less than 0.3% of the total PM2.5 in the air[83].

The order of magnitude of these data has also been confirmed by other independent studies.

Although the quantity of TRWPs that can be traced in surface water is limited, in recent years some studies have identified the presence of a substance known as 6PPD-quinone, which is toxic to a specific fish species (Coho Salmon), while studies carried out on other fish species, to date, have not highlighted significant effects.

6PPD-quinone is the transformation product of a substance (6PPD) used in tyres with the specific aim of guaranteeing their safety, avoiding the degradation of the properties of the rubber due to the oxidative action of ozone. The mechanism underlying the effect of 6PPD-quinone on Coho Salmon is still unclear, however several studies are underway, promoted by TIP, to investigate the causes, and Pirelli is actively searching for alternative substances.

Pirelli's commitment

Pirelli is tackling the challenge of particulate emissions from its tyres through an innovation strategy on multiple fronts simultaneously:

Particulate reduction at source, reducing the wear rate of the tread while maintaining road safety:

- Objective to improve the average wear rate by:
    - 23% compared to previous tyre lines of reference, for lines launched in the years between 2023 and 2025. In this regard, the new lines launched in the period between 2023 and 2024 recorded a reduction in the abrasion index of 24.8% compared to the lines of reference
    - 30% compared to previous tyre lines of reference, for lines launched in the years between 2025 and 2030.

    Performance is evaluated based on the results of tests conducted on products representative of the new lines compared to those of previous reference lines, which measure tyre wear, considering the mass of the tread that has been worn away.

[83] Measurement of airborne concentrations of tire and road wear particles in urban and rural areas of France, Japan, and the United States)

Research and Innovation on the "size" of particulate matter

Pirelli collaborates with Italian and European Research Centres to develop methods that allow the emission of particulate from tyres to be monitored, both qualitatively and quantitatively, and to differentiate it, by comparison with "generic" particulate from other sources. Particular attention is focused on representativeness in terms of generation, capture and analysis.

With reference to the operating expenses and capitalisations recorded in 2024 and expected in 2025, reference is mainly made to the Smart Electric project, mentioned in the following paragraphs.

Research and Innovation on the "biodegradability" of particulate matter

As part of a special collaboration with a university, Pirelli is studying the difference in biodegradability between elastomeric matrices based on synthetic polymers and those based on naturally-occurring polymers, in particular natural rubber. The studies are proceeding through targeted experiments in water, soil and specific biological matrices.

The acquisition of Hevea-Tec, the leading natural rubber processor in Brazil, by Pirelli provides opportunities for the development of new grades of biodegradable polymers based on natural rubber technology, which could potentially replace the synthetic polymers used in tread compounds.

For further information on the acquisition cost of Hevea-Tec, please refer to the Consolidated Financial Statements, Explanatory Note No. 8 – "Hevea-Tec Acquisition (Brazil)".

Capture of generated particles

Pirelli continues to monitor the solutions that allow the collection of TRWP from the points where accumulation is expected and to study and propose solutions on how to monitor the evolution of TRWPs, in terms of size and chemistry in these contexts.

Industry initiatives

Pirelli actively participates in industry initiatives (Tire Industry Project and regional/national industry associations) aimed at conducting and supporting scientific research to identify and fill data gaps related to the potential impacts of TRWPs and the chemicals they potentially release. Within the scope of these initiatives, particular attention is also dedicated to the development and standardisation of methods for measuring tyre abrasion, both in terms of tyre wear rate and airborne TRWP emissions. In addition, through dedicated projects in cooperation with regional associations (e.g. USTMA, ETRMA), TIP is monitoring the most effective TRWP mitigation strategies, and has also launched pilot projects to support these strategies.

Measuring absolute particulate emissions in the environment

Pirelli has been actively supporting for years the definition of regulations that set limit thresholds on tyre abrasion rates, as an essential tool for controlling particulate emission levels in the environment, and supports the European Commission's recommendations included in the Euro 7 standard for the adoption of tyre abrasion limits.

In terms of measuring the impact, it is necessary to distinguish between the "specific" or "relative" performance impact, i.e. weighted by various other factors such as, for example, an indication of how much tread mass is abraded per km in relation to the weight of the vehicle, and the "absolute" or "total" impact of particulate generation from tyres during vehicle use.

It should be noted that the CSRD Regulation, with reference to *ESRS E2-4,* requires reporting of the absolute/total, and not specific/relative, amount of microplastics generated by the tyre during use, with an approach similar to that adopted by bodies such as SBTi, for example, when dealing with total absolute CO_2 emissions.

To date, Pirelli and its competitors who are members of the European Tyre and Rubber Manufacturers' Association (ETRMA) and the European Tyre and Rim Technical Organisation (ETRTO), and who participate in the "Task Force on Tyre Abrasion" (TFTA), within the UNECE World Forum for Harmonisation of Vehicle Regulations (WP.29), are working on finalising the globally harmonised methodology for measuring tyre abrasion, defined in 2024 and to be validated in 2025, in support of possible future regulatory activities related to tyre abrasion.

This methodology will provide a measurement of the specific or relative performance of the tyre by correlating the abraded mass weight of the tyre to the distance travelled and the vehicle weight. Therefore, it is a calculation method that does not comply with the requirements of ESRS *E2-4*, which mandates reporting on the absolute amount, rather than the relative amount, of particles (so-called microplastics) generated during the use phase by products placed on the market in the reporting year.

The existing methodology that best meets the ESRS *E2-4* requirement can be found in the Product Category Rules (PCRs) developed by tyre manufacturers who are members of the WBCSD's Tire Industry Project. PCRs are the globally-applicable rules that aim to standardise the Life Cycle Assessment of tyres. PCRs are a public document, currently available in version 3.05, and include a section specifically dedicated to the calculation of total/absolute "Tire Wear Loss" (TWL) for car and truck & bus tyres (paragraph 5.2 "Tire Abrasion Calculation Guidelines"), that is the total and nominal quantity of the mass of the tread that can be abraded, throughout the entire use phase of the tyre.

This involves assuming that all the abradable mass is actually abraded and therefore the tyre is fully worn down to its legal limit of use: it is therefore a very conservative quantity but it is the one that comes closest to what is required by the CSRD.

The TWL value calculated in this way represents the amount of abradable tread determined on the basis of geometric and physical parameters alone. It is a conservative estimate that is not influenced by all the factors that can determine variations in specific performance indices, such as the abrasion index.

The estimated quantity, relative to all car tyres released on the market in 2024, is equal to 148,625 tonnes.

Other Projects:

"Sister" Project

As part of its participation in MOST, the National Centre for Sustainable Mobility (Italian), funded under the PNRR (National Recovery and Resilience Plan), Pirelli is a Private Partner of the Flagship Project "Sister", in collaboration with universities and research centres. The project is structured around the following activities:

- development of a laboratory machine for the generation/collection and analysis of PM (Particulate Matter) from tread compounds;
- development of an equipment for the generation/collection and analysis of PM in the indoor machine for measuring abrasion;
- preparation of electric cars to be able to generate/collect and analyse PM during track tests and to be able to link the results collected on PM with the parameters of the tests themselves;
- definition of a test procedure for the generation/collection and analysis of PM from tyres with indoor tests on dynamometric rollers.

In addition to Pirelli Tyre, the Flagship Project B "Sister" also involves the University of Naples, the Polytechnic University of Turin, CNR-STEMS in Naples, and Pirelli Digital Solutions in Bari, which provides support for data processing, the development of software tools, and AI solutions relevant to the project.

The "Sister" Project was scheduled to end in August 2025, but an extension, already formalised, has postponed its conclusion to December 2025

"Smart Electric" Project

Pirelli has also launched the "Smart Electric" Project, funded by the Ministry of Enterprises and Made in Italy (MMIT).

The project will last three years, starting in June 2022 and ending (with an extension that has already been formalised) in December 2025.

The project aims to develop technologies to make electric mobility more efficient and have less impact on the environment.

In particular, as part of the project, Pirelli is developing technologies for tyres specifically designed for electric mobility, which will make it possible to overcome the performance conflicts inherent in the technology of electrification of mobility.

Electric and hybrid cars tend to be heavier, have greater torque and have range as a critical point. Actions aimed at reducing tread abrasion, such as the study of wear and particulate emissions, associated with equal or improved rolling resistance, are the ultimate goal of Pirelli's activity in the project.

It should be noted that, with reference to this project, MIMIT has granted a non-repayable contribution for the period 2022–2025, up to a maximum of 5.9 million euros, which has not yet been received.

Air pollution along the supply chain

Pirelli recognises the importance of monitoring and managing the environmental impact generated along the entire supply chain, including the release of pollutants into the atmosphere by tier 1 suppliers. The Group is committed to actively collaborating with its business partners to promote responsible practices and reduce polluting emissions, in line with the principles of its Policies. This approach reflects Pirelli's commitment to addressing global environmental challenges by continuously improving transparency, efficiency and sustainability throughout the entire value chain.

Pirelli's policies for managing pollution throughout the supply chain

Pirelli requires suppliers to commit to understanding, respecting, and implementing the Supplier Code of Conduct, which, with reference to pollution, urges them to prevent, reduce, and mitigate all forms of environmental pollution, including air pollution, as well as to prevent environmental incidents and to promptly undertake recovery and restoration in the event of their occurrence. They are also required to monitor, record, document, and, upon request, provide Pirelli with quantitative data and environmental performance. Suppliers are also required to identify the significant environmental impacts associated with their activities, develop and implement plans for their improvement, and establish specific key indicators to monitor their performance. Finally, suppliers must monitor, record, document and, upon request, provide Pirelli with quantitative data and environmental performance, life cycle inventories/assessment reports or environmental footprints. In the specific case of natural rubber supply, in addition to the Code of Conduct, the Policy on Sustainable Management of Natural Rubber also applies. This policy explicitly requires natural rubber suppliers to commit to managing their operations using processes and technologies designed to reduce odours generated during rubber processing, while ensuring compliance with laws and regulations related to the use of chemicals in the relevant industrial sector.

Targets

In order to strengthen its commitment to involving suppliers in the sustainable transition, Pirelli will include pollution-related issues in the “Nature & Biodiversity” training course which, in line with the objectives set out in the Industrial Plan, will be offered to 100% of raw material suppliers and strategic CapEx suppliers by 2025.

Actions

<u>Assessment of supplier impacts and corrective plan</u>

In 2024, as part of the systematic environmental due diligence process, the desk-based assessment of potential environmental risk was updated (greenhouse gases and energy consumption; water, biodiversity; air pollution; materials, chemicals and waste; product use; product end of life; customer health and safety; environmental services and advocacy) along the entire supply chain (12,773 unique suppliers), which forms the basis of the risk-based approach on which Pirelli’s Due Diligence process is founded.

To assess the potential risk of pollution in the supply chain, the Ecovadis IQ+ tool was used, which analyses the sector risk and country risk for each supplier. With regard to this topic, the Ecovadis methodology allows for the assessment of potential risk detected in those suppliers for which the pollution issue is material according to the model.

The risk assessment was conducted by the Purchasing, Enterprise Risk Management, Compliance and Sustainability Departments, in line with the Group’s ERM model, and applies a risk scale from 1 to 4 (where 1 = low risk, 2 = medium risk, 3 = high risk and 4 = very high risk). For more detailed information on the risk assessment process, please refer to the “Governance Information” section, “ESG Risk Assessment” paragraph.

The assessment made it possible to identify the suppliers that require priority intervention through the most appropriate mitigation and prevention actions.

The results of the risk assessment show that the countries with the highest incidence of suppliers associated with a high/very high potential environmental risk are mainly concentrated in the LATAM region, while in the Europe, MEAI, North America and APAC regions, the risk was generally medium. As regards the potential risk associated with the purchasing categories, it should be noted that the mould & off take, energy, indirect, auxiliary materials and R&D categories show a higher incidence of high/very high potential risk.

The desk-based assessment of potential risk is then incorporated into the assessment of current risk through supplier assessments, conducted both during the initial selection phase and updated periodically. The assessment tools adopted are guided by specialised third parties and include both on-site audits conducted by leading companies in inspection, verification, and certification services (including environmental certifications) and the services of the EcoVadis platform, which encompass assessments, improvement plans, and opportunities for training and capacity building.

The activity—both for on-site audits and assessments conducted by EcoVadis—includes the definition of a remediation plan in case of non-compliance, whose implementation is monitored through follow-ups, either on-site or documentary-based.

Supply chain assessment through Life Cycle Assessment

In addition to the assessments mentioned, Pirelli annually monitors the environmental impact generated by its supply chain by applying the Life Cycle Assessment methodology. In particular, the impact categories relating to air pollution are quantified on the basis of the methods and secondary data currently available. Some examples of impact categories evaluated are the potential for the formation of atmospheric particulate matter, ionising radiation, photochemical smog, and the potential for degradation of the stratospheric ozone layer.

E3 Water and marine resources

Water resource management

Following the Double materiality analysis, the following material impacts related to water resource management along Pirelli's entire value chain were identified:

- Water consumption by Pirelli sites, including those located in water-stressed areas.
- Water consumption along the supply chain, with particular attention to suppliers operating in water-stressed areas.

Sustainable water management is a priority for Pirelli, which is committed to monitoring and progressively reducing its water impact throughout the entire product life cycle.

In this context, Pirelli monitors the Group Water Footprint periodically and, with a view to medium-/long-term management, is committed to progressively reducing its impact on water resources throughout the product life cycle. This with special attention for water quantity and quality, and the local contextualisation of water use, including water-stressed areas, also through the use of specific analysis tools (such as the WBCSD[84] Global Water Tool and the WRI[85] Aqueduct Water Risks Atlas) and specific action plans.

The environmental management systems implemented in the operating units, besides water resources, ensure management of relations with relevant stakeholders (local communities, authorities, etc.) and the potential impacts of the local contexts in which each production plant is located. Indeed, environmental management, and its continuous improvement, are also addressed by mapping the main stakeholders, their interests and expectations. These management systems also aim to ensure that the qualitative-quantitative characteristics of emissions are in line with the context and regulations in force.

Water resource management is also central to the Group's Biodiversity Plans, and is analysed in terms of risks, opportunities and the level of Pirelli site dependence on this resource. More specifically, water is the main dependency and the resource used the most by Pirelli sites. On this point, a number of actions to reduce water use have been identified. For a more complete discussion, with specific reference to Biodiversity Plans, please refer to the paragraph "Biodiversity Strategy" in the "Biodiversity and Ecosystems" section.

Thanks in part to its performance in water resource management, Pirelli was awarded an 'A-' rating in the CDP Water Security programme in 2024.

In terms of governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Sustainability Committee, approves, at the proposal of the Chief Executive Officer and in coordination with the Executive Vice Chairman, the environmental management strategies and targets integrated in the Industrial Plan, which include those pertaining to the use of water in processes and the risks associated with it (as identified by the Group's Climate Change and related Water Stress Risk Assessment). In turn, Pirelli's top management also plays a strategic role in the full implementation of Pirelli's Environmental Management Model and related strategic objectives on this matter.

Water management policies

Pirelli commitment to responsible water management is addressed in several Group Policies.

With its Health, Safety and Environment Policy, Pirelli is committed to developing products and production processes applying circular economy principles. These include the responsible use and reduced consumption of natural resources including water. It is also committed to setting environmental targets to reduce the impact of the life cycle of its products and services on water, the air and soil.

[84] World Business Council for Sustainable Development

[85] World Resources Institute

In turn, the Product Stewardship Policy reaffirms the Pirelli commitment to invest resources in research and development to reduce its environmental impact, also paying attention to water consumption.

Pirelli's commitment to reducing water consumption extends to its supply chain, as outlined in the Supplier Code of Conduct and the Policy on Sustainable Management of Natural Rubber.

Under the Pirelli Supplier Code of Conduct, Suppliers are required to conserve and manage water resources responsibly ("Water Stewardship"), optimise their use of water, set targets to reduce its exploitation and return water with a quality suitable for the ecosystem concerned, with special attention to those located in water-stressed areas or those with high environmental and biodiversity value, possibly exceeding legal requirements. Suppliers are also called on to adopt solutions to reuse waste water, including through specific treatment.

The Sustainable Natural Rubber Management Policy, with further verticalisation on this important raw material, expressly requires the commitment of Suppliers to take all necessary actions to conserve freshwater bodies and aquifers, protecting water quality and preventing its contamination.

In order to make these commitments fully operational on the supply chain, Pirelli implements a sustainable supply chain management system that envisages, among other aspects, the assessment of their environmental responsibility both at the selection stage and periodically, through specific ESG assessments and due diligence. More information can be found in the section "Governance Information", paragraph "Management of relations with suppliers".

Targets

In order to manage the material impacts identified regarding the water resource issue, i.e. the water consumption of both its own business operations and those of its suppliers, Pirelli has established the following goals.

With reference to its own operations, the Pirelli Industrial Plan includes targets to reduce specific water withdrawal, measured in cubic metres per tonne of finished product. More specifically, Pirelli has established two targets, one at Group level and one, further, for its sites located in areas classified as 'high water stress':

- **a 60% reduction in specific water withdrawal by 2030, compared to the 2015 base year.** This is a Group target, covering all own operations, applicable to the 2015-2030 period. The target monitors the percentage of reduction compared to the base year figure, and has been confirmed in the current Industrial Plan, in continuity with the previous one, with a baseline referred to 2015 and a value of 12.9 cubic metres per tonne of finished product.

- **for High/Extremely High water-stressed areas only[86], a 36% reduction in specific water withdrawal by 2025 (intermediate target) and 45% by 2030, compared to 2015 values.** The target, applicable to the 2015-2030 period, covers the sites owned by Pirelli located in the areas identified as having high water stress and is included in the current Industrial Plan with a base value of 2015, equal to 7.8 cubic metres per tonne of finished product.

In 2024, the Group recorded a specific water withdrawal ratio of 6.27 cubic metres per tonne of finished product, a value 51.4% lower than in 2015, and a specific water withdrawal ratio in water-stressed areas of 5.12 cubic metres per tonne of finished product, a value 34.6% lower than 2015. Both figures also show a substantial improvement also with respect to 2023, continuing the positive trend already recorded in previous years.

The volume of water withdrawn from water stress areas in 2024 was 61% of the total.

The methodology used to define both targets assessed the reduction in water withdrawals, due to efficiency actions in management of this resource compared to the expected change in production volumes for the different factories of the Group. For the intermediate targets, in particular, the investment plans established for the individual sites were also assessed.

The process involved internal stakeholder categories, such as corporate departments, in particular Health, Safety and Environment, Manufacturing and Sustainability.

Pursuit of the targets illustrated enables positive effects on the control of volumes withdrawn from the environment and therefore on consumption, thanks to actions identified to make the use of water resources more efficient.

In particular, a site-specific target is defined for each production site every year; this enables resources to be allocated effectively and contribute to achieving the overall Group target. The site-specific targets relating to water management are also linked to the annual remuneration of the Site and HQ management, ensuring a direct link between the Group's sustainability objectives and the performance assessments of individual company positions.

As part of its water resource management strategy, Pirelli pays attention to safeguarding water quality and maximising its reuse and recycling, as expressed in its Industrial Plan.

[86] It includes all those areas characterised by a level of "water stress" equal to or greater than "high" according to the WRI Aqueduct (Water Risk Atlas) classification, as at 31 December 2023. As at that date, the Pirelli sites falling within these areas are: Campinas, Feira de Santana and Elias Fausto (BR), Silao (MX), Voronezh (RU), Slatina (RO), Breuberg (GE), Izmit (TR), Jiaozuo and Yanzhou (CN).

Actions

Water management and efficiency of use

In order to promote efficient and responsible use of water in production processes and at work sites, water efficiency management programmes are adopted as part of the environmental management systems implemented at sites and certified ISO 14001.

The strategy for achieving water resource efficiency goals starts with carrying out specific water assessments. These assessments are carried out with the support of specialised external companies and aim to identify opportunities for water resource efficiency, update water use and consumption flow charts and define quantitative and qualitative site-specific targets and improvement plans. A new water assessment campaign was started on factories in 2024 and is expected to be finished by 2026.

Actions on this **resource concern the management of water use, focusing** primarily on reducing water withdrawal and use, recycling water and improving its quality when discharged through periodic monitoring and sampling of wastewater, as required by internal procedures, as well as the aforementioned systems for treating effluents to safeguard the quality of discharges. Facility management and machinery design are an integral part of these actions. Moreover, in order to keep employees' awareness and attention on water management high, during the year some sessions for updating the results achieved and for training/sharing the improvement activities underway on the water topic at Group level are organised, such as at the global HSE meeting, held in Milan in October 2024.

These activities are applied to the Group's production plants and test tracks, because of the greater contribution in terms of water consumption (which account for approximately 96.6% of the group's entire water withdrawal) and because the actions envisaged in the related management plans are ongoing and are implemented on a recurring basis on these sites.

On this point, in 2024:

- At Group level, about 525,244 cubic metres of water used, equivalent to about 11% of the total withdrawal, were derived from the treatment of from production process waste water, aimed at water recycling and a more sustainable management of the resource.
- About 2,200 cubic metres of rainwater were collected at the Silao site in Mexico and, after appropriate treatment, were used in production processes, contributing to the reduction of groundwater withdrawal.
- A revamping of the water treatment plant was completed at the Feira site in Brazil in order to optimise water management and improve system efficiency.
- Several improvements were made to the cooling systems at the Merlo site in Argentina and the Breuberg site in Germany, to ensure a more efficient, sustainable use of water.

These actions are in line with the Group reference targets and link directly to the goals set out in the Pirelli HSE Policy, envisaging achievement of environmental targets to reduce the life cycle impact of products and services on water, air and soil.

In line with the company commitment to the issue of access to drinking water, sanitation and hygiene, in 2024 assessments were also started, in accordance with the WASH (Water Sanitation Hygiene) standard for the Group facilities.

With reference to the areas with water stress, at the end of 2024 the specific withdrawal of the Pirelli plants located in these areas is lower than the Group average, thanks to initiatives such as the efficiency of the Breuberg cooling lines and the aforementioned rainwater recovery implemented in Silao in Mexico, which contribute significantly to reaching the specific target. These actions represent a key element of the Pirelli environmental strategy to promote the sustainable management of water resources and reduce the overall impact of its production processes.

Assessment of the water impact of the supply chain through Life Cycle Assessment

As stated in Pirelli's Product Stewardship Policy, during the design and development of new products, potential risks on health, safety, environment and society are systematically assessed throughout their life cycle, including analysis of the geopolitical context of reference and ESG impacts in the supply chain. This assessment is also supported by LCA analyses performed in accordance with the industry Product Category Rules and adopting the latest methodologies for calculating potential environmental impacts.

This assessment method enables Pirelli to periodically monitor the environmental footprint generated by its supply chain. In particular, impact categories related to water resource consumption are quantified based on the basis of the methods and secondary data available to date. An example of an impact category assessed is the potential for water use (formerly water depletion).

Metrics – Water resource

As already mentioned in the "Environmental management system and factory environmental performance monitoring" section, water management data at each production site is monitored through the HSE-DM data management system, which is developed and managed centrally by the Health, Safety and Environment Department.

The data below are reported to provide an overall view of Pirelli's performance in terms of water resource management, covering the same corporate perimeter as the Group's consolidated financial statements, collected through direct or indirect measurements and communicated by the local units.

The reported indicators are the following:

- absolute water consumption, measured in cubic metres, which indicates the total water consumption of the Group, including areas with water stress, calculated as the difference between water withdrawal and discharge into the sewer system or surface water body;
- reused and recycled water, measured in cubic metres (this means the water deriving from the treatment of wastewater carried out at internal Pirelli plants, in order to guarantee a level of quality that allows its reuse within the site);
- stored water, measured in cubic metres, which for Pirelli represents the reserve available for fire-fighting purposes. Specifically due to the purpose for which water is stored at Pirelli sites, any changes in storage that occur during the year are not accounted for as they are not related to the production process;
- specific consumption, measured by comparing absolute water consumption (in cubic metres) to net revenues (in millions of euros);
- specific withdrawal, measured in cubic metres, in relation to the quantity of finished product (m^3/ton);
- absolute withdrawal, measured in cubic metres, which indicates the total withdrawal of water by the Group;
- water discharge, measured in cubic metres, which indicates the Group's total discharge of water into the sewer system or a surface water body, partially metered, while the remainder, where the discharge point does not have a meter, is calculated using estimates based on the consumption attributed to individual plants.

	2024
Water consumption [m^3]	1,823,386
Water consumption in water risk areas, including those under high water stress [m^3]	1,492,696
Recycled and reused water [m^3]	525,244
Stored water [m^3]	89,087
Water intensity [Total water consumption m^3/ net revenue in million €]	269.20
Specific withdrawal per tonne of finished product [m^3/ton]	6.27
Water withdrawals [m^3]	4,724,586
Water discharges [m^3]	2,901,200

In absolute terms, the water withdrawal amounted to approximately 4.7 million cubic metres, against a total discharge of approximately 2.9 million cubic metres of domestic and industrial wastewater. Before being discharged into the final recipient, wastewater – adequately treated as necessary – is periodically subjected to analytical tests that certify substantial compliance with locally applicable statutory limits.

E4 Biodiversity and ecosystems

Following the Double Materiality analysis, the following material impact related to biodiversity management along Pirelli's entire value chain has been identified:

- *Deterioration of ecosystems and exploitation of land by raw material suppliers.*

Pirelli has developed a structured, integrated, strategic approach to monitor this issue in its business processes, as outlined in the following paragraphs.

Pirelli is committed to achieving "No net loss of biodiversity" in its websites through the "mitigation hierarchy" (avoid, reduce, regenerate, restore) and intends to set targets in line with the Science Based Targets Network (SBTN) and with the relevant information and methodologies made progressively available by the SBTN itself.

Particular attention is given to minimising operations in protected areas and/or in sites relevant to biodiversity[87] and/or of particular interest/value. Pirelli also ensures that the choice of each new production site takes place in compliance with protected areas, guaranteeing the preservation of biodiversity, ecosystem services and the prevention of deforestation.

The company's commitment extends to the value chain, with particular attention to increasing **transparency and traceability** in the natural rubber supply chain. To this end, the Company is exploring the tools being developed in the market, both individually and at the industry level, with the aim of best meeting stakeholders' expectations and, at the same time, supporting the sustainable development of the value chain (both upstream and downstream) in an evolving regulatory context, primarily ensuring compliance with the European Union Deforestation Regulation (EUDR), which will come into effect starting 30 December 2025.

A significant achievement, also in terms of innovation, was Pirelli's 2021 milestone with the introduction of Forest Stewardship Council™ (FSC™) certification for tyres and the production of the world's first FSC™-certified tyre line for natural rubber and rayon. FSC™ forest management certification confirms that plantations are managed in such a way as to preserve biological diversity and bring benefits to the lives of local communities and workers, while ensuring economic sustainability.

In terms of governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Sustainability Committee, approves, upon the proposal of the Chief Executive Officer (CEO) and in coordination with the Executive Vice Chairman, the environmental management strategies and objectives integrated into the Industrial Plan, including those related to biodiversity. In turn, Pirelli's

[87] "Biodiversity-relevant sites" are defined as sites that contain globally, regionally or nationally significant biodiversity ('Critical Biodiversity') and thus include protected areas/habitats/species, species classified as critically endangered, threatened or vulnerable on the IUCN Red List, endemic species, areas internationally recognised as World Heritage Sites, Ramsar Wetlands, UNESCO's Man and Biosphere.

top management also plays a strategic role in the full implementation of Pirelli's Environmental Management Model and related strategic objectives on this matter.

Biodiversity strategy

Pirelli starts with a risk assessment to define the Biodiversity action strategy along the value chain from upstream to downstream, in line with the company's Enterprise Risk Management methodology, and integrated in the company's multidisciplinary risk management processes, as illustrated in the paragraph "The Identification of biodiversity-related IROs" in the "General information" section.

The Pirelli Group has recognised Nature as relevant in its Sustainability Strategy and has committed to developing **Biodiversity Action Plans** (BAPs) for all of the Pirelli industrial sites and test tracks, as mentioned in the "General Information" section.

The methodology adopted for site-specific analyses is based on the **TNFD**[88] **LEAP**[89] framework. The site analysis addressed the five main factors of the biodiversity loss and ecosystem degradation identified by **IPBES**[90] and was conducted also considering setting targets in compliance with the Science Based Targets Network (**SBTN**). In order to cascade the strategy into the BAPs, the **state of biodiversity** in the natural areas surrounding all Pirelli Group operating sites was analysed, together with impacts and dependencies linked to these areas. Each Pirelli operating site was assessed using the basic **criteria** in the LEAP approach: biodiversity importance, ecosystem integrity, water stress and potentially material dependencies or impacts. The assessment was carried out using public tools and datasets (for example ENCORE, WRI Aqueduct, WWF Biodiversity and Water Risk Filter, IBAT). In addition to these criteria, STAR indicators[91] and site-specific indicators (location-specific approach) for the localisation of environmental performance (e.g. environmental KPIs) were considered and applied. The sites analysed were then **prioritised** to identify the areas where mitigation actions could lead to the most significant results; the magnitude of Nature-related impacts/dependencies and risks/opportunities were quantified and, in turn, linked to the **five factors of biodiversity loss and ecosystem degradation** identified by IPBES, namely land-/water-/sea-use change, resource exploitation, climate change, pollution and invasive alien species. **Risk mitigation** actions **and opportunities** have been identified to address each biodiversity loss and ecosystem degradation factor, recorded and associated with site-specific goals related to the "**No Net Loss of Biodiversity**" and the "**Mitigation Hierarchy**" (avoid, reduce, regenerate, restore) and contributing to the Group's overall Nature Strategy, set out in the Pirelli Global Health, Safety and Environment Policy.

The risk assessment was carried out following the TNFD methodology, and the levels used in the assessment to assign probability of occurrence and magnitude were aligned with those used by

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[88] Task Force on Nature-related Financial Disclosures

[89] Locate, Evaluate, Assess, Prepare

[90] Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

[91] Species Threat Abatement and Restoration Metric

Pirelli Enterprise Risk Management. For Pirelli sites, particularly production plants and test tracks, **physical risks** (such as droughts, landslides, floods, water retention capacity, fires, soil, air, and water pollution) and **transitional risks** (legislative and reputational) have been analysed. The **opportunities** identified for Pirelli sites themselves are manifold and mainly include actions to reduce water use, through adoption of viable, sustainable alternatives, decreasing energy consumption, and actions to restore or preserve local ecosystems.

The analysis considered the following assumptions:

- Days of site closure following the occurrence of an extreme natural event (such as flood and fire)
- Costs, obtained from literature available, associated with restoring the Pirelli site operations (e.g. cost of factory clean-up following a flood) and the area surrounding the sites following the occurrence of an extreme natural event
- Hectares of local natural territory for restoration and conservation work. The land portions earmarked for these works were estimated at 10, 20 or 100 hectares, depending on specific site or surrounding territory characteristics. The cost associated with restoration/conservation was identified from the literature available.
- Reputational damage estimated for the Group

A 20-year time horizon (2030-2050) was adopted for the risk assessment. The choice of a long-term period is motivated by wanting to include the probability of damage occurring over a sufficiently long-time span, to allow ecological dynamics to develop.

With reference to the scope of the Group, all tyre production sites and test tracks owned by Pirelli were subjected to a **qualitative and quantitative assessment of impacts, dependencies, risks and opportunities**, involving local departments to understand how site activities influence and impact the surrounding environment and related ecosystem services. In particular, **impacts** on natural resources and the environment, **dependencies** – i.e. the main ecosystem services on which site activities depend or to which they are linked – were identified, and the main **risks** and related **opportunities** and site-specific improvement actions that could be implemented were assessed.

As for the **impacts** identified, these relate to water consumption, greenhouse gas emissions, and the discharge of wastewater containing substances with a potential to contaminate water and soil.

The main **dependency,** and the resource Pirelli sites use most, appears to be **water**[92], for which quantitative data were analysed on water withdrawals, the **source** (whether from watercourses or wells), and whether it is **treated** and controlled after use and at discharge. As for **risks**, these can be divided into two main categories: physical and transitional. The former concern flood, landslide and drought risks, whereas the latter are related to legislative aspects, such as the risk of incurring fines or penalties in any non-compliance with environmental regulations, and reputational aspects,

[92] Raw materials are excluded from the scope of analysis at this early stage.

for example the risk of incurring bad publicity if, for example, the site has to respond to pollution events caused by site actions. Lastly, **opportunities** have been identified that mainly include actions to reduce water use by adopting viable, sustainable alternatives, monitoring and/or filtering wastewater going beyond what is required by law, decreasing energy consumption, and those to restore or preserve local ecosystems.

When assessing risks and opportunities for each site, the local Sustainability and Environment departments were involved to better understand and characterise the context. The project identification stage for environmental upgrading and the implementation envisages involvement of local communities and stakeholders, in line with SBTN expectations.

For each Pirelli site (production plants, test tracks), a site-specific analysis was conducted to identify the presence of protected areas and "Key Biodiversity Areas" (KBAs) adjacent to the site, within ranges of 5 km, 10 km, and 20 km. This analysis contributed to assessing impacts, dependencies, risks, and opportunities. Currently, across Pirelli's entire footprint, a non-production site is located within protected areas of high biological diversity value: this is the Vizzola Ticino test track (Italy).

To ensure the utmost protection of the natural environment in which the Vizzola test track is located, Pirelli has implemented an ISO 14001 certified Environmental Management System in accordance with the Parco del Ticino. In the area (0.37 square kilometres included in the Lombardy area of the Ticino Park, a UNESCO MAB reserve[93]) there are 7 endangered (CR), 21 endangered (EN) and 61 vulnerable (VU) species on the IUCN red list within 50 km of the site, while 8 protected areas and 1 key biodiversity areas are located within 5 km of the site. Environmental impact on biodiversity in the area is not significant. However, several actions were carried out, both by the Company directly and by the Park Authority, to mitigate and improve the interactions of Pirelli activities with the natural environment, as stipulated in the multi-year agreement signed by the parties and valid until 2033. In 2016, a campaign to monitor air quality was also carried out and highlighted the substantial negligibility of the impacts of the activity compared to the context the test field is part of. In addition, the site was subject to a new site-specific analysis in 2023, which formed the basis for the definition of the relevant Biodiversity Action Plan.

Lastly, for all the sites analysed, no material negative impacts were identified concerning land degradation, desertification and soil sealing.

With reference to **the supply chain**, the impacts on biodiversity concern the deterioration of ecosystems and the exploitation of land by suppliers, with particular reference to deforestation risk linked to materials of forest origin and in particular, by materiality of use of the commodity in the Pirelli product, to natural rubber.

There are many measures to mitigate the risk of deforestation in the natural rubber chain: from direct support for capacity building projects at GPSNR, to on-site third-party audits at suppliers (followed by specific recovery plans), to engaging suppliers to adopt good agricultural practices in line with

[93] Man and Biosphere is a set of biosphere reserves in numerous countries around the world protected by UNESCO with the aim of promoting socio-economic development and the conservation of ecosystems and biological diversity.

GPSNR's desired state and with FSC™ certification standards (Pirelli produced the world's first FSC™ tyre in 2021 and from 2024 F1® tyres have also been certified), and engaging with local communities. All this is in addition to compliance with the EUDR regulation, which will come into effect in December 2025.

Policies

Pirelli pays the utmost attention to ensuring that corporate activities do not interfere with the biodiversity characteristic of both the areas bordering the operating sites and along the entire value chain, upstream and downstream, in which the Company operates.

The Company commitment to minimising impact on biodiversity, ecosystems and related ecosystem services is expressed in the Health, Safety & Environment Policy (HSE Policy). It is also set out in the Sustainable Natural Rubber Policy for the specific commodity, the impacts of which are focused on in the Double Materiality Analysis.

The HSE Policy applies to all Group operations conducted by Pirelli and, where Pirelli does not have operational control, all business partners (e.g. joint ventures, suppliers, etc.) are required to comply with the principles set out in the Policy. Pirelli is committed to action on several fronts to protect biodiversity throughout the entire product life cycle, from the upstream supply chain to the downstream impacts.

With reference to upstream activities, Pirelli requires its suppliers to implement a management model at their sites and along their supply chain to protect biodiversity and ecosystems with conservation and responsible use of natural resources, in accordance with international standards and the laws and regulations of the countries where they operate.

More specifically, through the Pirelli Supplier Code of Conduct, which forms an integral part of the contractual purchasing clauses, Pirelli requires its suppliers to undertake to prevent, reduce and mitigate all forms of environmental pollution (including soil pollution) and to contribute actively to the protection of natural ecosystems, biodiversity and ecosystem services, to prevent the overuse of natural resources, to promote the restoration of ecosystems, to stop any contribution to deforestation, degradation and/or conversion of forests, and to act in line with the internationally recognised "High Conservation Value" (HCV) and "High Carbon Stock" (HCS) approaches. Suppliers operating in sites containing critical biodiversity are also called on to adopt the hierarchical model of mitigation (avoid, reduce, regenerate, restore) to protect and enhance biodiversity.

Among the materials that have always been valuable for tyre production is natural rubber.

In view of how precious the material is and, at the same time, the need to support its "vertical" (i.e. in terms of productivity) and not "horizontal" development (i.e. with a view to preventing deforestation), in 2017 Pirelli issued its Policy on Sustainable Natural Rubber Policy, after a long development process based on consultation with key stakeholders and companies, which have historical experience in the sustainable procurement of materials. Pirelli's Policy is aligned with the

Policy Framework of the Global Platform for Sustainable Natural Rubber (GPSNR), of which Pirelli is also a founding member.

As stated in the Policy, Pirelli undertakes to promote, develop and implement the sustainable and responsible sourcing and use of natural rubber throughout its value chain. In particular, with reference to biodiversity, the Policy emphasises the positioning of the Company and what is required to the natural rubber suppliers, namely:

- protection of ecosystems, flora and fauna;
- no deforestation, no exploitation of peatlands, no use of fire, and adoption of the "High Conservation Value (HCV)" and "High Carbon Stock (HCS)" methodologies;
- efficient use of resources;
- ethics and anti-corruption;
- traceability and mapping of socio-environmental risks along the supply chain;
- encouraging its suppliers and sub-suppliers to adopt robust, internationally recognised and third-party verified certification systems at all levels of the supply chain (e.g. FSC™, a certification system for the entire upstream chain introduced, for the first time in the tyre world, by Pirelli in 2021).

In terms of the Company's commitment to non-deforestation, it should be noted that the date and cut-off year for the non-deforestation target is 1 April 2019, as stated in the Policy in line with the dictates of the Global Platform for Sustainable Natural Rubber (GPSNR), of which Pirelli is a founding member.

To verify suppliers' compliance with these commitments, Pirelli conducts annual on-site audits performed by third-party entities, based on a targeted selection of suppliers each year. Suppliers to be audited are chosen based on specific parameters, such as the following points:

- the supplier has never been audited, as in the case of new suppliers, or has not been audited for more than 2 years,
- significance of the volumes supplied,
- results of previous audits and potential risks.

The audits, conducted by an independent external auditor, assess compliance with the Pirelli Sustainable Natural Rubber Policy, as well as with the Code of Conduct, local legal requirements and international standards.

The audits also provide a gap analysis for suppliers, helping them implement corrective action plans if necessary, thereby supporting them to strengthening biodiversity protection along the supply chain.

For more information on the procurement process, please refer to the section titled “Governance Information”, paragraph “Supplier relationship management”.

Targets

The Pirelli commitment to the protection of biodiversity and the responsible management of natural resources and biodiversity is expressed in clear, measurable goals, set out in the Company’s Industrial Plan, consistent with the Health, Safety and Environment Policy and the Sustainable Natural Rubber Management Policy.

These objectives are aligned with the recommendations of the **Global Biodiversity Framework post-2020 (GBF) and the 2022 Kunming-Montreal Global Biodiversity Framework**, which aim to halt biodiversity loss and restore degraded ecosystems.

Actions have been identified to **mitigate risks and exploit opportunities** related to the drivers of biodiversity loss and ecosystem degradation. These actions have been recorded and associated with specific objectives for each site, in line with the “**No net Loss of Biodiversity**” principle of the “**Mitigation Hierarchy**” (*avoid, reduce, regenerate, restore*) and thus contributing to the Group’s overall Strategy for Nature.

Biodiversity in the LCA for 100% of new product lines from 2024 onwards

With reference to life-cycle impacts, biodiversity risks are considered to be part of product design with a view to mitigating the related impacts along the life cycle and, from 2024, biodiversity parameters will be systematically included in the Life Cycle Assessment (LCA) of new products.

In this context, Pirelli has planned, through its Industrial Plan, to integrate biodiversity assessments into 100% of the LCA analyses conducted on car product lines by 2024. This absolute target is based on 2023 and is applied extensively and annually to all new passenger car tyre lines of the Group. In 2024, 100% performance was achieved, proving complete alignment with the target set.

Fundamental is the ongoing scientific research activity for the mitigation of impacts, such as emissions from tyres in use, which Pirelli conducts through its own Research & Development and related partnerships, the activity within the Tire Industry Project of the WBCSD[94], which aims to identify and proactively address the potential impacts on human health and the environment associated with the life cycle of tyres, as well as through other trade associations active in this regard

[94] World Business Council for Sustainable Development

(ETRMA and USTMA). For more information on the emissions from tyres in use, please refer to paragraph “The phenomenon of particulate emissions from tread wear”.

Biodiversity Action Plan for all industrial sites and test tracks: 100% by 2025

Pirelli has set a target to implement a Biodiversity Action Plan by 2025 for 100% of its industrial sites and test tracks of fully consolidated Group companies[95]. The objective is to define mitigation, conservation, and restoration actions based on the assessed impacts, dependencies, and risks.

This goal is based on the TNFD framework which required an analysis of all Pirelli sites to identify the actions needed for each area to mitigate impacts on biodiversity and promote conservation.

The target has 2023 as its baseline year, the year in which the analysis activity began, and the performance recorded in 2024, calculated as the number of sites with a complete BAP out of all sites, is 55% in line with the expected target of 100% by 2025.

The target related to the Biodiversity Action Plans is aligned with all four principles of the Mitigation Hierarchy, as each Biodiversity Action Plan includes guidelines, mitigation actions, and opportunities per each Pirelli site.

FSC™-certified natural rubber in European plants: 100% by 2026

As part of Pirelli’s strategy for the responsible sourcing of natural rubber, the company targets to **use 100% FSC™-certified natural rubber in its European plants by 2026.** This path was started in Europe in 2023 with the production of F1® tyres with FSC™ certified rubber. This is measured by calculating the percentage of natural rubber from FSC™-certified sources compared to the natural rubber requirement in European plants. By 2024, progress is in line with the Group’s plans with a 17% share of FSC™ -certified natural rubber. This target is in line with the last principle of the “Mitigation Hierarchy”, i.e. “compensate and regenerate”, as it aims to preserve forests and local biodiversity.

Biodiversity training for 100% of raw material and Capex suppliers

By 2025, in line with the Group Industrial Plan, Pirelli will deliver a dedicated training course to 100% of raw material suppliers and Capex suppliers on Nature and Biodiversity issues, with the aim of strengthening capacity in the supply chain by providing a comprehensive overview of regulations and management tools, both at supplier sites and in the upstream supply chain.

[95] 16 production sites, 1 natural rubber processing operator and 3 test tracks

The objective related to training on Nature and Biodiversity (for which reference is also made to the "Social Information" section, "Training along the Supply Chain" paragraph) aligns with the first two principles of the Mitigation Hierarchy—"avoid" and "minimise"—as it aims to equip raw material producers with the necessary tools to minimise waste or eliminate it entirely during production, storage, and transportation to Pirelli's production sites.

In support of biodiversity and ecosystem services along the value chain from upstream to downstream, it is also worth mentioning the Group's decarbonisation targets (Scope 1 and 2 emissions on the Pirelli perimeter side, and Scope 3 on the upstream value chain side), validated by SBTi in line with the 1.5°C Scenario, the targets for reducing water withdrawals from Pirelli factories, the targets for recycling materials and reducing the rolling resistance of tyres at the downstream level.

Actions

Biodiversity Action Plans

As stated in the paragraph related to the biodiversity strategy, Pirelli is committed to achieving No Net Loss of Biodiversity and to minimising its operations in protected areas and/or "biodiversity-relevant sites" and/or of special interest/value. In light of this, Pirelli has started developing Biodiversity Action Plans to cover 100% of its industrial sites and test tracks by 2025. These plans are based on identifying the dependencies/impacts of its operations on nature and establishing effective actions to reduce these dependencies/impacts, in line with LEAP expectations. During 2024, 12 Biodiversity Action Plans were started, finalised and approved. The remaining sites will have a finalised, approved plan by 2025 in accordance with the Group target. The actions identified concern: reducing water consumption and withdrawal, reducing water pollution and increasing the quality of water leaving the sites, reducing CO_2 emissions and energy consumption, restoring degraded ecosystems and eradicating alien species, considering the IPBES drivers of biodiversity loss as reference.

As part of its support of biodiversity, Pirelli also actively collaborates with multiple stakeholders including its suppliers for whom a training programme is planned, focused on Nature & Biodiversity issues, in line with the Group's target. For more details on the programme and the target, please refer to the "Social information" section, "Training along supply chain" paragraph.

Further multi-stakeholder actions are reported below.

Project: Living Rubber

In 2021, Pirelli in partnership with BMW and BirdLife International launched a multi-year project called "Living Rubber", which aims to promote long-term sustainable and deforestation-free natural rubber production in Indonesia.

Pirelli aims to preserve more than two thousand hectares of rainforest in Hutan Harapan (Sumatra Island) from deforestation, as well as protecting the indigenous community and protecting endangered animal species. The different activities are implemented in coherence with the “Desired State” of the Global Platform for Sustainable Natural Rubber (GPSNR).

More precisely, the Project sets precise performance KPIs with respect to economic development for natural rubber farming families, community rights, collaboration with institutions, healthy ecosystems and resilient agro-ecosystems for an ecologically sustainable supply chain.

In 2024, the following progress was monitored through surveys and interviews (i) Agricultural services: capacity building for good agricultural practices, improvement of the rubber supply chain through digitisation, its compliance with the EUDR, warehouses for storage, and improvement of on-site management of rubber agro-forestry by strengthening community-based natural resource management agreements (CRMAs); (ii) provision of financial services: Cooperatives established have capital to buy rubber from farmers, provided that the latter comply with the EUDR. All transactions are digitally recorded and monitored. (iii) Market access: With the establishment of the cooperatives, including development of the abilities needed to run them, they should be able to stabilise prices and ensure favourable trading conditions. (iv) Gender equality: inclusion of women in agricultural activities. The studies were followed by concrete measures to improve the role of women in decision-making positions and to encourage taking an active part in activities such as training, in the cooperative and as community guardians. (v) Provision of basic services: Although not directly related to agriculture, this initiative has allocated resources for a literacy programme, reproductive health and a clean, healthy environment programme. These are requirements that create a favourable environment for communities to carry out social and economic activities. (vi) Protection and conservation of biodiversity: Given the importance of biodiversity in this area, the “*Batin Sembilan*” were hired as community guardians to patrol an area of 2,794 hectares and prevent illegal activities. In addition, surveys were conducted on four key species threatened with extinction: the Sumatran tiger, the agile gibbon, the helmeted hornbill and the greater green leafbird.

Reforestation of the Cuenca de la Esperanza natural area

In 2024, a further agreement was signed in **Mexico** with local government institutions for the conservation of biodiversity and the reforestation of the Cuenca de la Esperanza protected natural area, located in the Guanajuato Region. With this initiative, in addition to the environmental protection of flora and fauna, there is preservation of an area that is an important water resource for the population of the capital of Guanajuato and Silao, the city where the Pirelli plant is located. This new agreement intends to restore a further 100 hectares to the 50 hectares already preserved by Pirelli.

Reforestation of Neptune grass with One Ocean Foundation

Pirelli is engaged with One Ocean Foundation in the *Blue Forest Project*, dedicated to the reforestation of Posidonia oceanica in the Mediterranean Sea, a basin with unique ecological characteristics that is highly delicate and fragile, where this plant has its exclusive growth range. *Posidonia* is an endemic marine plant that forms extensive underwater forests (meadows) and plays an important role in the ecosystem, comparable to terrestrial plants. It has a high capacity to absorb atmospheric carbon dioxide and then store it in sediments. Pirelli is positioning itself as the forerunner and first mover for reforestation activities in the bay of Cala di Volpe, Sardinia: an area that extends about 80 hectares and where there is a regulated buoy field. **To date, activities in the area potentially represent the largest protection and restoration area of *Posidonia oceanica* in the Mediterranean Sea**.

The reforestation activity consists in identifying degraded stretches of seabed that have been damaged by anthropogenic and/or natural activities and are suitable for restoration and planting.

Over the period 2025-2026, Pirelli has a reforestation target of 600 m^2 of Posidonia oceanica seagrass meadows, 300 m^2 per year. The project is being developed in collaboration with the University of Sassari, its scientific partner, in charge of monitoring the reforested sites and studying marine biodiversity, but also of a preliminary seabed mapping activity to quantify and identify potential areas for intervention. The planting activity is led by a team of certified scientific technical divers; it involves the selection and collection of *Posidonia oceanica* cuttings and seeds and subsequent transplanting onto coconut fibre mats and metal stakes.

Together for the sustainability of natural rubber - the GPSNR platform

In line with the stated approach, in 2017 Pirelli played a proactive role in the creation of the Global Platform for Sustainable Natural Rubber - GPSNR, together with tyre manufacturers which are also part of the Tyre Industry Project Group, within the World Business Council for Sustainable Development. The development of the Platform benefited from the contribution, ideas and suggestions of the main categories of Stakeholders involved in the value chain, such as rubber producers, processors, automobile manufacturers, and from the fundamental contribution deriving from the experience of major international NGOs.

The Platform, launched in Singapore in October 2018 with the participation of the first “founding members”, including Pirelli, is independent, based on multi-stakeholder dialogue and aims to support the sustainable development of the natural rubber business globally, for the benefit of the entire value chain through shared tools and initiatives based on respect for human and labour rights, prevention of land grabbing, respect for biodiversity and increased plant productivity, especially those of small owners. The first GPSNR General Assembly was held in March 2019.

In 2021, the General Assembly stipulated that from 2022 onwards, members must annually provide the status of implementation of the GPSNR Policy (status provided by Pirelli to GPSNR)

Also in 2024, Pirelli actively participated as in several working groups of the platform, in particular:

- the “Smallholders Representation and Capacity Building (SCB) Working Group” combined with the Smallholder Representation and Capacity Building working groups, in 2024 continued its activities aimed at developing a capacity building strategy for smallholder farmers and industrial plantations, identifying potential sources of funding and supporting ongoing capacity building projects for smallholder farmer;
- the “Shared Responsibility Working Group” which aims to define the principles and framework for the implementation of shared responsibility within the platform. Work continued in 2024 with the finalisation of the SIM and the development of the transfer of value;
- the “Assurance Taskforce Working Group”, which focuses on the development of an assurance system that supports GPSNR in demonstrating its long-term positive impact on the natural rubber industry, allowing member companies to validate their sustainability claims and commitments.

Support for small farmers

Pirelli continues to actively support initiatives that improve the livelihoods of small farmers, promoting the sustainability of the natural rubber supply chain. As a member of the GPSNR Smallholder Capacity Building Working Group, Pirelli reviews and provides feedback on GPSNR capacity building projects, including training materials, implementation plans, and interim results.

In 2024, these projects included the Good Agricultural Practices Coaching Programme implemented by Koltiva in Thailand, launched for smallholder farmers in Bueng Kan and Chiang Rai. This programme helps smallholders adopt good agricultural practices (GAPs) in line with GPSNR environmental and social standards and compliant with the Thai agricultural standard set by the Ministry of Agriculture and Cooperatives.

2024 also saw the completion of Phase I of the GAP Coaching Programme implemented by Koltiva in Indonesia, co-sponsored by Pirelli. During the project period from 2022 to 2024, the programme successfully registered and trained 5,000 smallholder farmers (approximately 45% women) on Good Agricultural Practices in 2 provinces, 4 districts and 14 sub-districts in South Sumatra. Through these efforts, Pirelli helps strengthen smallholder communities and support sustainable practices in the natural rubber supply chain. For more details, see the GPSNR[96] website on capacity building projects.

[96] Link to the website: https://sustainablenaturalrubber.org/capacity-building-projects/

E5 Circular Economy

Resource use and Circular economy

Following the Double Materiality analysis, material impacts, risks and opportunities associated with the topic of Circular Economy emerged, guiding the Pirelli commitment to an increasingly sustainable and circular model.

Material impacts:

- Use of recycled or recyclable materials by Pirelli, with a potential positive impact on preserving resources.
- Contributing to preserving resources through product durability and recyclability.
- In the downstream value chain, waste generation, i.e. end-of-life tyres (ELTs).

Material risks:

- Increase in the cost of “carbon-intensive” goods (e.g. steel, aluminium) following introduction of the Carbon Border Adjustment Mechanism (CBAM).

Material opportunities:

- Competitive advantage from early adoption of circular economy solutions and technologies such as management of resource scarcity and product end-of-life.
- Reduced costs through use of artificial intelligence solutions for predictive maintenance, to minimise errors and machine breakdowns, thus reducing material waste.

Pirelli is strongly committed to integrating circular economy principles throughout the product life cycle, adopting innovative and sustainable solutions to reduce the environmental impact and maximise resource efficiency.

Pirelli’s approach to the circular economy: The 5Rs

In Pirelli’s strategy, a decisive role is played by the continuous focus on the definition and implementation of increasingly circular solutions.

It is in this context that Pirelli has developed its own approach to the Circular Economy, which is based on rethinking (Rethink) the way products, processes and services are developed, with the goal of achieving ever-higher performance, continuously reducing environmental impacts and protecting the health and safety of people throughout the life cycle of the product.

Rethink is supported by the other four commitments of Pirelli's 5R approach:

- Refuse: avoiding processes, products, services and materials that are redundant, while at the same time promoting an increase in the safety of the products used, through the replacement of those that are not considered suitable, as a preventive measure and even going beyond legislative requirements.

- Reduce: reducing the use of resources, especially non-renewable ones, both in terms of energy carriers and natural resources, and of raw materials, with the aim of reducing the Group's Environmental Footprint, also with a view to decarbonisation. Reducing also means developing tyres with increasingly less rolling resistance that can help reduce vehicle consumption, as well as production processes that use fewer resources and generate less and more easily recyclable waste. Pirelli has expressed several public targets to support its reduction commitment. They include those on product performance, process efficiency for Pirelli factories and suppliers, as specified in the "Environmental Information" section, "Management of greenhouse gas emissions and climate transition plan" paragraph.

- Reuse: maximising the reuse of resources and products, consistent with the quality and safety levels required for tyres, with the aim of preventing waste generation and unnecessary consumption of resources, especially non-renewable resources. This commitment is reflected, for example, in the design of tyres with an increasing content of recycled raw materials, with targets defined at product level, as expressed in the Group Industrial Plan. These products will see the increased use of third-party certifications to guarantee the increased sustainability of these materials along the supply chain and verify the proportion of reported "bio-based and recycled" materials.

- Recycle: to recycle residues from production processes, promoting material recovery as much as possible over energy recovery, and to promote the recovery of end-of-life tyres (ELTs), including through research and development to maximise the quality of the secondary raw material resulting from ELT recycling; thus facilitating its use both in closed-loop applications (from tyre to tyre), and in other phases of the value chain by promoting industrial ecosystems.

Policies for sustainable resource management and the circular economy

The Group approach to the circular economy and end of life is highlighted in the Health, Safety and Environment Policy, in the Product Stewardship Policy and the Sustainable Natural Rubber Management Policy, in light of which Pirelli is committed to:

- promoting positive impacts on resource conservation by using recycled or recyclable materials as well as in terms of the potential Pirelli contribution to preserving resources, for example through product durability and recyclability*;*

- addressing the risks and seizing the opportunities associated with the transition to a low-carbon and circular economy, including impacts on raw material costs and the competitive advantage of early adoption of innovative solutions.

More specifically, the **Health, Safety and Environment Policy** reaffirms how Pirelli is committed to developing products and production processes that comply with circular economy principles translated into the “5Rs” approach (Rethink – Refuse – Reduce – Reuse – Recycle), referred to in the previous paragraph, in order to pursue the responsible use and reduction of natural resource consumption and minimise polluting emissions. The Group also sets environmental targets and goals to reduce the life cycle impact of its products and services on air, soil and water, such as towards “Zero Waste to Landfill”, aiming to maximise recovery and recycling.

In addition, the **Product Stewardship Policy** also makes explicit the Pirelli responsibility to invest resources in research and development to design innovative products with a lower environmental impact and to inform customers and end consumers on the safest ways to use its products, while guaranteeing respect for the environment during their use and during disposal, facilitating recycling or reuse wherever possible.

The Pirelli approach to the circular economy extends to its supply chain, enforcing safety requirements and including them in its contractual provisions with suppliers. In the process of selecting raw materials, particular attention is paid to any potential impacts, including via the use of LCA analyses, that materials may have on the health of people and the environment, with a view to their progressive minimisation.

In line with the **Suppliers’ Code of Conduct**, suppliers are required to support the use and development of renewable and recycled raw materials and to develop processes and products/services clearly designed to optimise the use of resources; progressively replacing non-renewable resources with natural or recycled ones, to be recyclable and recoverable, to prevent the production of waste, to reduce its hazardousness and to maximise the amount of waste sent to recovery operations and preferably to material recycling, compliant with the circular economy model. For products and services provided to Pirelli, suppliers are also strongly encouraged to use reusable, returnable packaging.

The **Sustainable Natural Rubber Management Policy** also requires the same quality and efficiency approach from suppliers of this raw material as Pirelli; in order to reduce pressure on biodiversity, increase product efficiency and reduce disposal costs.

In order to make these supply chain commitments fully operational, Pirelli implements a sustainable supply chain management system, which includes, among other aspects, the assessment of suppliers’ environmental responsibility both at the selection stage and periodically. For more information, please refer to the “Information on Governance” section, “Supply chain Sustainable Management System” paragraph.

Targets

The Company has set targets for increasing the use of natural (bio-based)[97] and recycled[98] materials in its tyres and is committed to increasing the use of third-party certified materials for key sustainability aspects such as, for example, FSC™ materials of forest origin (e.g. natural rubber) and ISCC+[99] for materials under the scheme (bio-based, circular or recycled). The certification roadmap in Pirelli's factories is being extended and at the end of 2024 all European factories were already certified according to FSC™ and ISCC+ standards, as well as other non-EU factories FSC™ or ISCC+ certified.

Concerning raw materials[100], Pirelli expects to increase the amount of non-fossil origin materials in its products.

More specifically, the targets included in the Industrial Plan envisage achieving:

- **for its best product[101], more than 70% in weight of natural (bio-based) and recycled materials in 2025 and more than 80% in 2030, with the vision of reaching 100% of non-fossil origin materials in the long term.**

The target refers to the Pirelli product, which is commercially available on the market, with the highest content of bio-based and recycled materials in the reporting year and is based on a starting value of 33% in 2021; this is the baseline against which progress is monitored. The methodology adopted for the calculation of the share of bio-based and recycled materials involves the combination of physical segregation and mass balance (according to the ISCC+ standard) and takes into account only the percentages declared by the suppliers verified by a third party. Pirelli has also designed a logo to identify products that contain at least 50% natural and recycled materials, which can be used as a hallmark and to enhance of this type of tyres, in order to guarantee the utmost transparency toward users.

With reference to Pirelli tyres produced in 2024, the highest share of bio-based and recycled materials in a single product on the market reached 58.5%[102]. The result, obtained on a specific measure of the new P Zero™ E line, was checked by a third party against ISO 14021, to guarantee maximum communication transparency and solidity for Customers and Stakeholders in general.

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[97] Bio-based material: Material fully or partially of biogenic origin. (source: ISO 16620 – 2 2019)

[98] Recycled material: material that has been reprocessed from recovered material through a manufacturing process and transformed into a final product or component for incorporation into a product. (source: ISO 14021 – paragraph 7.8.1.1).

[99] International Sustainability and Carbon Certification

[100] The Pirelli product targets refer to tyre consumers so are therefore only to be compared, where relevant, to targets related to consumer tyres and not to other tyre categories or consolidated production segments.

[101] Pirelli's commercially available product with the highest content of natural (bio-based) and recycled materials in the reporting year.

[102] P Zero E, size 255/50R20 (IPcode 42871).

- **for the total of raw materials used by the Pirelli Group, 27% in weight of bio-based and recycled materials in 2025 and 40% in 2030.**

The target regards the entire scope of raw materials used by Pirelli to manufacture tyres in the reporting year and refers to a baseline value of 21% in 2021. This is measured by analysing the percentages of bio-based and recycled materials declared by suppliers and calculated by comparing the value of all raw materials, natural and recycled, to the raw material total used for all tyre production.

Regarding the total 2024 production, considering the total volume of raw materials used, **23.7%** are of natural or recycled origin[103]. Performance compared to targets recorded in 2024 is in line with expectations, confirming the effectiveness of actions taken.

These targets reflect the ongoing company commitment to promoting a circular economy and reducing the environmental impact of its products through sustainable innovation and responsible resource management.

In line with this commitment, the company introduced a **dedicated Life-Cycle Assessment (LCA) target for the new car tyre lines.** The goal is to conduct an LCA on all new lines launched in the reporting period, with 100% coverage by 2025. As at 2024, the performance recorded is in line with expectations, confirming the path towards the final target, covering half the new lines launched in the year.

In addition to new car tyre lines, products already launched on the market are also subject to LCA assessment. By the end of 2024, about 55% of Pirelli products had an LCA and the remaining 45% are covered by a simplified LCA approach[104].

Moreover, as specified in the "Biodiversity and Ecosystems" section, Pirelli **is committed to the responsible sourcing of natural rubber, in order to use 100% FSC™-certified natural rubber in its European plants by the end 2026**. This path was started in Europe in 2023 with the production of F1® tyres. This is measured by calculating the percentage of natural rubber from FSC™-certified sources compared to the natural rubber requirement in European plants. By 2024, progress is in line with the Group's plans with a 17% share of FSC™-certified natural rubber.

These targets reflect the Company's concrete commitment to sustainable innovation through responsible resource management and a reduction of environmental and social impact throughout the supply chain.

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[103] Of which 4.4% is recycled material and 19.3% is material from natural origin (bio-based)

[104] LCA used for the screening assessment of products based on values representative of group production

Actions

In line with the Pirelli Eco-Safety Design Strategy and Product Stewardship Policy commitments, the research and development of innovative materials is essential in order to design and manufacture tyres, that guarantee lower social and environmental impacts throughout their life cycle while ensuring greater driving safety and high performance.

Pirelli's policy with reference to the materials used in the tyre manufacturing process is stringent. Pirelli applies safety and acceptability requirements to minimise negative sustainability impacts from raw materials, adding these requirements to contractual provisions with suppliers. In the raw material selection process, special attention is paid to any potential impacts, including by using LCA analyses, that they could have on the health of people and the environment, aimed at their progressive minimisation.

Collaboration with external stakeholders with a view to research, innovation and best practices plays a particularly important role in the development of more sustainable materials. In particular, Pirelli has many Joint Development Partnerships with strategic suppliers, research agreements with universities (for example, the Joint Labs agreement between Pirelli and the Politecnico of Milan for research on increasingly sustainable materials, such as bio-polymers), collaborations at the sector level for scientific research as part of the WBCSD's Tire Industry Project, with the aim of proactively identifying and addressing potential human health and environmental impacts associated with tyre life cycle impacts, and multi-stakeholder collaborations such as the Global Platform for Sustainable Natural Rubber (GPSNR), in order to support sustainable development of the Natural Rubber business.

More specifically, Pirelli focused on the following activities, discussed in more detail in the following paragraphs:

- setting a clear target for the introduction of "bio-based" and recycled raw materials;
- increased use of recycled materials, especially recycled steel and silica from rice husks;
- increased use of carbon black recovered from end-of-life tyres;
- scouting for suppliers of carbon black from end-of-life tyres that meet the high-quality Pirelli standards;
- improved tread compound wear, with the aim of ensuring greater mileage for the same material usage.

These apply to the entire group and involve and engage both upstream (supply chain) and downstream (customers and tyre end-of-life managers) value chain players.

The aforementioned actions are recurring and aimed at achieving the material targets described in the previous section and the tyre-wear targets described in the paragraph "Pollution", section "The phenomenon of particulate emissions from tread wear".

The operating costs of the actions listed below, which relate to research and development, are included in the 75% expenditure share allocated to activities linked to product sustainability features, as described in the “Climate Change” paragraph, “Product Innovation” sections, to which reference is made.

Assessment of products and chemical substances

All chemical substances and products used by Pirelli in tyre production are subject to prior assessment and prioritisation by the Health, Safety and Environment Department. Traceability of materials to their origin is an effort conducted on multiple materials, starting with those whose impacts may be most material (such as natural rubber for the environment or conflict minerals for society), all with a view to reducing their negative environmental and social impacts.

As a matter of policy, compounds and tyres are produced by Pirelli without the use of “Substances of Very High Concern” (SVHCs), i.e., those substances that give rise to high concern due to their potential effects on human health and/or the environment. Furthermore, in its production Pirelli does not use any substance falling into the internationally recognised category of POPs (Persistent Organic Pollutants) as defined by the Stockholm Convention, nor does it use mercury and its by-products as defined by the Minimata Convention, nor limited substances or those restricted by REACH regulations.

In-house training

On the in-house training side, during 2024 sustainability was a key focus of multiple product courses for marketing and sales people, and on the Company’s decarbonisation goals, with training sessions for staff and workers in all facilities. On the external training side, material and product sustainability were the focus of many sharing moments: from the Driver Convention in Switzerland, Germany and Italy, to the Dackia Convention in Sweden; from the French Dealer Convention, to the one for business partners in Benelux and Turkey. The events with Tire Cologne and Goodwood were also important, highlighting the Pirelli commitment to the use of bio-based and recycled materials and related third-party certification

Research and Development for material sustainability and Open Innovation

With reference to material sustainability, the Pirelli R&D activities focus on:

- high-dispersion silica for wet grip, rolling resistance and durability;

- new technologies applied to developing polymers, fillers and plasticisers to improve the wear rate of tyres, involving selected partner suppliers in dedicated Joint Development Agreements running in the 2024-2026 three-year period;

- materials of natural origin, bio-fillers such as lignin, cellulose and sepiolite, and plasticisers/resins of vegetable origin; more specifically, the development of latex pre-dispersion technology, conducted both in-house and involving selected partner suppliers;

- textile reinforcements with fibres from natural and/or recycled sources;

- nanofillers for more stable compounds, lighter structures and highly impermeable liners;

- new silica surfactants to ensure performance stability, processability and improved efficiency curing cycles;

- new chemicals to reduce the emission of volatile organic compounds (VOCs) both in the process and on the finished product, in addition to Serinol Pirrolo already under joint development with the Politecnico of Milan and an external supplier selected for industrial scale-up.

In the field of biomaterials, in addition to the introduction of resins and plasticisers from natural origin, Pirelli continued its focus on silica deriving from the rice husk, i.e. the outer shell of rice grain. The husk constitutes 20% of the rough rice by weight and is the main waste product of this crop. Thanks to a partnership with various producers, Pirelli is evaluating the diversified supply of high-performance silica from processes that start precisely from rice husks used as feedstocks, contributing to the industrial application of a circular economy model concerning waste materials. The combustion of the carbon part of the husk also allows a significant reduction in the amount of CO_2 emitted per kilogram of silica, compared to the conventional process that instead uses fossil energy sources.

During 2024, Pirelli was especially focused on expanding its supplier base, while making itself available for new collaboration to study further alternatives for the supply of silica from sustainable sources; such as taking part in the LIFE-SYNFLUOR project, selected under the European Commission's LIFE programme, for the recovery of silica from fertiliser industry waste, and collaborating with silica producers searching for alternative sources to rice husks such as sugar cane bagasse.

In the context of the new nano-fillers, Pirelli has consolidated the industrial use of materials of mineral origin, in a partial substitution of precipitated silica and carbon black.

Staying within the scope of circular economy, in 2024, based on proprietary patents, Pirelli has extended the industrialisation of recycled PET[105] and resins from plant sources into regular production tyres. It has also continued to develop tyres using vegetable oils, lignin and, in cooperation with the Politecnico of Milan, pyrroles from ligno-cellulosic biomass materials. Lignin is

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[105] Polyethylene Terephthalate

an environmentally friendly additive of natural origin obtained from waste in the cellulose production process.

Pirelli Research and Development constantly monitors the growing opportunities for the use, in increasing proportions, of materials from recycling. The development of innovative technologies for the production of materials from recycled end-of-life tyre (ELT), such as regenerated rubber obtained through the thermo-mechanical treatment of end-of-life tyre or carbon black obtained by tyre pyrolysis, allows them to be used in increasing proportions without compromising performance or safety, unlike the technologies of the past. In 2023, Pirelli completed the industrialisation stage of recovered Carbon Black (denoted by *rCB*, and obtained from the pyrolysis of end-of-life tyres) at its plant in Mexico, introducing it in a normal production compound across the entire range of car tyres at the Silao factory. During 2024, Pirelli intensified its research and development on recovered carbon black. This effort involved a wide range of actions, including identifying the best suppliers in the European and APAC regions, followed by a rigorous qualitative and quantitative assessment of their production capacities. Extensive laboratory assessments were conducted on various compound applications, to technically validate the use of rCB as a partial replacement for virgin carbon black (vCB) and extend its use in Pirelli products. In addition, prototype tests have already been planned for 2025 in our plants, demonstrating our commitment to sustainable innovation. These activities not only highlight the company's considerable operating costs incurred in global research and development, but also the significant contribution to the circular economy, promoting the use of recycled materials and reducing environmental impact.

Some materials in use in compound formulations (synthetic polymers, carbon-black and synthetic oils) can in turn be produced by feeding the synthesis process with certain proportions of feedstock from recycled materials (recycled polystyrene / recycled butadiene from cracking oil from pyrolysis of ELTs): during 2024, Pirelli expanded its collaboration with partners to increase its use in new product ranges.

There is constant research and effort into material efficiency, which makes it possible to reduce the volumes purchased, as well as the weight of the finished product, with a significant positive environmental impact throughout the entire life cycle of the material and the product.

Research is also continuing aimed at diversifying the potential supply sources of natural rubber, to reduce pressure on biodiversity in producer Countries and allow the Company to manage the potential scarcity of raw materials with greater flexibility. The sustainable management of the natural rubber chain, conflict minerals and the cobalt and mica chain are specifically discussed in the "Biodiversity and eco-systems" section and in the "Information on Governance" section, "Managing Conflict Minerals" paragraph.

Pirelli has also signed several partnerships with strategic suppliers and Universities for the development of innovative, environmentally friendly materials. As part of the activity to develop new nanofillers, for example, pursued since the early 2000s through research contracts with universities and collaborations with suppliers, Pirelli has begun to industrially introduce materials of mineral origin to partially replace precipitated silica and carbon black. Compared to the substitute raw materials, production processes, the innovations mentioned have ensured water savings as well as a reduction in CO_2 emissions.

Moreover, as part of the development of bio-based raw materials, the first car product containing at least one compound with a significant lignin content, P Zero™ E, was industrialised in 2023. Lignin is not only a plant origin product, but also obtained as a co-product of the paper industry and normally intended for burning. Pirelli research, conducted with an Open Innovation approach through projects with universities and exclusive suppliers, has made it possible for the first time to obtain a form of Lignin compatible with use in high performance compounds.

Among the Open Innovation initiatives, the Joint Labs agreement between Pirelli, the Politecnico of Milan and the Politecnico Foundation of Milan should be highlighted. The collaboration, which began in 2011 and has been renewed for 2024-2026, focuses on research projects for the continuous technological innovation of tyres, specifically on nanotechnology, the development of new synthetic polymers, new bio-polymers and new bifunctional chemical materials. In addition to exploring the potential of virtual environments, thanks to the static simulator installed at Pirelli's R&D centre in Milan and the dynamic simulator at the Politecnico of Milan, the new phase of the agreement focuses on two research macro-strands: the area of materials, with the development of innovative solutions and the modelling of mixing processes, and the area of Product Development and Cyber, with integrated static-dynamic simulation and innovative modelling.

Specific projects for the development of new materials from natural sources, mainly focused on the use of waste feedstocks, are the subject of the framework agreement between Pirelli, CORIMAV (Consortium for Materials Research Advanced) and Bicocca University (collaboration renewed in 2022 for a further 6 years).

As part of the collaboration, 44 scholarships were funded and awarded in the period 2001-2005 and 61 PhD scholarships have been funded since 2005. This collaboration was established with the aim of developing cutting-edge technologies in the field of materials, supporting research and experimentation activities with a view to patenting, and promoting training and professional development initiatives for young researchers. The joint activity will continue by financing 3 new PhD scholarships each year, for research activities aimed at projects focused on sustainability, through studies on new materials obtained from renewable sources and new materials obtained from waste products from the agricultural-industrial supply chain, innovative solutions with a lower environmental impact in the tyre production process, and environmental degradability of tyres with a view to the circular economy. CORIMAV's research activities led, for example, to the patent that led to Pirelli's use of lignin in the production of tyres. Lignin is a natural material derived from waste biomass and with intrinsic antioxidant properties that, with appropriate chemical-physical modifications, makes it possible to improve the tyre's mechanical properties and replace synthetic materials of fossil origin.

The research activity carried out by CORIMAV, besides the patenting of nano-silicates (SmartNet Silica), i.e. a special silica that, when used in compounds, allows high grip and sliding performance on dry and wet surfaces, is structured in the development of new antioxidants with reduced environmental impact.

After 2024, also in 2025, Pirelli will conduct collaboration under the NRRP[106] by joining the National Centre for Sustainable Mobility (MOST), taking part in 2 Flagship B projects and numerous Spokes, in collaboration with various universities (e.g. Politecnico of Turin, Politecnico of Bari) and research centres (e.g. CNR-STEMS Naples). In particular, the Flagship B project "Sister" focused on the study of TRWP and Spokes 2 and 11 focused on material lightening and innovation, are relevant to the issues of improving the environmental impact of the Product.

CORIMAV was included in 2018 in the European Commission's final Report Study on Fostering Industrial Talents in Research at European Level, which focuses on the promotion of inter-sectoral mobility (Ism) and reports examples of good practice for every country in the Union. An award that confirm the attention of the institutions and the European Union for a path that succeeds in transforming the fruits of research into products of commercial interest with increasing attention to the development and dissemination of more environmentally friendly solutions. A virtuous process of continuous exchange of knowledge between the industrial and university spheres, which leads to the consolidation of learning and development methods, with an enhancement of the growth paths of young researchers that enables them to quickly embark on professional paths in companies, including Pirelli.

For more information on the subsidies received for the Research and Development projects mentioned above, see the "Information required by Law No. 124/2017 Article 1 subsections 125-129" section within the Consolidated Financial Statements.

Management of end-of-life tyres

When a tyre no longer has the indispensable characteristics for safe and efficient performance on the vehicle, it becomes "end-of-life" (ELT) - i.e. waste - and must be collected for recovery and recycling in special facilities. The rubber from which the tyre is made is in fact a mix of top-quality polymers with exceptional chemical and physical characteristics. This highlights two main aspects: on the one hand, ELTs are a source of waste that must be properly managed to avoid being dispersed into the environment; on the other hand, they are a valuable source of the circular economy.

In fact, properly managed end-of-life tyres represent a valuable source of resources when it comes to circular economy (secondary raw materials such as rubber and steel), which are already successfully used in several sectors of the value chain (e.g. in tyre manufacturing, in construction, infrastructure, asphalt, manufacturing of rubber products) and with a considerable potential for developing further applications in different industrial ecosystems, aimed at increasingly exploiting their properties.

[106] National Recovery and Resilience Plan

In the world, it is estimated that one billion tyres reach the end-of-life each year. On a global scale, about 60%[107] of all out-of-use tyres (ELTs) generated are recovered, while in Europe and the United States the recovery stands at 97%[108] and 81%[109].

For years, Pirelli has been engaged in the management of ELTs. The Company actively collaborates with the main reference entities at national and international level, promoting the identification and development of solutions to enhance and promote the sustainable recovery of ELTs, shared with the various stakeholders and based on the Circular Economy model. In particular, Pirelli is active in the Tyre Industry Project (TIP) of the WBCSD[110], and in the End of Life Tyres (ELTs) working groups of ETRMA[111] and USTMA[112] and, at a national and local level, interacts directly with leading organisations active in ELTs recovery and recycling, such as the consortia set up to comply with Extended Producer Responsibility regulations.

As a member of the Tire Industry Project of the WBCSD, Pirelli has collaborated on the publication of guidelines on the management of ELTs (WBCSD "A framework for effective management systems" in 2008 and "Managing End-of-Life Tires" in 2010) and a toolkit ("End-of-life tire – ELT – management Toolkit" in 2021), taking a proactive approach to raising the awareness both within Emerging Countries and those that do not yet have a system for ELTs recovery, in order to promote their recovery according to "best practices", i.e. defined management models which have already been launched successfully.

100% of tyres produced and sold by Pirelli are recoverable, both in material and energy terms. The actual recovery/recycling rate varies depending on the markets and ELT management models in the various countries. Based on the recovery and recycling rates of ELTs in markets where Pirelli tyres are sold and where there are organisations for the collection and management of ELTs, it is estimated that the share sent for material recycling is 46%, a value that rises to over 70% if both energy and material recovery are considered.

With regard to "closed-loop" Circular Economy applications, tyres are a mixture of many valuable materials that at end-of-life allow two paths of recovery: recovery of material (such as "secondary raw materials") or energy. In the recovery of material, regenerated rubber, micronised rubber and carbon black derived from the pyrolysis of ELTs are increasingly used by Pirelli in the compounds for new tyres, thus contributing to the reduction of their environmental impact.

In order to increase this recovery rate, research activities following our Open Innovation model are continuing, aimed at improving the quality of recovered secondary raw materials in terms of affinity

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[107] WBCSD 2019 – "Global ELT Management – A global state of knowledge on regulation, management systems, impacts of recovery and technologies"

[108] ETRMA 2021.

[109] USTMA - 2023 US Scrap Tire Management Summary.

[110] World Business Council for Sustainable Development

[111] European Tyres and Rubber Manufacturers' Association

[112] US Tire Manufacturers Association

with the other raw materials and the other ingredients present in our ultra-high performance compounds, as well as in the search for innovative recovery solutions (such as pyrolysis).

Finally, in terms of materiality of Carbon and Water Footprints, the end-of-life phase of the product has a low proportion of the total impact of the tyre on the environment.

Virtual Development Center

In 2024, virtual development was consolidated by leveraging the 3 Virtual Development Centres (VDCs) in Italy (HQ), Germany and China, enabling us to support the demands of Original Equipment Customers and product development teams for both Original Equipment and Replacement markets.

Pirelli capabilities in terms of simulations have been improved in the NVH (Noise, Vibration and Harshness) area, in particular for External and Internal noise and for Comfort (taking advantage of the availability of the Dynamic Simulator at the Politecnico of Milan), in the handling area with development of tyre models with thermal module, and in tyre mechanics for predictions of durability and tyre/rim contact mechanics.

Through use of the virtual 360° approach, starting with the tyre-related characteristics and ending with the driving simulator, we have consolidated the best practice of reducing the time and number of physical prototypes for development by up to 30 %, with advantages in terms of resources, sustainability, in line with the Responsible Artificial Intelligence Policy, and the possibility to achieve more competitive designs thanks to understanding tyre behaviour.

Cyber tyre

Pirelli's high-tech products include the development of technologies based on the introduction of sensors inside the tyre. The Pirelli Cyber Tyre system, consisting of a sensor in the tyre that collects fundamental information for safe driving, and a software integrated in the car's electronics, was the first in the world to be fitted as original equipment on a standard car, the McLaren Artura and is now approved on several models in North America and Europe. Thanks to information provided by the Pirelli Cyber Tyre system, the car's electronics can intervene promptly, improving safety and vehicle performance. In addition, Pirelli and Bosch recently signed a joint development agreement to create new solutions based on software and driving functions, thanks to tyre-integrated sensors. The first vehicle to use Cyber Pirelli + Bosch technology will be the Pagani Utopia in 2025.

Another future development will see tyres networked, both with other vehicles and with the road infrastructure. Pirelli was the first tyre company in the world to share information about the road surface on the 5G network from smart tyres equipped with sensors, presenting in Turin the use-case "World-first 5G enhanced ADAS (Advanced Driver Assistance Systems) services". This is a continuously evolving system that will become essential as the level of autonomy of cars increases. In fact, the driver's current ability to perceive the grip conditions given by the type of road surface and weather conditions will have to be fulfilled by the tyres, and the car will be able to slow down if the asphalt is found to be slippery, adapt the electronic controls to increase safety and, with inter-vehicle connectivity, warn other self-driving cars of a potential imminent danger. This is a true tactile sense offered by the only point of contact between the car and the road: the tyres. For more information on Cyber™ technologies, please refer to the “Social Information” section, “Product safety, performance and sustainability” paragraph.

Supplier Certification

Together with the increasing use in production of materials of natural and recycled origin, in 2024 Pirelli continued its commitment to request assertions from suppliers on the amount of materials of natural and recycled origin supplied to Pirelli verified by third-party certification; in order to check, through third-party certification, the effective truth of the numbers communicated, with a view to maximum final transparency to consumers. This process is ongoing and involves the progressive coverage of raw materials purchased by the group. It is also the base of the distinctive positioning of P Zero™ E, the first tyre whose declaration of the amount of material of natural and recycled origin has been verified by a third party based on ISO 14021.

With reference to certifications and with a view to increasing them, partnerships are being consolidated with suppliers of certified natural rubber FSC™ (Forest Stewardship Council™), the use of which in 2024 increased considerably, in line with the goal of using only FSC™ certified natural rubber in its European factories by the end of 2026; on this, please see the “Target” section of this chapter.

In addition, the group introduced FSC™-certified natural rubber into the production specification of F1® tyres. Today, in addition to the plant in Rome (US) and the Motorsport production facility in Slatina (EU), FSC™-certified natural rubber is being progressively introduced at European production sites including Bollate (Italy), where the first Cycling tyre with FSC™-certified natural rubber presented at the Tour de France 2024 was produced.

FSC™ certification, which perfectly summarises the combination of sustainability and innovation, ensures that the supply chain of raw materials from forest management, starting with the upstream plantations from which the natural components for tyres come, is managed in a way that preserves their biological diversity and benefits the lives of local communities and workers, while promoting their economic sustainability.

Pirelli’s far-sighted decision to introduce FSC™-certified natural rubber with specific FSC™ Claim on the tyre, guarantees third-party timely control of the supply chain, also in support of EUDR[113] expectations.

[113] European Regulation on Deforestation-free Products

Still in 2024, development of the product lines where production will start in 2025 and 2026 saw an increasing use of natural (bio-based) and recycled materials such as recovered carbon black, bio-resins, cellulose derivatives, and a gradual increase of natural rubber partially replacing synthetic rubber.

Metrics – Resource inflows

With reference to material input streams (technical and organic materials and products)[114] used in 2024 to manufacture the company's products and services, the total amount of bio-based material was 152,657 tonnes, with a share of certified sustainably sourced biological materials (and biofuels used for non-energy purposes) amounting to 10.6%, represented by FSC™-certified natural rubber. The quantity of reused or recycled secondary components, secondary intermediate products and secondary materials amounted to 34,765 tonnes, 4.4% of the total materials used. The total amount of plastic materials in the products was 25,023 tonnes, with 0.012% coming from recycled sources, while the amount of raw materials derived from metals and minerals in the products was 97,938 tonnes of Iron/Steel[115] accounting for 12% of the total.

The figures are calculated from the raw material codes falling into the various categories reported, multiplied by the volume of material consumed. The uniqueness of the codes prevents materials from being counted twice.

Metrics – Resource outflows

Pirelli, has mainly focused on the development, manufacture and marketing of tyres with higher added value, with special technical characteristics associated with high performance, advanced technology and safety, and characterised by an averagely deeper tread. Acknowledged by consumers for its high-value products, Pirelli's range includes innovative tyres for cars, motorbikes and bicycles, as well as a growing portfolio of tyres that meet the needs of specific applications or consumer customisation. These include the Pirelli Cyber™ Tyre system, the result of several years of research and technological innovation that, thanks to the sensors inside the tyre (the only element of the car capable of "sensing" the conditions of the surface on which it travels), helps make essential information available to enhance vehicle performance and driving safety.

In this context, one important aspect is the concept of durability, in which applied to tyres does not, to date, find an unambiguous and shared interpretation neither at regulatory level nor at the level of technical standards. It can, in fact, be due to various different concepts, including: the overall distance a tyre can guarantee, the consistency of traction and safety performance on particular

[114] Raw materials, CapEx, Moulds and picking, Ancillary materials, Logistics services, ICT, Motorsport, Energy

[115] Other metals (Aluminium, Cobalt, Copper, Nickel, Lithium, Titanium) register 0 tonnes

surfaces (e.g. winter tyres), the resistance to particular conditions of use (e.g. tyres for off-the-road applications).

Pirelli performs all the analyses and provides all the declarations required by specific regulations in order to ensure regulatory compliance and demonstrate the required performance levels.

In addition to performance and durability, safety is also a key aspect in tyre regulation. The tyre is one of the vehicle components subject to a large number of regulations, mainly determined by the key function it has to fulfil: to ensure the safety of the vehicles on which it is installed. This is why Pirelli does not recommend tyre repair. Any repairs must be assessed by experienced point-of-sale/service technicians according to local standards and regulations, where such exist.

In 2024, the amount of finished product produced by Pirelli was approximately 790,696 tonnes, 100% of which is recyclable as stipulated in the UN133 agreement[116]. Note that the only product sold with packaging is bicycle tyres and it is made of paper and cardboard. The packaging used had a 100% recyclable content rate.

[116] Agreement Concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions unece.org/fileadmin/DAM/trans/main/wp29/wp29regs/2015/R133e.pdf

DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (TAXONOMY)

EU REGULATION 2020/852: PURPOSE AND REGULATORY CONTEXT

The European Union has long established a strategic framework for the implementation of actions and policy initiatives consistent with the objectives of the UN 2030 Agenda. In this context, in March 2018 the European Commission formalised for the first time an Action Plan for Financing Sustainable Growth, with the stated aim of redirecting capital flows towards sustainable investments, integrating sustainability into risk management and promoting transparency and long-term vision, in awareness of the important role that the financial sector can play in channelling private investment in support of sustainable development.

The European Union's commitment to sustainable finance also includes EU Regulation 2020/852 (the so-called "Taxonomy"), which aims to provide investors and the market with a common language of sustainability metrics that can ensure comparability between operators, reduce the risks of greenwashing, and increase the quantity and quality of information on the environmental and social impacts of business, thereby promoting more responsible investment decisions.

Currently, the Taxonomy is focused on the identification of economic activities that are considered environmentally sustainable, defined as those economic activities that contribute substantially to the achievement of at least one of the following environmental and climate-related[117] objectives, provided that they do not cause significant harm to any of the other environmental objectives and that they are carried out in compliance with social minimum safeguards:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

With the Delegated Acts adopted in 2021 ("Climate Delegated Act") and in 2023 ("Environmental Delegated Act"), the European Commission has defined the list of sectors and economic activities currently included in the Taxonomy and the related technical screening criteria that allow verification of whether they make a substantial contribution to achieving one or more of the six objectives set out in the Regulation.

[117] Article 9 of EU Regulation 2020/852, which defines the environmental objectives under the Taxonomy.

The process of verifying the environmental sustainability of an economic activity (so-called alignment to the Taxonomy) involves the following steps of analysis:

- verification of substantial contribution criteria (Technical Screening Criteria) to assess the actual contribution of the economic activity to a given environmental objective, respecting the principle of technology neutrality, and taking into account the long-term and short-term impact of the economic activity;
- verification of the "DNSH" (Do No Significant Harm) criteria to ensure that the economic activity does not cause significant harm to any of the other environmental objectives; and
- verification of compliance with Social Minimum Safeguards, which are designed to ensure that economic activities are conducted in compliance with the main international guidelines and treaties related to human rights, including labour rights, anti-corruption and anti-competitive practices, and in compliance with tax laws.

Article 8 of EU Regulation 2020/852 defines the reporting obligations under the Taxonomy and clarifies that these obligations fall on any company subject to the obligation to publish non-financial information pursuant to Article 19-bis or Article 29-bis of Directive 2013/34/EU. From 1 January 2023, therefore, these companies will have to include information in their non-financial reporting (or in their consolidated non-financial reporting) on how and to what extent their activities are associated with economic activities considered environmentally sustainable within the meaning of the Regulation.

Regarding non-financial corporations, the disclosure focuses on the following metrics (so-called "key performance indicators" or "KPIs"):

a) the share of turnover coming from products or services associated with economic activities considered to be environmentally sustainable;

b) the share of capital expenditure and the share of operating expenditure related to assets or processes associated with economic activities considered environmentally sustainable.

For KPI reporting for the year 2024, Pirelli is required to report on eligible and aligned economic activities for all six climate and environmental objectives, where there are activities attributable to the economic activities defined for each objective.

Non-financial undertakings[118] are required to determine KPIs in accordance with the requirements of Regulation (EU) 2021/2178, by ensuring general consistency with financial reporting and by using the same currency as for the annual or consolidated financial statements, with the additional

[118] Pursuant to the legislation, a "non-financial undertaking" is defined as an undertaking subject to the disclosure requirements set out in Articles 19-bis and 29-bis of Directive 2013/34/EU which is not a financial asset manager, credit institution, investment firm, insurance undertaking or reinsurance undertaking (see EU Regulation 2021/2178 Article 1(9)).

requirement to include references to the relevant balance sheet items for turnover and capital expenditure indicators in their non-financial statements.

THE TAXONOMY FOR THE PIRELLI GROUP

The Pirelli Group has launched a dedicated Taxonomy worksite starting in 2021, to understand the regulatory obligations, monitor updates and plan the preparatory activities for the reporting process within its consolidated non-financial statement in a timely and effective manner.

The methodological approach in the initial phase focused on the regulatory analysis and contextualisation of the tyre sector for the purpose of its application. This preliminary activity immediately brought to light some unclear application and interpretation aspects both with reference to the general discipline[119] and above all about the tyre sector, whose framework in the Climate Delegated Act on Taxonomy appears difficult to read.

Within the manufacturing activities included in the Delegated Acts, there is currently no activity dedicated to tyre manufacturing. The regulatory updates of 2023, specifically Delegated Regulation (EU) 2023/2485[120], recognise the potential role of the tyre sector in contributing positively to the climate change mitigation goals and the transition towards a circular economy, although they do not define an economic activity dedicated to the production of tyres, which therefore remains eligible under activity 3.6 - “Manufacture of other low-carbon technologies”, defined in Annex I of Delegated Regulation (EU) 2021/2139.

The clarifications of the European Commission published during 2024 did not entail updates to the approach adopted by Pirelli in past years. An analysis of the investments made by the various plants of the Group has nevertheless been conducted, which led to an expansion of the activities considered “eligible” under the Taxonomy, compared to previous years. More details on this are provided in the following paragraphs.

The Pirelli Group reserves the right to reconsider its assessments and interpretations in future reporting periods, to take into account any changes in the regulatory framework or any further clarifications that may arise in the meantime from national and European authorities or trade associations.

[119] In the Assonime Circular no. 1/2022 “The European Regulation on the taxonomy of eco-sustainable activities: advertising obligations for companies” a series of aspects are explained for which clarification is requested from the European Commission.

[120] In the introductory remarks of Delegated Regulation 2023/2486, the Commission states the following: “As tyres are responsible for 20% of a vehicle’s energy consumption, leveraging innovation in their manufacture can reduce the share of greenhouse gas emissions borne by the entire transport sector. Tyres can also contribute to a more circular economy. Although tyre manufacturing is not part of the activity of manufacturing components that are essential for ensuring and improving the environmental performance of low-carbon vehicles, it will need to be assessed in more detail in order to set specific criteria for technical screening, taking due account of the legal obligations enshrined in the most recent EU legislative proposals and best practices, in particular with regard to microplastic release, air pollution, noise, direct greenhouse gas emissions and end-of-life.’

ELIGIBLE ECONOMIC ACTIVITIES OF THE PIRELLI GROUP

By virtue of these considerations by the Commission, Pirelli continues to consider eligible under enabling activity 3.6 the share of production of tyres dedicated to environmentally friendly and energy-efficient vehicles, taking as a benchmark the rolling resistance values of the European labelling.

European tyre labelling[121] provides a clear and common classification of their performance for (i) rolling resistance, (ii) wet braking and (iii) exterior noise. Consistent with the specifications of Delegated Regulation (EU) 2023/2485, the labelling parameter used is rolling resistance, which has an indirect impact on vehicle fuel consumption and related greenhouse gas emissions. Therefore, a better performance in terms of low rolling resistance has a positive impact on the environmental objective of mitigating climate change[122].

In particular, the rolling resistance classes indicate the energy efficiency level of the tyre, ranging from A (maximum energy efficiency) to E (minimum energy efficiency). In continuity with previous years, car and van tyres produced by the Group with European labelling in rolling resistance classes A, B and C were considered for eligibility, where “C” is the most widespread on the market[123].

Furthermore, as bicycles are zero-emission means of transport, tyres dedicated to them are also considered ‘eligible’.

In 2024, in continuity with 2023, they were also considered eligible:

- the electric bicycle rental and management service CYCL-e around™, eligible under Activity 6.4 Operation of personal mobility devices, cycle logistics, defined for the Climate Change Mitigation objective;
- the Pirelli CARE™ service, eligible under Activity 5.5 Product-as-a-service and other circular use- and result-oriented service models, defined for the Transition to a Circular Economy objective.

In addition to the activities that are characteristic of Pirelli’s business, the eligibility assessment also included interventions carried out by individual Group plants, which are referrable to economic activities defined under the Taxonomy. In this regard, the plants falling within the scope of consolidation were involved in the assessment of individual investments made during the year to identify those eligible for Taxonomy purposes.

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121 Regulation (EU) 2020/740.

122 Regulation (EU) 2020/740 “(4) [...] Tyres, mainly due to their rolling resistance, account for between 20% and 30% of vehicle fuel consumption. A reduction of the rolling resistance of tyres would therefore contribute significantly to the fuel efficiency of road transport and thus to the reduction of greenhouse gas emissions and the decarbonisation of the transport sector’.

123 EPREL - European Product Registry for Energy Labelling (extraction 07/02/2025). Focusing on the three most efficient classes of Rolling Resistance (those identified as “permissible”), one finds that tyres labelled A and B cover 10.4% of sales, while those labelled C cover 45% (the remaining 44.6% are tyres labelled D and E).

Specifically, a number of initiatives were eligible in the following objectives and sectors:

OBJECTIVE	ECONOMIC ACTIVITIES ACCORDING TO THE TAXONOMY	DESCRIPTION OF PIRELLI'S ACTIVITIES
Climate change mitigation (CCM)	*3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation*	*Installation and maintenance of electrical equipment for the transmission and distribution of electricity from photovoltaic systems*
	4.15 District heating/cooling distribution	*Interventions on pipelines and related infrastructure for the distribution of heating and cooling, which end at the substation or heat exchanger*
	4.25 Production of heat/cool using waste heat	*Investments in plants that produce heat/cool using waste heat*
	5.1 Construction, expansion and operation of water collection, treatment and supply systems	*Modernisation of the water supply system*
	5.2 Renewal of water collection, treatment and supply systems	*Improvement of rainwater collection systems*
	5.4 Renewal of waste water collection and treatment	*Upgrading of industrial effluent treatment stations and separation systems in the sewage systems*
	7.1 Construction of new buildings	*Construction of a new building, renovation of structures, and expansion of laboratories*
	7.2 Renovation of existing buildings	*Renovation of existing buildings*
	7.3 Installation, maintenance and repair of energy efficiency equipment	*Different kinds of measures aimed at improving the energy efficiency of buildings*
	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces pertaining to buildings)	*Installation of charging stations for electric vehicles in parking spaces pertaining to buildings*
	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	*Installation, maintenance, and repair of the buildings of energy management systems*
	7.6 Installation, maintenance and repair of renewable energy technologies	*Installation, maintenance and repair of heat transfer equipment and energy recovery systems*
Sustainable use and protection of water and water and marine resources (WTR)	*4.1 Provision of IT/OT (information technologies/operational technologies) data-driven solutions for leakage reduction*	*Installation of flow meters for monitoring water consumption*
Transition to a circular economy (CE)	*4.1 Provision of data-driven IT/OT (information technologies/operational technologies) solutions*	*Installation of remote monitoring systems and predictive maintenance*

ALIGNED BUSINESS ACTIVITIES OF THE PIRELLI GROUP

The Pirelli Group assessed the eco-sustainability of eligible activities pursuant to Article 3 of Regulation (EU) 2020/852 as supplemented by Commission Delegated Regulation (EU) 2021/2139.

Following the analysis process, the Pirelli Group has identified aligned activities. Below is the analysis and the related findings. It should be noted that, at present, none of the Pirelli Group's eligible activities contributes to more than one environmental objective (as verified on activities deemed eligible for multiple objectives); therefore, the risk of potential double counting linked to this circumstance is excluded.

Activity 3.6 CCM Manufacture of other low-carbon technologies

Concerning activity 3.6, in continuity with previous years, the rolling resistance parameter was used as the best reference currently available to demonstrate the tyre's contribution to the reduction of greenhouse gas emissions of the entire transport sector[124]. In general, the tyre industry considers that moving up to a higher Rolling Resistance class (reduction in rolling resistance) results in a reduction of between 3% and 4%[125] in CO_2 emissions. Among the Rolling Resistance classes considered permissible, with class C being the most common on the market[126], rolling resistance classes A and B, which express levels of very 'high' and 'high' energy efficiency and can, therefore, lead to lower emissions than the best alternatives available on the market.

The compliance with the "Do No Significant Harm" (DNSH) principle has been verified based on the environmental procedures adopted by the Group, as well as through ad hoc initiatives such as the Climate Change and related Water Stress Risk Assessment, already described in the paragraphs "Climate Change Risk Assessment and strategy resilience" and "*Emerging risks related to climate change and water stress*". The main evidence for compliance with the DNSH criteria is reported below.

<u>Climate change adaptation</u>

Compliance with Appendix A of Delegated Regulation 2021/2139 is required for the DNSH verification on the Climate Change Adaptation objective. The Pirelli Group periodically carries out an analysis of the risks related to climate change, the Climate Change and related Water Stress Risk

[124] Report from the Expert Group on laboratory alignment for the measurement of tyre rolling resistance installed under Regulation (EC) No 1222/2009 and listed on the Commission registry of Expert Groups to the European Commission - 2021

[125] Regulation (EU) 2020/740 of the European Parliament and of the Council of 25 May 2020 on the labelling of tyres with respect to fuel efficiency and other parameters, amending Regulation (EU) 2017/1369 and repealing Regulation (EC) No 1222/2009 (Text with EEA relevance)".

[126] EPREL - European Product Registry for Energy Labelling (extraction 07/02/2025). Focusing on the three most efficient classes of Rolling Resistance (those identified as "permissible"), one finds that tyres labelled A and B cover 10.4% of sales, while those labelled C cover 45% (the remaining 44.6% are tyres labelled D and E).

Assessment, in accordance with the process described in Appendix A. The analysis was conducted in line with the recommendations of the TCFD, in order to assess the main operational risks, strategic risks and opportunities connected to market trends and technology, linked to climate change. Risk projections were assessed against IPCC climate and IEA transition scenarios, also taking into account contextual information related to the Group (e.g. data on plants and the historical incidence of adverse climate events on them, data on suppliers, mitigation measures in place, decarbonisation plans). Based on best practices available in the literature, the days of interruption of activities and/or slowdown of the supply chain due to extreme events and the potential associated economic impacts were estimated. For risks related to extreme natural events exacerbated by climate change, the Group has implemented a specific investment plan to reduce its exposure to such events (e.g., installation of flood barriers to minimise impacts in case of adverse events). More generally, in line with an adaptation approach, Pirelli aims to anticipate the negative effects of climate change and undertake appropriate actions to prevent or minimise potential damages, or to seize opportunities that may arise, where feasible. Therefore, this DNSH criterion is considered to be met for the activity in question, as well as for the other reported activities.

<u>The sustainable use and protection of water and marine resources</u>

For the DNSH verification regarding the objective of protecting water and marine resources, compliance with Appendix B of Delegated Regulation 2021/2139 is required. All of the Group's facilities are equipped with an ISO 14001-certified environmental management system, through which the responsible use and protection of water resources are monitored and guaranteed. Additionally, the Group conducts the Climate Change and related Water Stress Risk Assessment and periodically monitors its Water Footprint. Therefore, this DNSH criterion is considered to be met for the activities reported.

<u>Transition to a circular economy</u>

Regarding the objective of transitioning to a circular economy, DNSH compliance is guaranteed for activity 3.6 through the increasing use of recycled and renewable materials, as well as product design aimed at ensuring high durability and recyclability. See paragraph "Circular Economy" for further details.

<u>Pollution prevention and control</u>

For the DNSH verification regarding the objective of pollution prevention and reduction, the main requirement to verify is, where applicable, compliance with Appendix C of Regulation 2021/2139, which requires that activities do not involve the manufacturing, marketing, or use of substances mapped within specific European Regulations and Directives. Regarding activity 3.6, the majority of products comply with the criteria outlined in the aforementioned Appendix. In fact, as a matter of policy, compounds and tyres are produced by Pirelli without the use of “Substances of Very High Concern” (SVHCs), i.e., those substances that give rise to high concern due to their potential effects on human health and/or the environment. Furthermore, in its production Pirelli does not use any substance falling into the internationally recognised category of POPs (Persistent Organic Pollutants) as defined by the Stockholm Convention, nor does it use mercury and its by-products as defined by the Minimata Convention, nor limited substances or those restricted by REACH regulations. For more details, see the paragraphs “Pollution” and “Circular Economy”.

Protection and restoration of biodiversity and ecosystems

For the DNSH verification regarding the objective of protecting and restoring biodiversity and ecosystems, all identified eligible activities require, where applicable, compliance with Appendix D of Delegated Regulation 2021/2139. Biodiversity is subject to risk assessment in line with the Group’s Enterprise Risk Management methodology, both with reference to company sites and the supply chain, allowing for the continuous identification, assessment, prevention and mitigation of environmental risks along the value chain, and ensuring compliance with the DNSH. See paragraph “Biodiversity and Ecosystems” for further details.

Other economic activities

Regarding the other considered economic activities:

- the CYCL-e around™ electric bicycle rental and management service, which meets both criteria for substantial contribution to climate change, as well as the DNSH criteria;
- the Pirelli CARE™ service, related to the objective of transitioning to a Circular Economy, does not meet the criteria for substantial contribution; therefore, the activity is reported as admissible but not aligned.

Finally, with reference to the investments made by the facilities, each production site has provided information regarding the verification of the technical screening criteria for the substantial contribution of each activity, including the analysis of DNSH criteria.

SOCIAL MINIMUM SAFEGUARDS

Article 18.1 of the EU Taxonomy Regulation describes social minimum safeguards as procedures implemented by a company to ensure that its business activities are conducted in accordance with the internationally recognised principles set out in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Compliance with the minimum safeguards, for the purposes of alignment, was assessed at Group level. Specifically, the Pirelli Group considered all the issues set out in the principles contained in the above documents, analysing both compliance and the presence of any sanctions in this regard and, where appropriate, the relative management and remedial methods.

In order to identify, manage and mitigate risks related to the above issues, the Pirelli Group has adopted Policies, Management Models, prevention actions and remedial mechanisms in the areas of human rights, labour, environment, corruption, consumer protection, science, technology and innovation, competition, taxation.

In particular, Pirelli promotes respect for human rights and adherence to applicable international standards among its partners and stakeholders. Pirelli aligns its governance with the United Nations Global Compact, the ISO 26000 Guidelines, the dictates of the SA8000® Standard and underlying international ILO regulations, the International Charter of Human Rights, the OECD Guidelines on Due Diligence and the recommendations contained in the United Nations Guiding Principles on Business and Human Rights, implementing the Protect, Respect and Remedy Framework.

In line with international standards, Human Rights due diligence at Pirelli includes the following activities:

- Adoption and integration of a human rights due diligence commitment within company policies and procedures;
- Identification and assessment of risks and negative impacts, including through stakeholder involvement;
- Commitment to interrupt, prevent, mitigate and remedy negative impacts;
- Monitoring of the implementation of these actions and their results;
- Public communication of the approach to human rights due diligence and the actions taken to avoid and address negative impacts;
- Commitment to remedy any negative impacts, including establishing or participating in grievance mechanisms where individuals and groups can voice grievances and human rights concerns.

With regard to matters concerning privacy, in 2024, the update and discussions with the individual regions continued regarding the regulatory changes to which compliance is required. The update activities focused on issues such as, for example, data transfer, DPA, DPIA, and requests for the exercise of rights concerning the management of personal data by the users themselves. Special attention was also given to the entry into force of the new European regulation on artificial intelligence (the AI Act). During 2024, Pirelli was not involved in any proceedings for alleged violation of privacy regulations.

During 2024, on the basis of the reports received through the whistleblowing reporting channel, one case of fraud to the detriment of the Company was ascertained, while, as at 31 December 2024, 2 cases were in the process of being verified and investigated.

On the subject of Antitrust and in line with the provisions of its Global Antitrust and Fair Competition Policy, Pirelli operates in accordance with fair and proper competition for the purpose of Company and at the same time, market development. In this context, Pirelli constantly updates the Group's Antitrust Programme in line with international best practices.

On 30 January 2024, the European Commission announced the start of an investigation against certain tyre manufacturers active in the European Economic Area, for alleged violations of EU competition law, with reference to the possible coordination of prices of new replacement tyres for cars and trucks intended for sale in the European Economic Area. At the same time, the Commission conducted inspections at the offices of the above-mentioned tyre manufacturers, including Pirelli. The same Commission confirmed the correctness of its actions and that it has always acted in compliance with the applicable antitrust legislation.

On 4 December 2024, the Turkish Antitrust Authority notified certain tyre manufacturers operating in Turkey, including Pirelli Otomobil Lastikleri A.Ş., of the initiation of an investigation into the tyre production and distribution market, in particular regarding a hypothetical exchange of information between competitors, aimed at coordinating prices.

For more in-depth information on the Policies adopted, risk analysis, mitigation and prevention actions and remedial mechanisms, please refer to the sections dedicated to this in this Report, in particular:

- Principal Policies
- Respect for human rights
- Diversity, Equity and Inclusion
- Skills Development - Performance Management and Training
- Workers in the value chain
- Business conduct
- Management of relations with suppliers
- Whistleblowing Policy

- Anti-corruption

PERFORMANCE INDICATORS

Turnover, operating expenditure and capital expenditure data relating to eligible activities and Taxonomy-aligned activities for the calculation of key performance indicators (KPIs) and shares in the consolidated financial statements were extracted from the general accounting and cost accounting systems used in the preparation of the consolidated financial statements.

Therefore, the data used for the calculation of KPIs under the Taxonomy are the same data used in the preparation of the Group's consolidated financial statements, avoiding the potential risk of double counting.

TURNOVER INDICATOR

Pirelli is among the world's leading tyre manufacturers, the only one to be entirely focused on the consumer market, which includes car, motorbike and bicycle tyres, from which it derives almost all of its turnover.

The portion of turnover referred to in Article 8(2)(a) of Regulation (EU) 2020/852 "Turnover KPI" is calculated as the portion of net revenues obtained from products or services associated with economic activities aligned to the Taxonomy (numerator), divided by the Group's consolidated revenues (denominator). The allocation of turnover to the numerator, as regards the sale of tyres, was made thanks to the system tracking of European labelling for each tyre produced. It should also be noted that the turnover from the sale of car and van tyres produced by the Group with rolling resistance values consistent with the European labelling parameters was also taken into account by tracing the non-European labelling to the European labelling values. The turnover attributable to CYCL-E™ and Pirelli CARE® services are accounted for in specific, uniquely identifiable accounting items. In detail, the revenues relating to the CYCL-E™ service were considered eligible under taxonomic activity 6.4 with reference to the Climate Change Mitigation objective, while the revenues relating to Pirelli CARE® were considered eligible with reference to activity 5.5 with a contribution to the objective of transitioning to a Circular Economy. The risk of double counting with reference to the turnover KPI is therefore excluded.

The denominator of the KPI is the consolidated revenues of the year 2024 as indicated in the explanatory note no. 30 "Revenues from sales and services" within the consolidated financial statements.

SHARE OF TURNOVER[127] DERIVING FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED TO THE TAXONOMY - INFORMATION FOR THE YEAR 2024, REPRESENTED IN ACCORDANCE WITH THE TEMPLATE IN ANNEX V OF DELEGATED REGULATION (EU) 2023/2486

Financial Year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)**	Category enabling activity (19)	Category transitional activity (20)
		€/mln	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	2.422,5	35,8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	31,5%	E	-
Operation of personal mobility devices, cycle logistics	CCM 6.4	0,6	0,01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,01%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2.423,1**	**35,8%**	**35,8%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**31,51%**		
of which enabling		2.422,5	35,8%	35,8%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	31,5%	E	
of which transitional		-	0%	0%						Y	Y	Y	Y	Y	Y	Y	-		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	Optional							%		
Manufacture of other low carbon technologies	**CCM 3.6** CCA 3.6	2.221,3	32,8%	EL	EL	N/EL	N/EL	N/EL	N/EL								35,50%		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0,1	0,00%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0,01%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2.221,4**	**32,8%**	**32,8%**	**0%**	**0%**	**0%**	**0%**	**0%**								**35,51%**		
A. Turnover of Taxonomy- eligible activities (A.1+A.2)		**4.644,4**	**68,6%**	**68,6%**	**0%**	**0%**	**0%**	**0%**	**0%**								**67,0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non- eligible activities		**2.128,9**	**31,4%**																
TOTAL		**6.773,3**	**100,0%**																

[127] Values reported according to the template ("model") in Annex V of Delegated Regulation (EU) 2023/2486 ("MODELS FOR THE KEY PERFORMANCE INDICATORS (KPIs) OF NON-FINANCIAL COMPANIES"). Shaded cells refer to information not applicable for the current financial year to the Group's business activities.

CAPITAL EXPENDITURE INDICATOR

Capital expenditures incurred by the Pirelli Group attributed to eligible and environmentally sustainable economic activities include costs accounted for on the basis of:

(a) IAS 16 “Property, Plant and Equipment”, paragraph 73(e), sub-paragraphs (i) and (iii);

(b) IAS 38 “Intangible Assets”, paragraph 118(e)(i);

(c) IFRS 16 “Leases”, paragraph 53(h).

The share of “aligned” economic activities with reference to capital expenditure refers mainly to production investments directly related to the above-mentioned “aligned” income. Since most of the tyre production plants are jointly used for the production of tyres of different rolling resistance classes, the figures for these plants have been allocated in proportion to the volumes of tyres in the classes identified for alignment. To this amount was added the total investment in the development of cycling products. The “aligned” shares of specific investments made by the Group’s factories, attributable to the eligible economic activities defined under the Taxonomy illustrated in the preceding paragraphs, were also considered.

The denominator of the KPI is the sum of the gross additions recognised in the year 2024 with reference to owned tangible fixed assets, rights of use and intangible fixed assets, as indicated in Note 10.1 “Tangible assets” and Note 11 “Intangible assets” within the consolidated financial statements.

SHARE OF CAPITAL EXPENDITURE[128] RESULTING FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - INFORMATION FOR THE YEAR 2024, REPRESENTED IN ACCORDANCE WITH THE TEMPLATE IN ANNEX V OF DELEGATED REGULATION (EU) 2023/2486.

Financial Year N		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3) €/mln	Proportion of Turnover, year N (4) %	Climate Change Mitigation (5) Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1 (18)** %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	194,25	36,4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	33,0%	E	-
District heating/cooling distribution	CCM 4.15	0,01	0,00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Production of heat/cool using waste heat	CCM 4.25	0,04	0,01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0,50	0,1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,3%	E	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0,23	0,04%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,1%	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0,37	0,07%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,2%	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**195,40**	**36,6%**	**36,6%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**33,6%**		
of which enabling		195,35	36,6%	**36,6%**	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	34,0%	E	
of which transitional		-	0%	0%						Y	Y	Y	Y	Y	Y	Y	-		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	Optional							%		
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	1,60	0,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,30%		
Manufacture of other low carbon technologies	**CCM 3.6** CCA 3.6	189,64	35,5%	EL	EL	N/EL	N/EL	N/EL	N/EL								39,10%		
Provision of IT/OT data-driven solutions	CE 4.1	0,41	0,1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0,01%		
District heating/cooling distribution	CCM 4.15	2,51	0,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Production of heat/cool using waste heat	CCM 4.25	3,76	0,7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	0,24	0,05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,10%		
Renewal of water collection, treatment and supply systems	CCM 5.2	0,56	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Renewal of waste water collection and treatment	CCM 5.4	0,37	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Construction of new buildings	CCM 7.1/ CE3.1	1,32	0,2%	EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Renovation of existing buildings	CCM 7.2/ CE 3.2	0,50	0,1%	EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0,56	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,90%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0,04	0,01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0,84	0,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,20%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1,18	0,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,05%		
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0,01	0,00%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								-		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**203,54**	**38,1%**	37,8%	36%	0%	0%	0,3%	0%								**40,66%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**398,94**	**74,8%**	74,4%	36%	0%	0%	0,3%	0%								**74,27%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**134,73**	**25,2%**																
TOTAL		**533,67**	**100,0%**																

128 Values reported according to the template set out in Annex II of Delegated Regulation (EU) 2023/2486 ("MODELS FOR KEY PERFORMANCE INDICATORS (KPIs) OF NON-FINANCIAL COMPANIES"). Shaded cells refer to information not applicable for the current financial year to the Group's business activities.

OPERATING EXPENSES INDICATOR

The numerator of the KPI comprises the “aligned” share of the costs incurred for research and development related to activity 3.6 and the operating costs related to the investments illustrated above.

The denominator of the KPI, as required by law, is composed of the following elements:

- Research and development expenses, as reported in the Group’s consolidated financial statements.

- Maintenance, described in Explanatory Note 32, “Other costs”, from which the portion relating to research and development (R&D) costs has been subtracted in order to avoid double counting with respect to the previous item.

- Leases and rentals, limited to the portion relating to leasing contracts with a duration of less than 12 months, as indicated in Explanatory Note 32, “Other costs”.

SHARE OF OPERATING EXPENDITURE[129] ARISING FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED TO THE TAXONOMY - DISCLOSURE FOR THE YEAR 2024, REPRESENTED IN ACCORDANCE WITH THE TEMPLATE IN ANNEX V OF DELEGATED REGULATION (EU) 2023/2486.

Financial Year N	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18)**	Category enabling activity (19)	Category transitional activity (20)
		€/mln	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	131,44	34,4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	22,30%	E	-
Renewal of water collection, treatment and supply systems	CCM 5.2	0,005	0,0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Operation of personal mobility devices, cycle logistics	CCM 6.4	0,94	0,2%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,20%	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0,10	0,03%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0,10%	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**132,48**	**34,7%**	**34,7%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**22,60%**		
of which enabling		**131,54**	**34,4%**	**34,4%**	**0%**	**0%**	**0%**	**0%**	**0%**	Y	Y	Y	Y	Y	Y	Y	**22,43%**	**E**	
of which transitional		**-**	**-**							Y	Y	Y	Y	Y	Y	Y	**-**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	Optional							%		
Manufacture of other low carbon technologies	**CCM 3.6** CCA 3.6	79,01	20,7%	EL	EL	N/EL	N/EL	N/EL	N/EL								6,6%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	0,14	0,04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Renovation of existing buildings	CCM 7.2 / CE 3.2	0,05	0,01%	EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0,21	0,06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**79,41**	**20,8%**	20,8%	21%	0%	0%	0%	0%								**6,7%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**211,89**	**55,4%**	55,4%	21%	0%	0%	0%	0%								**29,3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**170,26**	**44,55%**																
TOTAL		**382,16**	**100,00%**																

129 Values reported according to the template (model) set out in Annex II of Delegated Regulation (EU) 2023/2486 ("MODELS FOR KEY PERFORMANCE INDICATORS (KPIs) OF NON-FINANCIAL COMPANIES"). Shaded cells refer to information not applicable for the current financial year to the Group's business activities.

GAS AND NUCLEAR ACTIVITIES

In accordance with Regulation 2021/2178 and in light of the clarifications by the Commission[130], Template 1 of Annex XII to Delegated Regulation 2021/2178 with respect to the activities of the Pirelli Group is set forth below.

	Activities related to nuclear energy	
1.	The company carries out, finances or has exposure to research, development, demonstration and implementation of innovative power generation facilities that produce energy from nuclear processes with a minimum amount of fuel cycle waste.	**NO**
2.	The company carries out, finances or has exposure to the construction and safe operation of new nuclear power plants for the generation of electricity or process heat, including for district heating purposes or for industrial processes such as hydrogen production, and improvements in their safety using the best available technology.	**NO**
3.	The company carries out, finances or has exposure to the safe operation of existing nuclear installations that generate electricity or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, and improvements in their safety.	**NO**
	Fossil Gas Activities	
4.	The company carries out, finances or has exposure to the construction or operation of power generation facilities using fossil gas fuels.	**NO**
5.	The company carries out, finances or has exposure to the construction, upgrading and operation of combined heat/cool and power generation plants using gaseous fossil fuels.	**NO**
6.	The enterprise carries out, finances or has exposure to the construction, upgrading and operation of combined heat/cool power generation plants using gaseous fossil fuels.	**NO**

FUTURE DEVELOPMENTS

The Taxonomy regulation is constantly evolving and the list of eligible sectors and activities may be supplemented in the coming years. Specifically, the introductory considerations to Delegated Regulation 2023/2486 suggest the possible future introduction of an activity dedicated to tyre production[131].

In addition, a Social Taxonomy is expected to be drawn up, which may make it possible to broaden the sustainability assessment of economic activities by considering additional aspects such as the health and safety of workers, human rights, inclusion policies and attention to staff growth and training opportunities.

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[130] The FAQs published in December 2023 confirm that non-financing companies, which do not conduct the listed activities, are only required to publish template 1, omitting templates 2 to 5, of Annex XII to Delegated Regulation 2021/2178.

[131] In the introductory remarks of Delegated Regulation 2023/2486, the Commission states the following: *"As tyres are responsible for 20 % of a vehicle's energy consumption, leveraging innovation in their manufacture can reduce the share of greenhouse gas emissions borne by the entire transport sector. Tyres can also contribute to a more circular economy. Although tyre manufacturing is not part of the activity of manufacturing components that are essential for ensuring and improving the environmental performance of low-carbon vehicles, it will need to be assessed in more detail in order to set specific criteria for technical screening, taking due account of the legal obligations enshrined in the most recent EU legislative proposals and best practices, in particular with regard to microplastic release, air pollution, noise, direct greenhouse gas emissions and end-of-life."*

Awaiting further regulatory developments, the Pirelli Group is committed to continuous improvement of the activities necessary to ensure complete and accurate reporting in accordance with regulatory requirements.

SOCIAL INFORMATION

S1 Own workforce

Stakeholders' interests and views and interaction between IROs and the strategy and business model

Pirelli has always promoted and implemented an inclusive culture that values the individual, a sense of belonging and participation in the corporate community and social dialogue, which are considered essential elements for achieving corporate goals and organisational well-being. It views the individual and collective cultural development of its people as an ongoing investment aimed at preventing the creation of cultural and organisational barriers that hinder effective participation in meeting the company's challenges, in the belief that the most innovative ideas and the best solutions emerge from a working environment where everyone can express their potential.

Dialogue and discussion with employee representatives, along with gathering individual feedback through internal employee satisfaction surveys, are the two main channels used to actively engage people and their representatives, helping the company manage and improve all aspects of work. As a result, the outcomes of these ongoing discussions, dialogue and listening efforts are actively incorporated into the Group's strategic decisions. This is evident in the employee targets outlined in the 2025-2030 Industrial Plan, which are structured around five pillars that translate into: safety first; people care and well-being; diversity, equity and inclusion; skills development; involvement and loyalty.

The Company's management and planning model also includes ongoing monitoring of studies, analyses and research on the evolving expectations of workers globally, as well as on employment governance best practices, in order to create a model of continuous improvement and anticipation of regulatory trends, particularly in relation to organisational behaviour and direct engagement in the labour market.

All of the Company's own workers who may be affected by the relevant impacts identified in the double materiality analysis, and illustrated in the General Information section, "Double materiality analysis and management of impacts, risks and opportunities" paragraph, are included in the disclosure pursuant to ESRS2, within the regulatory limits. Specifically, with regard to non-employee workers, labour regulations are in place that assign certain actions, which may in turn be linked to impacts exclusively attributable to the respective employer (third party with respect to Pirelli).

Specifically, Pirelli's own workforce comprises employees of the company and so-called non-employees. With reference to the Pirelli Group's workforce, the second category includes agency workers.

In terms of materiality, Pirelli has identified positive impacts generated by its activities and business model on employees. The areas of activity that have a positive impact on the own workforce can be traced mainly to:

- protection of human and labour rights

- dialogue and industrial relations to ensure continuous improvement of working conditions
- continuous improvement of health and safety conditions at work
- initiatives to promote diversity, equity and inclusion
- skills development programmes, with a focus on performance management and training
- welfare programmes and initiatives for the internal community

Further details of the policies and specific actions implemented by Pirelli to create positive impacts on its own workforce are provided in the dedicated sections of the following paragraphs.

Processes for engaging the Company's workers

The views of the workforce on the current and potential impacts that affect them are central to the dialogue between the company and employee representatives. Collective bargaining is as the key tool for informing the company's decisions and activities.

A central element in building a strong relationship with workers and protecting their rights is Pirelli's industrial relations model, which is organised on two levels. Relations and negotiations with trade unions are managed locally by the Human Resources and Organisation Department within each affiliate, always in compliance with local laws, national and/or company collective agreements, customs and practices in each country. This local approach is supported by the central functions, which coordinate activities and ensure that the above principles are upheld throughout the Group.

The Industrial Relations department, responsible for ensuring the involvement of workers' representatives and informing the Company of the findings in order to integrate the relevant aspects into the management approach, also plays an active role in the Group's commitment to health and safety, an area in which trade unions and workers are also actively involved. Collective representation bodies regularly work with the company to monitor and address current issues, as well as to implement awareness and intervention plans/programmes aimed at enhancing activities and safeguarding workers' health and safety.

At the international level, Pirelli has also set up the European Works Council (EWC) back in 1998, which focuses mainly on economic performance, financial forecasts, realised and planned investments, and research progress. The Pirelli EWC holds an annual meeting after the presentation of the Group Financial Statement. The agreement establishing the EWC also allows for additional extraordinary sessions if needed to meet the obligation of informing delegates about significant events with transnational impact, such as the opening, restructuring or closing of premises, or widespread changes in the organisation of work. The Company has always ensured a constant exchange of information whenever there have been extraordinary situations regarding European production structures.

Moreover, in all cases of corporate reorganisation and restructuring, in line with the principle of constructive and prompt dialogue with employees and a commitment to reducing social impacts, workers and their representatives are notified in advance. This is done within the minimum timeframes, fully adhering to local laws, collective agreements, and union practices, ensuring the full involvement of all relevant institutional stakeholders.

For details on the processes used to monitor the effectiveness of this approach, please refer to the section on the annual audits conducted by Internal Audit and the monitoring of grievance mechanisms available in the “Governance Information” section.

In addition to Industrial Relations activities, further initiatives to involve and listen to people at Pirelli include the global engagement survey, described below.

FOCUS: NEXTOYOU - the Global Engagement Survey on corporate climate

For many years, Pirelli has used the climate survey tool to actively listen to its employees worldwide, using the feedback to develop both group-wide and local improvement plans.

Since 2022, the global survey has been both rebranded (replacing the previous name ‘My Voice’ with ‘NEXTOYOU’) and revised in terms of content, in order to ensure better alignment with the new employee experience focus of Pirelli’s Human Resources and Organisation team.

The survey, covering the entire workforce, is conducted annually in two phases: for white-collar workers in even-numbered years (2024, 2026, 2028, and so on) and for blue-collar workers in odd-numbered years (2025, 2027, 2029, and so on). This biennial approach for each employee category enables Affiliates to develop a targeted and consistent action plan for their location, based on the results of the previous survey.

At the core of the climate survey model is the Sustainable Engagement index, made up of five questions. This index measures both active engagement and satisfaction, along with additional factors like Energy and Empowerment, which are also key indicators of the long-term sustainability of employee engagement. This model is based on the idea that when a work environment fosters individual performance, supports employees’ well-being, and actively engages them in achieving company goals, the engagement is more likely to be sustained in the long term. In fact, the company’s ultimate goal is to maintain Sustainable Engagement at consistently high values and above 80%. This objective was included in the Strategic Targets concerning People in the Industrial Plan with a 2030 horizon.

In addition to Sustainable Engagement, the questionnaire, consisting of a total of 29 questions, also investigates the level of job satisfaction of the employees on the following dimensions of the employee experience, with some differences between the staff and worker population: Health, Safety and well-being, stress level, work-life balance, relationships between People, teamwork, support at work, Purpose, Trust, Quality, social responsibility, Diversity, Inclusion, Leadership, as well as Capability and Empowerment. There are also open questions to gather comments and suggestions.

For the results of the 2023-2024 global surveys, the climate survey targeting the global blue-collar population in 2023, and the climate survey targeting the global white-collar population in 2024, are considered. Details of the results of each survey are shown below.

The blue-collar climate survey (2023) achieved an overall participation rate of 74%, with an overall Sustainable Engagement Index of 85% (+9% compared to the previous survey). This result significantly outperforms the benchmarks of equivalent similar surveys conducted in manufacturing companies. Based on the results collected, specific improvement actions were identified and implemented, as usual, at local level with respect to the identified areas of attention. The next climate survey for blue-collar workers will be carried out in 2025.

The climate survey targeting the white-collar population (2024) achieved an overall participation rate of 83% (+4% compared to the previous survey) and a global Sustainable Engagement Index of 80% (in line with the previous survey). This means that “total favourable” responses in the category of Sustainable Engagement, i.e., ratings 4 and 5 on a scale of 1 to 5 (1-total disagreement to 5-total agreement) were 80%. This strong and positive Sustainable Engagement result is in line with external benchmarks (white-collar manufacturing standard), as confirmed by the external company that supported the company in conducting the global surveys.

Of the questions in the white-collar survey categories, 92% recorded a positive response rate of over 70%, testifying to a generally very positive and favourable working, professional and engagement climate.

In addition, multiple open comments were gathered: “Welfare & Benefits” was the most commented category overall in the open question “What do you value most about working here?”, followed by the “Flexible working arrangements” and “Training and development opportunities” categories, a sign that these areas represent a strength of our company, particularly appreciated by employees.

The results of this climate survey were communicated to senior management in December 2024, and the results are communicated to employees in February 2025. The action plans of all countries in the group are expected to be gathered by the first quarter of 2025. The overall Sustainable Engagement and Global response rate data annually consolidate the current and previous year’s results in a weighted manner. For the two-year period 2023-2024, the Global Overall Sustainable Engagement score is 83%, with a global participation rate of 76%.

Sustainable Engagement remains higher among the blue-collar population than among the white-collar population, a trend that contrasts with what is typically seen in such surveys. This reflects the company’s strong focus on colleagues working in manufacturing.

In general, the surveys of the last two years reveal some characteristic traits of Pirelli’s corporate culture, including pride and a sense of belonging, trust in the company’s choices and recognition of the high quality of its products, showing how these are now common traits of the company around the world.

Channels for employees to raise concerns

Pirelli is committed to preventing or minimising any negative effects or impacts on its people. The Company operates in compliance with the United Nations Guiding Principles on Business and Human Rights, and is constantly striving to refine processes aimed at identifying, assessing, preventing and mitigating any risks of negative impact on people, and taking timely remedial action should they occur. Remedial measures depend on the type of impact that occurs but always include actions to address the root causes. These measures are also accompanied by proactive support for those affected and, when appropriate, dialogue with workers' representatives.

To allow employees, as well as other stakeholders, to report potential violations of internal policies or legal obligations anonymously and confidentially, the company has for the last several years implemented a whistleblowing system designed to address reports related to working conditions, discrimination and harassment, and health and safety. This system is based on the Group's Whistleblowing Policy, described in the section on Governance, paragraph "The Whistleblowing Policy".

In addition to Group channel, Pirelli provides dedicated channels at the level of individual Companies, where foreseen and in line with local regulations, as well as a channel reserved to reporting Breaches concerning the Internal Audit function managed by independent parties internal to the Company, who would engage an external party to handle the report. The external party would then be responsible for reporting to the Audit, Risks and Corporate Governance Committee.

This channel is available to anyone, whether internal or external to the Group, who wishes to submit a report, either in writing or orally, regarding any company within the Group.

The procedures for reporting and filing complaints are available internally through the intranet and company noticeboards in the local language, as well as externally on the company's website, where they are published in multiple languages to ensure easy accessibility.

Reports received through the Group channel are centrally managed by the Group Internal Audit function, which reports functionally to the Audit, Risk, and Corporate Governance Committee (made up mainly of independent directors), and to the Board of Statutory Auditors of Pirelli & C. S.p.A and meets the requirements of impartiality and independence for the performance of this activity by EU regulations[132] and best practices in general.

The Internal Audit Function receives and analyses reports obtained from Stakeholders in accordance with the whistle-blowing procedures established by the Group and regarding any cases of corruption/violation of the principles of internal control and/or the precepts of the Code of Ethics, equal opportunities, corporate rules and regulations, or any other actions or omissions that, directly or indirectly, might result in economic or financial losses for or damage to the reputation of the Group and/or its subsidiaries.

[132] Legislative Decree No. 24 of 10 March 2023 (the so-called "**Whistleblowing Decree**"), which transposed **Directive (EU) 2019/1937**

Whistleblowing Managers are in charge of analysing all the whistleblowing cases received and providing feedback to the whistleblower on their acceptance, management and results. The Whistleblowing Manager, during the analysis, may, where necessary, involve the corporate functions deemed competent for verification activities, as well as request any specific action plans. If the report is found to be well-founded, the appropriate disciplinary measures and/or legal action will be taken to protect the Company and the whistleblower.

Finally, Internal Audit periodically reports to the relevant Pirelli & C. S.p.A. bodies on the reports received and the progress of the analyses performed.

At the end of 2024, the Group launched a global communication campaign to make employees aware of the possibility of activating the whistleblowing process and how to report it, through posters displayed in offices and plants and a video published on the company intranet. Workers' awareness of these structures and processes, and their confidence in using them to communicate concerns or address needs, is reflected in the activations of the Whistleblowing procedure during 2024.

The whistleblowing channels are structured in accordance with the principles of 'privacy by design' and 'privacy by default and minimisation'. Reports may be made also in an anonymous form and protection of the principles of confidentiality, proportionality, impartiality and good faith is at all times guaranteed, as is zero tolerance in respect of acts of reprisal of any kind against whoever makes a report or is the subject of the report. The handling of reports is, in fact, guided by respect for the confidentiality of the persons concerned and of any third parties involved, while also ensuring anonymity, in the case of anonymous reports, and the principles of necessity and proportionality.

It should be noted that in 2024 no reports of violations of fundamental Human Rights were received, nor was the Company subject to any proceedings or convictions relating to violations of Human Rights.

Pirelli employees around the world

As of 31 December 2024, Pirelli's total own workforce, expressed in Full-Time Equivalent (FTE) and including temporary workers, stands at 31,219, comprising 30,999 employees and 220 temporary workers[133].

The following tables, pertaining to 2024, provide a detailed breakdown of employees by gender, geographical area and type of contract, as well as the employee flow by gender and age group. All quantitative information provided is expressed in FTE.

[133] Agency workers are the workforce that is taken on to meet temporary work peaks, linked to market demand. This workforce is intermediated through employment agencies, in compliance with company policies, legal regulations and trade union agreements.

The cost incurred by the Group in 2024 for employees, including salaries and wages, social charges, and other labour-related expenses, is recorded under the "Personnel Cost" item in the consolidated income statement and amounts to 1,301,297 thousand euros.

Additional quantitative information with specific reference to the issue of diversity is provided in the "Diversity, Equity and Inclusion" section of this Report.

Metrics - Characteristics of own workforce

Gender	**Number of employees (in number of persons)**
Men	26,024
Women	4,975
Other	0
Not disclosed	0
Total employees	30,999

Country	**Number of employees (in number of persons)**
Brazil	6,351
China	3,639
Italy	3,354
Mexico	3,598
Romania	4,701
Total employees in countries with significant employment[134]	21,643

	2024				
	WOMEN	**MEN**	**OTHER (*)**	**NOT DISCLOSED**	**TOTAL**
Number of employees (in number of persons/FTE) alternative	4,975	26,024	*0*	0	30,999
Number of permanent employees (in headcount/FTE)	4,774	25,053	*0*	0	29,827
Number of fixed-term employees (in headcount/FTE)	198	870	*0*	0	1,068
Number of variable-hour employees (in headcount/FTE)	1	103	*0*	0	104
Number of full-time employees (in headcount/FTE)	4,860	*25,781*	*0*	0	30,641
Number of part-time employees (in headcount/FTE)	113	*245*	*0*	0	358

(*) Gender as self-identified by employees.

[134] Defined by ESRS as "at least 50 employees, representing at least 10% of the total number of employees"

	2024				
	Europe	**North America**	**South America**	**APAC Area**	**Russia & MEAI**
Number of employees (in number of persons/FTE) alternative	13,665	3,961	7,522	3,812	2,039
Number of permanent employees (in headcount/FTE)	12,651	3,961	7,408	3,805	2,001
Number of fixed-term employees (in headcount/FTE)	926	0	114	7	22
Number of variable-hour employees (in headcount/FTE)	104	0	0	0	0
Number of full-time employees (in headcount/FTE)	13,445	3,960	7,406	3,812	2,018
Number of part-time employees (in headcount/FTE)	236	1	116	0	5

The following data refer to incoming/outgoing employees (all incoming and outgoing movements of employees with permanent and fixed-time contract, such as retirements, resignations, expiry of fixed-term contracts). The entry and exit rates are calculated by comparing the number of entries and exits of each category to the total number of employees belonging to that category as at 31 December. The disposals and acquisitions of companies or business units, and changes in work schedules from full-time to part-time are not considered.

Overall, the number of employees who left the company is 5,011. For more details, the overall turnover and flows by age and gender are shown below.

In 2024, the total turnover rate is 16.2%, of which 7.8% is voluntary. The data in question relates to the entire company population, which includes white- and blue-collar workers and refers to voluntary resignations and retirements.

	NEW HIRES BY AGE BRACKET			
	<30*	**30 - 50**	**>50**	**Total**
TOTAL	2,649	1,722	278	4,649
OVER THE TOTAL REFERENCE POPULATION	42.1%	9.1%	4.7%	15.0%

	NEW HIRES BY GENDER				
	Men	**Women**	**Other**	**Not disclosed**	**Total**
TOTAL	3,855	794	0	0	4,649
OVER THE TOTAL REFERENCE POPULATION	14.8%	16.0%			15.0%

*At Pirelli there are 42 young people older than 15 and under 18 - before birthday - years old (22 in Germany, 13 in Switzerland, 4 in Sweden, 2 in UK, 1 in Brazil), each for training and integration plans, in harmony with local laws.

Respect for human rights

Pirelli bases its activities on compliance with the universally established Human Rights, as fundamental and indispensable values of its culture and business strategy, working to manage and reduce potential risks of violations and in order to avoid causing – or contributing to causing – adverse impacts to these rights in the international, multicultural, socially and economically diverse context in which it operates.

In addition to adhering to the United Nations Global Compact, ISO 26000 Guidelines, the SA8000® Standard, and relevant ILO international regulations, Pirelli also follows the OECD Guidelines on due diligence and the recommendations outlined in the United Nations Guiding Principles on Business and Human Rights. By implementing the Protect, Respect and Remedy Framework, the company promotes the respect of Human Rights and encourages the adoption of applicable international standards among its Partners and Stakeholders.

Pirelli is committed to monitoring and preventing any impact on the human rights of employees and members of its value chain. To identify, assess, prevent, and mitigate the risks of violation of Human Rights, Pirelli has implemented a Due Diligence system that crosses the value chain and integrates attention to human rights in all the Company's activities.

In 2023, Pirelli updated the Human Rights Risk Assessment (HRRA) analysis for its locations to identify the geographical areas most at risk of human rights violations. The assessment was conducted in line with the Company's Enterprise Risk Management (ERM) model and allowed the identification of subsidiaries on which to intervene as a priority through the most appropriate mitigation and prevention actions.

The first step in the Due Diligence process is to identify human rights relevant to the Company's activities along its value chain, based on an analysis of internal documentation and the due diligence framework. The 12 human rights identified by the analysis as priorities are: the right to equality and non-discrimination, child right, the right to an adequate standard of living and equal and adequate remuneration, working hours and overtime, health and safety right, freedom from modern slavery, forced labour, inhumane treatment, and human trafficking, the right to privacy, the right to association and collective bargaining, land and natural resources protection, indigenous peoples and minorities right, access to justice and the right to education.

For each of the relevant human rights, public indices were analysed to determine the level of potential country risk for the 32 countries in which Pirelli operates, taking into account the geopolitical, socio-cultural and legislative conditions of the countries, assessed on the basis of the probability of occurrence of cases of human rights violations, and the Business risk, taking into account the Company's operations; the riskiness was then defined for the production facilities, assembly units, logistics and offices.

Both analyses were put on a risk scale of 1 to 4 (where 1 = remote risk, 2 = low risk, 3 = medium risk and 4 = high risk).

The results of the analysis show that countries with a medium-high potential risk level are mainly concentrated in the Asian, African and some Latin American countries; while in the European continent, North America and Oceania in general the risk was low-remote.

Finally, in order to identify the level of current risk, further analyses were carried out to assess the current risk situation in the subsidiaries, investigating the effectiveness of the controls adopted by the Company in the countries most at risk, highlighting how the level of potential risk in some countries is significantly lower than the potential level precisely because of the commitments undertaken by the Company, which, in any case, maintains a high level of attention in the field of human rights in all the countries where it operates.

The Human Rights Risk Assessment (HRRA) allows Pirelli to systemise all the mitigation and prevention actions adopted with the aim of prioritising verification, monitoring, awareness-raising and training actions to intervene in an increasingly targeted manner on subsidiaries that might not be in line with Pirelli's human rights provisions.

Furthermore, the Company is aware that international frameworks on Business and Human Rights insist on the need for companies to involve stakeholders in assessing the negative impacts that may be caused by their activities along the value chain through a Human Rights Impact Assessment (HRIA). For this reason, following the risk analysis, Pirelli carried out a stakeholder engagement exercise involving internal company functions and external organisations with expertise in human rights, including NGOs, in order to understand the extent of the negative impacts linked to the 12 human rights identified as relevant. The assessment was based on international standards, asking respondents to rate the likelihood and severity of negative impacts (the latter understood as the scale, scope and irremediable character of the impact). The involvement of the corporate functions made it possible to make this assessment in the subsidiaries, finding an overall remote impact due to the effectiveness of the safeguards adopted. These affect not only the probability of occurrence, but also lower the level of severity, since even in the remote possibility of a violation occurring, the company's management and control system would allow for immediate action, limiting the severity of the possible negative impact.

In the course of 2025, the company will update the Human Rights Risk Assessment on its sites in order to intercept and manage any updates of the risk of human rights violations.

In addition, before investing in a specific market, in new business relationships (e.g., M&As, joint ventures), Pirelli conducts ad hoc assessments on possible political, financial, environmental and social risks, including those related to respect for human and labour rights, and carries out systematic monitoring of the internal and external context in the countries where the Company operates, aimed at preventing negative impacts on human rights and, if necessary, remedying them.

With reference to its Affiliates, the Company also continuously monitors the application of the provisions on respect for human and labour rights, through audits performed by the Internal Audit department, as well as through the "Country Sustainability Plans" active at all the Affiliates and in which ongoing compliance with the dictates of SA8000 is monitored (the latter standard has been used by Pirelli as a benchmark tool for managing social responsibility, including human rights, since 2004).

Please refer to the paragraph of this report entitled “Periodic Audits on Labour Rights and Working Conditions” for more details.

In terms of governance, plans, Risk Assessment results, and Human Rights performance are discussed and approved within the Sustainability Operations Committee (a managerial committee), chaired by the Chief Executive Officer and meeting monthly, and subsequently within the Strategic Sustainability Committee (a managerial committee), chaired by the Executive Vice Chairman and meeting quarterly. These elements are incorporated into the strategic plans approved by the Board of Directors, supported by the Sustainability Committee, based on a proposal from the CEO and in coordination with the Executive Vice Chairman, and are reflected in the Sustainability results approved by the Board of Directors.

To continually update Best Practices in human rights protection, Pirelli works with governmental and non-governmental organisations, industry bodies and academic institutions on the development of global policies and principles. For example, the Group CEO signed the “CEO Guide on Human Rights” promoted by the WBCSD in 2019, Pirelli is active within the UN Global Compact Working Group on “Decent Work in Global Supply Chains”, launched in 2018 and continued in the following years, participated in the UN Global Compact “Target Gender Equality” initiative in 2023, and sponsored the UN Global Compact Business and Human Rights Accelerator programme in 2024. Additionally, Pirelli actively contributes to the creation and maintenance of the Global Platform for Sustainable Natural Rubber (GPSNR) and is a member of this platform.

Pirelli’s commitment to human rights is dealt with extensively in the ‘Global Human Rights’ Group Policy, detailed below.

Global Human Rights Policy

Pirelli’s commitment to guarantee respect for human rights is governed by the Global Human Rights Policy, through which Pirelli promotes respect for human rights and adherence to applicable international standards also among its partners and stakeholders, including suppliers. Even in cases where Pirelli does not have operational control, all commercial partners (e.g., joint ventures, suppliers, etc.) are required to uphold the principles outlined in the Policy.

The Policy describes the management model adopted by the Company with reference to key Rights and Values, such as:

- opposing any form of direct or indirect discrimination and preventing it in all areas of working life;
- recognising the right of its workers to freely form trade unions and to bargain collectively;

- rejecting all forms of exploitation of workers, including child, forced or compulsory labour, and strongly condemning all forms of trafficking and exploitation of human beings;
- promoting a working environment based on trust, dialogue and mutual respect and protecting the well-being of its workers;
- ensuring fair and decent wages;
- ensuring equal pay, e.g. between men and women, for work of equal value;
- ensuring reasonable working hours and providing adequate compensation for overtime;
- taking a proactive role in maintaining a safe and healthy working environment and continuously promoting and disseminating a health and safety-oriented corporate culture;
- respecting local cultures and indigenous peoples and protecting the environmental and cultural heritage as well as the traditions and customs of local communities.

The Policy reaffirms Pirelli's commitment to respect and protect fundamental human rights under the laws and regulations of the individual countries in which it operates and applicable international standards, including:

- the United Nations International Bill of Human Rights, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights;
- the United Nations Convention on the Rights of the Child;
- the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) and its applicable conventions;
- the European Convention on Human Rights;
- the United Nations Convention against Corruption.

Pirelli's top management, supported by the Sustainability function, which is responsible for Human Rights Governance, and with the involvement of the functions involved in various ways (including but not limited to the Compliance, Purchasing, Human Resources and Organisation, Health Safety and Environment, and Legal Affairs functions) plays a strategic role in the full implementation of the Policy, ensuring the involvement of all Pirelli workers and collaborators so that they express behaviour consistent with the values contained therein.

Further references to respect for human rights and its application to the supply chain are also found in other company documents: "Code of Ethics", the "Health, Safety and Environment" Policy, the "Global Personal Data Protection" (Privacy Policy), the "Diversity, Equity & Inclusion" Policy, the

"Code of Conduct of Pirelli Suppliers", the "Sustainable Natural Rubber Management" Policy and the "Whistleblowing" Policy (Complaint Procedure).

Metrics - Human rights

With regard to work-related incidents, globally there were 64 cases of discrimination and/or harassment in 2024, of which 39 cases and 25 reports were received through company channels (whistleblowing), 3 of which were substantiated (2 relating to Discrimination cases and 1 relating to a Harassment case), while 3 were still being analysed as at 31 December 2024.

There were 103[135] reports through company channels (whistleblowing) concerning other labour issues, excluding discrimination and harassment.

There were no complaints to the company at national contact points for OECD MNEs.

The total amount of fines, penalties and compensation for damages resulting from the incidents and complaints reported above and received in 2024 corresponds to 2,041 thousand euros (of which 89.57% related to the country Brazil) compared to a total value recorded in the consolidated income statement that includes amounts also related to litigation notified in previous years is 8,040 thousand euros (of which 94.02% related to the Brazil).

In 2024, as in previous years, the level of work and social security litigation at Group level remained low. There is still a high level of litigation in Brazil, where labour disputes are a widespread phenomenon and are linked to the specificities of the local culture; as such, it does not only concern Pirelli but also other multinationals operating in the territory. Labour lawsuits are generally initiated when an employment contract is terminated, and they usually involve the interpretation of regulatory and contractual issues that have long been controversial. The Company has made a major commitment to prevent and resolve these conflicts – to the extent possible – including through settlement procedures.

It should be pointed out that in 2024, in relation to Pirelli's Plant in Mexico (Silao), a procedure was activated to verify the respect of trade union and bargaining freedoms, provided for by the 2018 USMCA agreement between USA, Canada and Mexico.

This procedure in 2024 was activated by a union outside the Company, claiming representativeness within the Plant in dispute with the union elected by the workers and legitimated by the Mexican Labour Authorities.

The first phase of this procedure involved an investigation at the Plant by the Labour Authorities of Mexico, and ended with the formal declaration, by the Authorities, of Pirelli's total respect for trade

[135] Coming from both inside and outside the Group.

union freedoms and the right to collective bargaining. At the end of 2024, the process of confrontation between the Mexico and the USA is still ongoing.

There were no serious human rights incidents related to the company’s workforce (including child labour, forced labour, human trafficking) or in violation of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for MNEs. Accordingly, there are no provisions for such cases.

Also with reference to serious incidents concerning human rights related to the company’s workforce, it should be noted that no substantiated reports were received of serious violations of the ILO Core Labour Standards, with specific reference to forced labour, child labour, discrimination, freedom of association and bargaining.

Human rights training

Pirelli believes that training, access to knowledge and understanding of the rules and principles relating to human rights, the values underlying them and the mechanism for their protection is of fundamental importance, both within the company and in the value chain.

With reference to Pirelli employees, in the fourth quarter of 2023 Pirelli made available a course in which the contents of Pirelli’s Policy on Human Rights Management, the regulations underpinning the management model, risk analysis activities and reaction in the event violations are identified are explored point by point. During 2024 the course was translated into the languages most used by the group and was shared with all employees, so that they could learn more about Pirelli’s Global Human Rights policy and the behaviours to be observed to maintain a respectful and inclusive work environment. In 2025, the training programme will continue with further training sessions for company departments that, due to the nature of their activities, may have a significant impact on managing human rights issues or are responsible for specific risks related to human rights.

Working conditions

Following the Double Materiality analysis, the following material impacts related to the management and welfare of Pirelli’s workforce were identified:

- Efficient work organisation, including adherence to time limits set by contracts, regulations, standards and characteristics of the business sector.
- Permanent employment contracts and employment stability at Pirelli.
- Wages of the Pirelli workforce aligned with contracts, regulations, standards and characteristics of the corporate sector.

- Presence of collective agreements and opportunities for involvement for Pirelli's workforce.

Pirelli is committed to guaranteeing working conditions that are fair, inclusive and respectful of current regulations, promoting employment stability, safety and the well-being of its workers through policies and practices aimed at valuing people and their contribution to the sustainable growth of the company.

Policies for the Protection of Working Conditions

Pirelli's commitment to Fundamental Labour Rights is dealt with extensively in the **Global Human Rights Policy**, described in the preceding chapters, which regulates, among other aspects, Pirelli's commitment to fostering positive impacts in terms of (i) efficient work organisation, including compliance with time limits set by contracts, regulations, standards and company sector characteristics; (ii) permanent employment contracts and employment stability at Pirelli; (iii) Pirelli workforce wages aligned with contracts, regulations, standards and company sector characteristics; (iv) presence of collective agreements and opportunities for participation for Pirelli employees.

In particular, the Policy reaffirms Pirelli's commitment to respect workers' rights and to provide for written employment contracts, reasonable working hours, fair and decent wages and equal pay, e.g. between men and women, for work of equal value, and adequate overtime compensation for its employees in accordance with applicable laws and regulations and collective bargaining agreements, where applicable. In any case, regardless of the applicable local laws, remuneration must always be at least sufficient to meet the basic needs of employees and to ensure a decent standard of living for them and their families. In addition, Pirelli's Policy explicitly acknowledges the firm recognition of the right of their workers to freely form trade union associations and to bargain collectively and, in this regard, to engage in open and constructive dialogue with recognised trade union representatives.

In turn, the **Diversity Equity and Inclusion** Policy reaffirms Pirelli's firm commitment to offering equal opportunities in every aspect of working life, and to scrupulously adhering to the principle that work of equal value should be paid for with equal pay ("equal pay for work of equal value"). For additional information, please refer to the dedicated section "Diversity, Equity and Inclusion".

The **Health, Safety and Environment Policy** also fosters positive impacts in terms of participation opportunities for Pirelli's workforce, expressly providing for consultation and participation of workers and their representatives on occupational health and safety. For additional information, please refer to the dedicated section "Occupational Health & Safety".

Targets

The Company's goal has always been, and will continue to be, to foster an environment of effective and open dialogue with employees and their representatives, while ensuring strict adherence to the terms of contracts, regulations, adopted policies, and applicable laws.

The Pirelli approach has always promoted compliance with all legal and/or contractual requirements concerning working hours, the use of overtime and the right to regular days of rest. These matters are often the subject of agreements at the union level, in compliance with the specific regulatory requirements of each country. At the Group level, the right to paid leave is guaranteed in accordance with applicable regulations and company agreements.

During 2024, there were no rationalisation and/or restructuring operations. In the case of rationalisation or organisational restructuring of the employment level, the company uses tools to minimise the social impact in full compliance with local legislation, current collective agreements and trade union agreements.

Actions

<u>Renewal of Collective Agreements</u>

Pirelli is actively engaged in ongoing negotiations for the renewal of collective agreements, maintaining an open dialogue in multiple countries, each with its own specific contract renewal dates. In particular, during 2024, collective agreements expiring in Mexico, Argentina, Romania and Turkey were renewed without conflict.

<u>Periodic Audits of Labour Rights and Working Conditions</u>

In addition to the trade union dialogue and coordination between the Headquarters and local functions, Pirelli verifies the application of the provisions on the respect of human and labour rights to its affiliates through audits performed by the Internal Audit function, on the basis of an ongoing Risk Assessment.

Normally every audit is carried out by two auditors, either on-site or remotely, and lasts about three weeks. The Internal Audit Team received training on the environmental, social, labour and business ethics elements of an audit from central function directors to enable them to carry out an effective, clear and structured audit, granting Pirelli effective control over all aspects of sustainability. Based on the results of these audits, an action plan is agreed between the local managers and central management, with precise implementation dates and responsibilities and follow-up verification.

The auditors carry out verifications on the basis of a checklist of sustainability parameters deriving from the SA8000® Standard and the Pirelli Policies mentioned above. All managers from the affiliates involved in the audits are adequately trained and informed on the audit purpose and procedures by the applicable central functions, in particular Sustainability, Purchasing, Health, Safety and Environment, Human Resources and Organisation, and Compliance.

It should be noted that in 2024 none of the audits revealed any breach of ILO Core Labour Standards, with specific reference to forced labour or child labour, freedom of association and bargaining, and discrimination. As a result, it was not necessary to establish remedial plans and associated corrective actions.

Metrics – Collective bargaining

78% (almost constant percentage over the four-year period 2021-2024) of the Group's employees are covered by trade union representation bodies.

In line with the requirements of the ESRS reporting standards, the table below provides details by country within the EEA where Pirelli has a significant level of employment, where significant level is defined by ESRS as "at least 50 employees representing at least 10% of the total number of employees". The countries with such characteristics are Italy and Romania, where the percentage of employees covered by collective agreements and workers' representatives is around 100%.

	Collective bargaining coverage	**Social dialogue**
Coverage rate	**Employees – EEA (for countries with > 50 employees representing > 10% of total employees)**	**Workplace representation (EEA only) (for countries with > 50 employees representing > 10% of total employees)**
0 – 19%		
20 – 39%		
40 - 59%		
60- 79%		
80 - 100%	Italy; Romania	Italy; Romania

Metrics - Adequate wages

All employees receive an adequate salary, in line with collective agreements, applicable regulations and market benchmarks.

Diversity, equity and inclusion

The subject of **Diversity, Equity and Inclusion** is linked to the following material impacts:

- Equal opportunities in the workplace at Pirelli, respect for gender diversity and other minorities, equal pay for work of equal value between genders

- Commitment to achieving gender balance at Pirelli

Diversity, Equity & Inclusion Policy

Pirelli is characterised by a multinational context where individuals express a great diversity, whose conscious management simultaneously creates a competitive advantage for the Company and a shared social value.

Pirelli's commitment to respecting equal opportunities and valuing diversity and inclusion in the workplace is expressed in the Pirelli Global Policy "Diversity, Equity and Inclusion", last updated in August 2023. The centrality of the issue for Pirelli also sees equal opportunities covered in other relevant Group sustainability documents, including the "Code of Ethics" and the "Global Human Rights" Policy, also updated in August 2023.

With specific reference to Diversity and Independence of the Board of Directors and the Board of Statutory, please refer to the related Policy "Statement on Diversity and Independence" published on Pirelli's website, in the Governance section.

Pirelli's DE&I Policy stresses its commitment to offering equal opportunities in every aspect of working life, in the selection stages as well as in decisions regarding remuneration, assignment of duties, training and career progression. In particular, Pirelli scrupulously adheres to the principle that work of equal value should be equally remunerated ("equal pay for work of equal value"), e.g. between women and men, and actively works to promote gender equality. These decisions are made exclusively on the basis of people's skills, experience and professional potential and achievements, without any distinction on the grounds of gender, gender identity and expression, sexual orientation, marital status, pregnancy status, parental or care-giving status, age, disability (wether mental or physical), skin colour, ethnic origin, nationality, religious belief, socio-economic and/or cultural background, trade union affiliation, political or other opinions.

The Policy also reaffirms Pirelli's commitment to guaranteeing a working environment in which each person is treated and treats others with dignity and respect, free from all forms of verbal, psychological, physical – sexual or non-sexual – harassment, abuse, constraint or violence, and any discrimination against individuals or groups by other individuals or groups, committing itself to preventing and intervening to put an end to such behaviour, should it occur.

The implementation of Policy DE&I passes through the active support of Group employees at all levels, in compliance with internal guidelines and the tools Pirelli makes available so to:

- take decisions concerning the employment and development of people free from any form of discrimination and harassment;
- continue to maintain a high level of sensitivity and awareness in the organisation towards Diversity, Equity and Inclusion issues, including with a view to preventing potential unconscious bias;

- maintain an inclusive and respectful working environment both within Pirelli and in relations with external Stakeholders, free from all forms of discrimination and sexual and non-sexual harassment;

- grant gender pay equity on an equal meritocratic basis, identify gaps and progressively close them, if found, and transparent reporting in this regard;

- bolster of people's motivation through dialogue, participation, services and initiatives supporting mental and physical wellbeing and work-life balance, including, for example, through flexible working options, the dissemination of a culture of sharing family responsibilities, the adoption of health support programmes, and support for parenthood.

The Policy also details the reporting procedure under DE&I, available to employees as well as to the external community, respecting confidentiality and ensuring non-retaliation. The Company responded in all cases, intervening with actions aimed at removing the causes of the complaints and/or aimed at improving the internal control system. For further information on the reports received, please refer to the paragraph "Whistleblowing Policy" in the "Governance information" section.

In terms of Governance, for years Pirelli has had an Equal Opportunities Manager who works in coordination with the different corporate departments according to their respective expertise, considering the impact of the issue on the value chain. Plans and performance in the area of Diversity, Equity and Inclusion are discussed and approved by the Sustainability Strategic Committee, chaired by the Executive Vice Chairman and which includes the Chief Executive Officer and the top management of the Company representing all organisational and functional responsibilities, and are part of the Sustainability Plans and results presented and discussed by the competent Board Committee and then presented, discussed and approved by the Board of Directors.

The centrality of Diversity, Equity and Inclusion in the commitment of top management is also reflected in the remuneration policies. In the Company's short-term incentive schemes (STI) in 2024, there are ESG KPIs focused on Diversity & Inclusion and, specifically, targets have been set on the number of women in managerial positions relative to the total number of managerial positions in the company. This KPI, broken down in the different geographies, was assigned to the Executive Vice-President, Chief Executive Officer, Region Senior, Executives with strategic responsibility and Group Senior Management with a weight equal to 5% of the entire incentive. For evidence on the target setting and results achieved in the financial year 2024, please refer to the *Report on compensation paid 2024*.

Targets

As an integral part of the Diversity, Equity and Inclusion Policy, as well as of the Global Human Rights Policy, Pirelli pursues the following objectives, set out in the People dimension section of the Industrial Plan:

- **Percentage of women in management ≥33% by 2030 (compared to a baseline of 27% in 2023)**
- **Gender pay gap +/- 2% related to the White-Collar population in favour of either gender by 2030 (compared to a base value of 2.7% in favour of women in 2023).**

The targets, established on the basis of historical trend analyses, span the period from 2023 to 2030, with annual milestones in place to track and monitor performance.

As of 31 December 2024, the percentage of women in management stands at 28.3%, reflecting progress that aligns closely with the target set.

With reference to the gender pay gap target, in 2024 the value stands at 0.4% in favour of women. This Pay Gap is calculated on a country-by-country basis, taking into account the weight given to each organisational position based on various factors, thus enabling an analysis that highlights pay gaps for comparable roles and jobs, and is based on the Base Salary of the Group's White-Collar workforce.

DE&I Actions

The implementation of the Group's objectives programmes and actions for employees is assigned to the Group Human Resources and Organisation department, which, with the support of a dedicated team, develops an annual work plan. This plan is shared with the countries, allowing them to act autonomously while ensuring alignment with the guidelines provided. Through regular meetings with Human Resources and Organisation teams, the central team monitors, supports and encourages all Group companies to take action to ensure that these initiatives are implemented worldwide.

Established practices and activities include, but are not limited to:

- as part of the selection processes, the use of shortlists with a balance of male and female profiles;
- continuous monitoring of the presence of female profiles in the succession plans for managerial positions shared with senior management;
- a commitment to maintaining parity in remuneration with a focus on reducing the Gender Pay gap where it exists;

- welfare and work-life balance initiatives (in regard, refer to the section "Welfare and initiatives in favour of the Internal Community" in this report);
- global and local awareness programmes on various diversity and inclusion issues;
- performance management process for all staff employees aimed at ensuring a fair evaluation of job performance.

Diversity, equity and inclusion initiatives for employees

In 2024 Pirelli continued implement initiatives aimed at promoting a more inclusive work environment for its employees. Demonstrating this commitment, in the climate NEXTOYOU survey conducted on the global Staff population in 2024, questions in the Diversity and Inclusion categories scored positively, an improvement on the previous survey conducted in 2022.

Here are some examples of initiatives globally:

- Expansion of the 'Diversity, Equity & Inclusion Hub' section of the corporate internet, which is accessible to all employees and is dedicated to raising awareness and providing training, with the addition of new pages managed by individual countries;
- guidelines on job announcements with a view to promoting equal opportunities;
- a module dedicated to the management of cross-cultural communication during the 'Plunga' international onboarding programme for new recruits;
- the international webinar '*Inspiring inclusion: allying up for gender equity*' on the occasion of International Women's Day (8 March);
- two international meetings on the topic of generational differences: "*The kids are alright: collaborating in multi-generational teams*" addressed to the entire staff population and "*Bridge the gap: embracing generational diversity*" dedicated to Human Resources and Organisation staff;
- Training entitled "A deep dive into: Pirelli Global Diversity Equity and Inclusion Policy" for all Group countries, aimed at deepening the Company's approach and commitment to the issue of Diversity, Equity and Inclusion, as well as the actions implemented by the Group to foster increasingly welcoming work environments.

In addition, at local level, several Group affiliates delivered specific initiatives. By way of example, here are some of them.

Italy

- In 2024, Pirelli's commitment to gender equality was certified with the achievement of the UNI 125/22 certification (for Pirelli & C).
- Thematic webinars with the aim of offering moments of reflection to employees on the following international days: International Women's Day, International Day against Homophobia, Biphobia and Transphobia, International Day against Violence against Women, International Day of People with Disabilities. In particular, the theatrical performance '*Perché anche io sono una donna*' (*Because I too am a woman*), organised in the Headquarters on the occasion of International Women's Day.
- Training for personnel managers on how to approach an inclusive interview.
- A 7-episode podcast '*Di gomma e di cuore' (Of rubber and heart*), dedicated to the stories of diversity and inclusion of the people working in the Settimo Torinese plant.
- 10 annual scholarships for female STEM university students who are daughters of Pirelli employees (in addition to the scholarships already provided under the 30-year welfare initiative for employees' children).
- A financial planning course in collaboration with SDA Bocconi, aimed at reducing the gender gap in financial asset management skills.

Germany

- Girls' Day: female students can visit the company and discover technical skills through tours, workshops, information on training opportunities.

USA

- Training programme for Atalanta and Rome managers on the topics of diversity, inclusive recruiting process, bias during the recruitment process and also relevant legislation in the US.

Brazil

- ERGs (Employee Resource Groups) with monthly meetings ('Pirellianas em movimento', 'Orguglio Pirelli', 'Soul Black Pirelli').

- Compulsory online training for the Human Resources and Organisation team on “Anti-Racist and Anti-Ableist HR”.

Argentina

- Pirelli sponsored the inclusive fashion show organised by the non-profit organisation ‘Cilsa’ for the second time, supporting its mission to raise awareness about disability.
- STEM Women: partnership with secondary technical institutes for the STEM Women initiative, offering a two-and-a-half-month internship to 50% of female students with a secondary education.

Mexico

- ALVA certification: recognition of a safe and fair environment for women.

The financial resources allocated to these activities were centrally monitored, though they are not significant.

Beyond internal programmes, Pirelli is deeply committed to promoting equal opportunities outside of its organisation, recognising the important role the company plays in driving cultural change within its communities.

As the parent company, Pirelli actively participates in several working groups on Diversity, Equity and Inclusion issues. Among these we note:

- The Valore D network, the first business association in Italy aimed at promoting gender balance and an inclusive corporate culture. The working tables and peer sharing opportunities organised by the network deepen the concrete and positive impacts of inclusiveness on employees and the community, the definition of improvement plans and targets, and the measurement of Diversity, Equity and Inclusion results.
- The DE&I committee of MUNER, Motorvehicle University of Emilia-Romagna, of which Pirelli is a partner company.
- “Females in motorsport’, a group aimed at creating a women’s community with the objective of enhancing and promoting the role of women in motorsport.
- The association ‘PARI.’ involves companies and institutions to combat gender-based violence. The association will be formalised in 2025.

Regarding synergies with schools and universities, the company renewed its involvement in 2024 in the “Inspiring Girls” project, promoted by ValoreD. This initiative brought the stories of employees with STEM backgrounds to middle schools in Lombardy, inspiring students to pursue their aspirations free from gender stereotypes.

In the area of social cooperation initiatives, it is worth mentioning the project run in collaboration with the social enterprise ‘bee.4’ and the social cooperative ‘Cascina Biblioteca’. This initiative creates work reintegration opportunities for inmates at Bollate prison and individuals with disabilities, respectively.

Metrics - DE&I

The tables below provide information on the composition of the workforce for 2024, breaking down employees by age group. In addition, the distribution of top management staff is reported, understood as employees with managerial status with a breakdown by gender and the relative percentage incidence on the total.

Number of employees	**2024**
Under 30 years	6,287
Percentage of employees under 30	20.3%
Between 30 and 50 years	18,854
Percentage of employees between 30 and 50	60.8%
Over 50 years	5,858
Percentage of employees over 50	18.9%

Number of employees in senior management	**2024**
Women	38
% of women among members of senior management	14.5
Men	225
% of men among members of senior management	85.5
Other gender	0
% of employees of “other genders” among members of senior management	0
Not disclosed	0
% of employees of “non-disclosed” gender among members of senior management	0
Total	263

With regard to the proportion of women in the various professional categories in 2024, the data show a gradual increase, with a steady growth in the number of female executives, currently at 14.5% of total Executives. The percentage of women in managerial positions (executives + middle managers), at 28.3% in 2024, is also growing, and for middle managers only at 30%. While the incidence of the female population in the total number of employees stands at 33.8% and the incidence among blue-collar workers rises to 11,9%. The percentage of women in the total population has grown to 16%**.**

For the breakdown of the corporate bodies by gender and Diversity Policies, please refer to the "Report on Corporate Governance and Ownership Structure of Pirelli & C. S.p.A.", within the present Annual Report.

FOCUS: THE FIGURES ON DIVERSITY

Internationality and multiculturalism are the distinguishing features of the Group: Pirelli operates in over 160 countries on five continents, and as of 31 December 2024 Pirelli's employees came from 90 nationalities. The following table shows nationalities most present in the total population calculated in relation to Management positions.

Share in total workforce (in % of total work force)	
Nationality	%
Brazilian	20.5
Chinese	11.7
Italian	11.2
Mexican	11.6
Romanian	15.3
Russian	6.4
Other	23.3
Total	100

Share in all managerial positions (as % of total workforce) including junior, middle and senior positions (as % of total managerial workforce)	
Nationality	%
Brazilian	9.8
Chinese	4.3
Italian	51.5
Mexican	3.0
Romanian	2.2
Russian	1.0
Other	28.2
Total	100

In the context of equal opportunities, Pirelli is particularly attentive to remuneration equality, constantly monitoring and publishing the figures transparently for more than 10 years.

The countries considered in the analysis at the end of 2024, were all the countries in which Pirelli operates. The pay gaps between men and women are calculated for each country and for the same roles, taking into account the "grade" assigned to each (i.e., the weight given to each organisational position on the basis of different factors) and the statistical significance of each cluster. This methodology of data collection allows for an objective investigation and assessment, taking into account the structural differences of the various local markets and their specific remuneration logic.

With reference to all the Group's executives, middle managers and white-collar workers, the average pay gap measured between men and women is 0.4% in favour of women. More specifically, with reference to white-collar workers, the average pay gap between men and women measured is 1.4% in favour of women. For middle managers, on the other hand, there is an average pay differential of 1.9% in favour of men. A few examples:

→ Italy, where there is a difference between average pay for men and women of around 5.6% in favour of women in the white-collar category and 3.3% in favour of men in the middle management category;

→ Romania, where for the white-collar category there is a 0.6% in favour of women and for the managerial category a 4.5% in favour of men;

→ Brazil, where there is a 2.0% pay gap in favour of men in the white-collar category and a 6.0% gap in favour of men in the middle management category;

→ Germany, which has a difference between average male and average female salary of 0.8% in favour of men for the white-collar category and 2.5% in favour of men for the managerial category.

With reference to the population of executives, of which women make up 14.5%, there is an average pay gap of 3.9% in favour of men.

With regard to the population of blue-collars, all countries where Pirelli has an industrial presence were analysed. For each of these countries the pay gap between men and women has been calculated. The average, weighted by the number of employees, showed 3.0% in favour of men. A few examples:

→ China has a 7.6% difference between average male and average female wages in favour of men;

→ Brazil has a 13.8% wage gap in favour of men;

→ Italy shows a 2.8% difference in favour of men;

→ Romania shows a 0.7% difference in favour of men.

With reference to all Group employees, the difference between the average remuneration of men and the average remuneration of women was 4.0% in favour of men. This calculation is based on the simple average of the remuneration of all male employees compared with the simple average of the remuneration of all female employees without any weighting or adjustment.

Pirelli also monitors the annual total remuneration ratio (i.e. the ratio of the compensation of the Executive Vice Chairman, as the person who receives the highest compensation, to the median of the compensation of all other group employees), which stood at 614 in 2024. The ratio is “adjusted” with the Purchasing Power Parity[136] correction factor, so as to take into account the different purchasing power of the various countries in which Pirelli is present. For more information on the Compensation of the Executive Vice Chairman, please refer to the 2024 Report on Compensation Paid.

Skills Development - Performance Management and Training

The Skills Development - Performance Management and Training topic is linked to the following material impact:

- Training and skills development of Pirelli employees throughout their working lives

The training of the company’s own workforce is an integral part of the company’s strategies to ensure professional growth and continuous improvement of skills, in line with development and performance management objectives.

Policies

Pirelli’s commitment to skills development is clearly outlined across multiple Policies that, among the various aspects covered, address Pirelli’s commitment to promoting positive impacts by fostering the training and development of its employees’ skills throughout their careers, in particular:

- the Global Quality Policy, which explicitly emphasises the promotion of Pirelli’s corporate culture focused on quality, inclusiveness and ethics among its employees, achieved through continuous and targeted dialogue, communication, motivation and training;

- the Global Human Rights Policy, which highlights Pirelli’s commitment to raising awareness among its employees through information and training, ensuring they conduct their business activities with respect for human rights;

- the Health, Safety and Environment Policy, which expresses Pirelli’s commitment to empower, train and motivate its workers to work safely and in respect of the environment, making them responsible and involving all levels of the organization in a continuous training and information programme designed to promote a culture of occupational health and safety and respect for the

[136] Conversion rate that seeks to equalise the purchasing power of different currencies, eliminating differences in price levels between countries.

environment, as well as to ensure that the company's responsibilities and procedures in these areas are appropriately updated, communicated and understood.

Targets

As a key element of its training policy and to confirm its commitment to promoting the training and development of its outside workers, Pirelli aims to maintain a constant average of more than five training days per employee annually, as outlined in the Industrial Plan.

This target, which is based on historical trend analysis, market benchmarking and internal skills development programmes, applies to the entire Pirelli workforce globally for the period 2024-2030. In 2024, the annual performance monitoring confirmed a result above the target threshold, with 6.9 average training days per employee, calculated by dividing the total training hours in the year 2024 by the average headcount for the year and transforming the resulting figure into days.

Training and Development

All Pirelli affiliates have adopted the Learning@Pirelli training model, structured and equipped system to respond to Group training needs as well as any more specific needs that may emerge locally at any time. The Pirelli training offering is based on one hand on the strategic priorities of the organisation and the different functions, and on the other on the needs that arise each year from the Performance Management process, as well as the training needs that arise from the contingencies of the socio-economic context. In 2024, despite the variety of training topics covered, the focus on health and safety issues, IT security awareness programmes and general professional upskilling activities, including those required by the advancement of the company's digital transformation process, is confirmed. The content delivery modes are distributed between presence, virtual and online self-paced consistent with the learning objectives of each initiative. The Pirelli training model is based on four pillars: Professional Academy, School of Management, Global Activities and Local Education. The first three are designed centrally and provided centrally and/or locally, while Local Education is fully managed and implemented in the individual countries to meet the specific local needs, a large part of which is dedicated to training blue-collar workers.

<u>Pirelli Professional Academy</u>

The Pirelli Professional Academy target the entire corporate population with the aim of providing continuous technical-professional training, accompanying the development of specialist skills, encouraging cross-functional collaboration, ensuring the exchange of expertise and know-how among countries and supporting the implementation of tools and procedures within the organisation.

The Pirelli Academies are as follows: R&D Product, Manufacturing, Commercial, Quality, Supply Chain, Purchasing, Finance and Administration, Planning & Control, Human Resources and Organisation, Digital and Health Safety and Environment. Despite the specificity of the individual training offerings, many academies collaborate with each other in the dissemination and promotion of topics of growing and transversal across functions and process steps relevance, including, for example, compliance, environmental protection, human rights, including health and safety, IT and digitisation of business processes. The teaching staff of the Academy is mainly composed of internal trainers, experts from the specific functions who, based on the training needs and logistical needs, provide training at central, regional and local level. The Academy model envisages a function contact person leading each Academy, supported by the Group Training function, which guarantees uniformity in the methods of setting up, delivering and evaluating learning as well as ensuring liaison with local training teams.

From year to year, the Professional Academies' training offerings are expanded to include new initiatives aimed at meeting strategy and business needs. Below are some examples of initiatives delivered in 2024:

- In the R&D Academy context, a global mapping of skills has been launched for colleagues working in the Materials teams of all Pirelli sites. The initiative builds on the experience gained from the previous upskilling course for colleagues in the Materials area and aims to assess the proficiency levels of skills deemed crucial for tackling future challenges in product development. By analysing the results, it will be possible to design a training programme focused on supporting the development of these skills throughout 2025. In addition to the usual Academy training offerings, training was also organised in the area of Digital Tools to support the function's technologists.

- The upskilling training initiatives dedicated to professionals in the Logistics and Purchasing function continued on a global scale, aimed at providing the necessary tools and skills to face business challenges, in line with the evolution of market demands and professional trends. In particular, 2024 saw the launch of the third Supply Chain Essentials training course. This involved a group of young departmental colleagues from across various Pirelli offices and focused on key areas such as Warehouse & Distribution, Planning and Data Analytics. Thanks to the alternation of theoretical and practical modules, during the training course the participants had the opportunity to experiment with application exercises of corporate interest. Among the projects carried out in 2024, which the previous year's course participants worked on in the classroom, is the project titled "Data Analytics, Management by Exception". The goal of this project is to develop digital algorithms using Python that can assist in management decisions and prioritise actions by analysing how changes in market availability levels and logistics costs are affected by variations in goods transit and unloading times. As part of the training programme supporting the Digital Transition, the project was carried out by the Supply Chain Essentials participants in collaboration with the Data Analytics team. It is estimated that the potential savings, resulting from cost control and improved service levels due to the digital and automated management of logistics priorities, could amount to approximately 0.5 million euros following its implementation.

- In the Digital Academy area, the digital awareness campaign was launched for Italy, with the aim of providing a non-specialist audience with increasing opportunities to stay updated on the latest trends in the sector and on the company's approach to managing these trends and leveraging their full potential. The programme was structured across multiple sessions, where external professionals and company management discussed AI, Machine Learning, and Generative AI. In 2024, the Digital Academy also globally launched the 'Digipedia' programme, a portal designed for sharing internal documentation and training resources developed in cooperation with different corporate functions related to the main processes and tools implemented for digital transformation. This initiative was developed in collaboration with various business functions. The Digipedia, accessible to all Pirelli employees, has expanded opportunities for quick and instant updates on the various technological features offered by digital tools. Inside Digipedia, for example, a space was dedicated to the CRM project, the first internal digitisation process launched together with the Commercial Academy, to enhance the sales experience and optimise sales performance. Within this space are the CRM video pills, a series of 7 mini e-learning modules designed to help CRM users, as well as sales and marketing colleagues from all Pirelli countries, fully leverage the platform's capabilities. 150 colleagues viewed the online mini-tutorials and more than 90 were involved in face-to-face or virtual workshops dedicated to CRM platform updates. This training initiative undoubtedly contributed to improving the adoption of the CRM tool, which, for example, saw an average increase of 4% in adoption across Europe alone.

- Among the activities launched in 2024 by the Health Safety and Environment Academy is the "Leading with Health & Safety Value Programme", a global programme aimed at further strengthening the company's health and safety culture through workshops, meetings and training activities. After the kick-off at the end of 2024, the programme will continue by gradually involving the Regions and production sites.

- In the Manufacturing sector, the "Pirelli Manufacturing Excellence" programme was launched. This global continuous improvement initiative aims to develop skills, promote best practices, and share knowledge to achieve operational excellence. The implementation of the programme began in 2024 at plants in Romania, Brazil, Italy, China and Germany. It involved several training workshops that helped spread the new methodology and develop the technical skills needed for successful implementation.

Pirelli School of Management

The School of Management comprises the training offering dedicated to the development of the managerial culture within Pirelli and is aimed at the entire staff corporate population.

The focus of management training is oriented each year based on the business challenges that the Company is required to face. The training model provides for a training offering consistent with the six Key Behaviours identified in the global performance management system, to which a paragraph is dedicated in this section. This also includes onboarding courses for new recruits and development courses to support managerial roles.

In 2024, the traditional two-year Warming Up programme, designed for all new graduates of the Group, was redesigned to make the course more engaging and impactful for the participants. The redesign included an expanded number of training modules focused on soft skills, such as Systemic Thinking and Innovative Problem Solving. It also introduced a systematic alternation of business and soft skills modules, in order to better support the synergy between technical expertise and supporting soft skills. The course, even in this new version, remains an international programme with plenary modules where colleagues from all Pirelli locations have the chance to interact and exchange ideas. In 2024, it involved numerous colleagues from most of the countries where the Group operates.

As part of the School of Management's offering, the traditional "Plunga" on boarding programme was held in digital format for all new employees in the Pirelli Group, involving many colleagues from different countries. Also in 2024, the School of Management organised courses in English, with the aim of involving more and more foreign colleagues in training programmes dedicated to key behaviour, soft skills and managerial competences. For the Group's new executives, the traditional annual "Developing Managerial Excellence" programme was also conducted in 2024.

2024 also saw the completion of the first Lead Beyond management development programme and the launch of a new one. This year, the programme continues to involve colleagues from various locations and functions within the Group, aiming to support their growth as they take on increasingly complex professional challenges. As in the previous edition, the programme consists of several modules, spread over a total period of 6 months, organised in both virtual and face-to-face modes.

The programmes mentioned are part of recurring initiatives, which are repeated annually. Given the extended duration of these training courses, both the Warming Up and Lead Beyond programs include an annual transition, where one wave concludes and the next wave begins, with a new group of participants getting involved.

Global Activities

Global Activities include all training campaigns launched globally and designed to promote awareness of corporate guidelines while respecting local diversity. Topics such as Information Security and Inclusiveness were, among others, the focus of these activities.

In 2024, a new version of the Cyber Security training course was launched. This online module, called "Cyber Security Awareness", further enhanced the company's already extensive offerings on the topic. The global awareness-raising and training campaign on diversity, equity and inclusion issues also continued. A training pill entitled "A deep dive into: Pirelli Global Diversity Equity and Inclusion Policy" was launched to deepen understanding of Pirelli's commitment to inclusiveness and the actions taken by the group to foster increasingly welcoming work environments, which is in addition to the one launched in 2023 and expanded in 2024 on the Pirelli Global Human Rights Policy, for more details see the chapter on 'Human Rights Training'. This is also the context for an international awareness initiative focused on generational differences, which included a meeting for the entire staff population, as well as a dedicated training event for Human Resources and Organisation staff.

Among the global initiatives focused on sustainability, in 2024 the Climate Change Challenge campaign stands out. This global programme, implemented at both Regional and country levels, was designed to raise awareness of climate change across the entire Company workforce, spread knowledge of Pirelli's decarbonisation strategy, and encourage concrete actions in the area of energy transition.

Local Education

The training provided at the local level responds to the specific training needs of the Pirelli affiliates operating in the different countries and is addressed to the entire company population.

In Italy, a significant training campaign was conducted in 2024 to support managers during the feedback phase of the Performance Management process.

Other notable activities include training for more than 2,300 colleagues in China in 2024 on the topic of social responsibility, as well as manager training in Sweden focused on the working environment, in line with local legislation.

In many countries including Mexico, UK, USA, Romania and Brazil, local leadership programmes have been created to support the managerial development of team leaders and supervisors in plants.

A large part of the training at the local level is represented by the training provided within the plants and mainly dedicated to the continuous updating of the skills of departmental operators. In addition, all courses related to the implementation of new local regulations and procedures fall within this cluster.

Talent Development

The Talent Development programme aims to ensure business continuity by supporting the identification and development of people with the potential to cover the positions of greater complexity, those who already hold strategic positions and so-called critical know-how (that is, people with key skills that are difficult to replace).

In 2024, global Talent Review meetings were held as usual, attended by department and business unit managers, together with their direct reports and relevant Huma Resources managers. As in previous years, the goal was to support the identification of targeted development paths and ensure a consistent and effective process across the Group. As far as training programmes for 2024 are concerned, the following are worth mentioning in particular:

- Global Mentoring Programme: an initiative dedicated to the youngest segment of the talent population, the third one of which was launched in 2024. Each of the participants, or mentees, is paired with a senior leader in the role of mentor. Mentors and mentees were supported with some training sessions aimed at sharing methodologies and tools to support the effectiveness of the programme. The main objectives of the course, in continuity with previous editions, were: the transfer of experience and vision between current leaders and the next generation of leaders, the support for the professional development goals of young talent, and the development of greater awareness of corporate culture and context.

- Lead Beyond – Pirelli Global Managerial Program: a training programme that consists of several modules, both in-person and virtual, spread over six months and intended to support participants in developing their managerial skills. The second wave of the programme started in 2024 and is currently underway.

The total training provided in 2024 amounted to 6.9 days (55.1 hours) of average training per capita. This figure, which was calculated by dividing the total training hours in the year 2024 by the average head count for the year and transforming the resulting figure into days, confirms the centrality of training in Pirelli's culture. The investments made for the various categories of the company population (blue-collar workers, middle management and white-collar workers, and executives) are balanced in proportion to the overall training strategies: the strong focus on manufacturing improvement processes in addition to the usual attention to health and safety issues, particularly significant in 2024, explain the larger investments on the blue-collar worker population.

Health, Safety and Environment topics accounted for 24% of total global training in 2024, calculated by taking the total number of training hours on HSE topics carried out in 2024 and dividing the resulting figure by the total training hours in the year in question. For more information, please refer to the chapter "Health and Safety and Environmental Training", HSE Academy.

	GROUP	WOMEN	MEN	Other	Not disclosed
Average per capita training hours	**55.1**	**49.8**	**56.1**	**0**	**0**

	Blue-collars	White-collars	Middle Managers	Executives
Average training hours per level	**61.7**	**31.2**	**27**	**16.9**

Performance Management

Through the Performance Management process, which mainly involves the staff population (executives, managers and employees) worldwide on an annual basis, Pirelli defines and evaluates each employee's contribution to achieving company objectives, assessing both results achieved and behaviour acted upon. The process supports the definition and sharing of key indicators for the realisation of the corporate strategy and represents an important opportunity for the professional development and orientation of each individual. A key element of the process is the transparent, open, and agile dialogue between the boss and the employee, from the phase of sharing individual objectives to that of evaluating the results achieved and the behaviours expressed in achieving them.

The main features of the process are:

- the process and the platform are open all year, so as to better support the continuity of dialogue between boss and employee and alignment on priorities;
- the assessment is based on two dimensions: 'what' (results) and 'how' (behaviours expressed);
- key behaviours, applicable to the entire corporate population, reflect and represent the company's values outlined in the Code of Ethics and are essential for achieving the strategic objectives of the company. Key Behaviours are: Accountability, Teamwork and collaboration, Forward thinking, Agility, Cross-functional approach, Initiative and drive;
- the entire process is managed within a platform accessible from all company devices.

In support of the quality of the performance evaluations, as part of the process Pirelli includes so-called Calibration Meetings, i.e., meetings attended by the heads of the individual functions, Business Units and Countries, with their respective first reports and the relevant Human Resources and Organisation managers. During these meetings, the assessments of the people belonging to a specific organisational unit are put into common use with the aim of ensuring a shared and balanced distribution of the evaluations, enrich the assessment by supplementing it with feedback complementary to that of the manager and thus guarantee a process that is as coherent, homogeneous and objective as possible.

In 2024, alongside the usual digital training resources focused on the evaluation and feedback process, dedicated training sessions for managers were also organised to offer additional support, guidelines and clarifications on how to effectively handle evaluation and feedback meetings.

The performance management process mainly involves staff worldwide (Executives, Middle Managers and employees). In 2024, the employee participation rate was 19.2%, calculated by dividing the total number of people who participated in the performance review process in the year by the total head count as at 31.12.23 (the year to which the performance review relates, so the 2023 performance was assessed at the start of 2024). This figure corresponds to the total number of eligible persons for the year under consideration according to the process defined at Group level. Below are the percentages of completion by gender and level calculated as above but considering, each time, the reference population always as at 31 December 2023:

	Women	Men	Other	Not disclosed	Total
	2024	2024	2024	2024	2024
Percentage of employees who participated in regular performance and career development reviews	37.6%	15.8%	0%	0%	19.2%

	White-collars	Middle Managers	Executives	Blue-Collars	Total
	2024	2024	2024	2024	2024
Percentage of employees who participated in regular performance and career development reviews	87.2%	96.5%	99.1%	1.1%	19.2%

Welfare and initiatives for the internal community

The following material impact can be attributed to corporate welfare:

- Well-being of workers in the company, in relation to health and safety in the workplace, existence of working arrangements favouring work-life balance

This theme is part of the company's policies aimed at promoting employee well-being, through initiatives that ensure a safe, healthy and caring work environment with a balance between professional and personal life. In addition, the material impact also refers to health and safety aspects, which will be discussed in more detail in the next paragraph.

Policies

The well-being of workers is addressed through both the **Global Human Rights Policy** and the **Health, Safety, and Environment Policy**, which among other aspects, reflect Pirelli's commitment to fostering positive impacts for the well-being of its workers, particularly through working methods designed to promote a balance between professional and personal life.

The **Diversity, Equity and Inclusion** Policy also places well-being at the centre, ensuring that people's motivation is bolstered through dialogue, participation, services and initiatives supporting psycho-physical well-being and work-life balance, including, for example, through flexible working options, the dissemination of a culture of sharing family burdens, the adoption of health support programmes, and support for parenthood.

Pirelli's commitment to promoting welfare can be categorised into four main areas:

- health, lifestyle and wellbeing (e.g. health care, information and awareness campaigns, specific initiatives to improve the well-being of employees);
- working life and working environments (e.g. flexible working hours, individual development training, cultural growth and group celebrations);
- family support (e.g. company-integrated parental leave, scholarships and summer camps for employees' children, inter-company crèches and specific activities to support parents);
- free time (e.g. open days, sports and cultural initiatives, online portals of products and services with important conventions and discounts for employees).

Since years Pirelli has introduced the organisational figure of the “Group Welfare Manager”, who is entrusted with the supervision of welfare activities, jointly with the many central and local functions concerned, including Health and Safety at Work, Industrial Relations, Sustainability, Human Resources and Organisation. New Welfare guidelines for the Human Resources and Organisation functions of the countries were introduced in 2024. These guidelines outline the key areas of intervention at the global level, to be translated into a portfolio of specific programmes tailored to local needs.

Targets

In reviewing its Industrial Plan, Pirelli set a new target aligned with its strategy and policy commitments, aimed at building an increasingly ‘*engaged, diverse and talented*’ global workforce.

The goal is to engage 100% of permanent employees by 2026 in the new MORE welfare programme, launched in November 2024 and explained in the following paragraphs. The target is monitored through the metrics of the level of employee coverage achieved by the programme in the various countries, expressed as a percentage.

The global Human Resources and Organisation team defined this target by assessing the current situation in each country and setting a minimum number of initiatives to be implemented where they are not already in place. These initiatives are intended to complement existing or planned initiatives within local welfare plans in all countries where Pirelli operates.

The initiative applies to the period 2025-2026, with a review milestone at the end of 2025 to assess progress and take corrective action if necessary to ensure full achievement of the target by 2026.

As of 2024, the percentage of employees covered by the MORE programme is 60%.

Welfare Activities

The welfare initiatives that Pirelli offers to its employees vary from country to country, in accordance with the specific regulatory, social and cultural environments in which the affiliates operate and with the global guidelines. In general, all offices worldwide are gradually committed to adopting welfare activities, tools, and processes aimed at creating collaborative environments and providing adequate support for personal life needs.

The welfare activities implemented at Pirelli affiliates around the world align with the following macro-areas of intervention outlined in the global guidelines:

1. **Health, wellness and well-being**, including health care, information and awareness campaigns, specific initiatives to improve the health and well-being of employees, with a focus on stress prevention and the promotion of healthy lifestyles.

<u>Mental Well-being</u>

In 2024, within the area of mental well-being and stress prevention, key activities at the Group's various affiliates included courses aimed at promoting physical well-being and encouraging "healthy lifestyles", including yoga, Pilates, total body workouts, mindfulness and wellness training courses, all offered online to ensure maximum accessibility. Additionally, local awareness and information initiatives on mental health continued to be organised annually by countries on Mental Health Day (October 10).

The following is a non-exhaustive list of the mental well-being initiatives carried out in different countries in 2024:

(Italy)

- international webinar on the recognition and prevention of emotional and psychological distress
- activation of individual psychological counselling with specialists available for all Italian employees

(Mexico)

- launch in 2024 of monthly meetings aimed at raising awareness of stress reduction through practical activities (e.g. painting, creating with clay, etc.), with some sessions open to employees' families.

(Argentina)

- distribution to all staff employees of a special issue of the 'E-News Wellness' Newsletter on 'Invisible Stress', with tips and recommendations for preventing stress. Blue-collar employees were also engaged through dedicated notices displayed on notice boards in common areas.

(Brazil)

- Continuation of the "Plenamente" mental health programme, which provides 24/7 telephone assistance from professionals and various initiatives, both for employees and managers, for the prevention of mental distress. In 2024 in particular, training was provided involving more than 60 managers. New training is planned in 2025 to address Burnout prevention.

- Presence at the Feira and Campinas plants of a psychologist available to employees (6 hours per week)

(Germany)

- Training programme 'The Secret of Inner Strength' aimed at managing professional challenges and stress in everyday working life. The programme will continue in 2025.

It should also be noted that some countries have progressively introduced, over the past few years, dedicated listening areas for employees, to whom they can turn for individual problems and be supported by specialists in order to preserve their psycho-emotional well-being (Argentina, Germany, Russia, Mexico, Brazil, Italy).

Sport & health initiatives

The main activities in the Group's various affiliates in this area include: online courses dedicated to promoting physical well-being, sports activity and a "healthy lifestyle", such as yoga, Pilates, total body workout, mindfulness and - wellness training courses.

The following are some of the new initiatives introduced by countries in 2024:

(Mexico)

- During the summer months, football and basketball tournaments were organised, including inter-company ones.

(Italy)

- In 2024, Pirelli participated for the first time in the Milano Marathon with 35 relays (a total of 140 colleagues and runners) who ran in support of the Italian League for the Fight against Cancer (Lilt) and cancer prevention.

(China)

- A 'Father and Son Sports Day' was organised in September, attended by employees from Yanzhou.

(Germany)

- 8-week programme with nutritional support and fitness training.

At the affiliates there are many initiatives such as Pirelli employee sport teams and awards for those people who have particularly distinguished themselves in the year.

An example of this is the Open Day in Rome (USA), which took place in a museum in October 2024, involving both employees and their families.

The various supplementary health plans provided by the company are available at the affiliates and are designed to enhance and expand social protection beyond what is provided by government and state welfare systems, while also addressing local needs. These healthcare schemes always vary from country to country in terms of allocation levels and the types of coverage provided. The plans are managed by insurance companies or funds created ad hoc, in which the Company participates by paying a fixed amount as is done in Italy, or an insurance premium as is done in Brazil and the United States. For the economic-equity measurement of the above benefits, reference is made to the Consolidated Financial Statements, notes “Employee funds” and “Personnel Costs” within this Annual Report.

As part of the MORE Global Welfare Programme, it is expected that all countries will have minimum coverage under the new Group standards by the end of 2026.

The social benefits implemented by Pirelli in favour of employees (including life insurance, invalidity/disability insurance and additional parental leave) were generally granted to all employees, regardless of the type of permanent, fixed-time or part-time contract, in compliance with company policies and local union agreements.

More specifically, the MORE programme, analysed in detail in the next paragraph, will lead Pirelli to ensure that by the end of 2026, all countries will have supplementary health plans with globally consistent coverage areas. Additionally, “life programmes” to cover the risks of premature death and permanent disability will be made available, if not already provided, to all permanent employees.

2. **Working life and working environments**, including flexible working hours, working-from-home arrangements, individual development training, cultural growth and group celebrations.

In order to improve work-life balance and offer employees a greater degree of flexibility, remote and flexible working arrangements between the social partners were formalised in most of the countries where Pirelli operates in recent years, including, for example, Italy, Germany, Brazil and the USA.

The following are cited, purely as examples and not exhaustively, as some of the initiatives introduced in 2024 to promote a better work-life balance:

(USA)

Granting from 2024 of a day off on Martin Luther King Day, celebrated annually across the USA on the third Monday in January.

Other previously implemented initiatives include:

(Argentina)

Provision of a “kit” for all remote workers, including a backpack, headset, keyboard, mouse and ergonomic laptop holder.

(Italy)

Remote Working Regulation providing 8 days per month of remote working, increased to 10 days/month for caregivers and parents of children under 14.

Granting of meal vouchers for remote working days worked.

Part-time solutions are also in place in many countries. In Argentina, there is an interesting best practice from 2023 that provides for substantial leave in the event of adoptions, infertility treatment and multiple births, disability and chronic illness.

3. **Family support**, including company-integrated parental leave, scholarships and summer camps for employees’ children, inter-company crèches and other specific activities to support parenthood.

With regard to parenting, Pirelli has long supported its employees’ childcare commitments by offering maternity and parental leave that goes beyond local regulatory requirements.

From 2023, all Pirelli industrial countries recognise at least 14 weeks of fully paid maternity leave regardless of local legislation. In addition, in many countries Pirelli recognises at least 10 days of mandatory fully paid leave for non-primary caregivers.

In addition to this in some industrial countries: additional paid leave for special family needs, including accompaniment to medical appointments, school placements, specific programmes to support parenting, such as, for example, facilities or contributions for access to nurseries, merit scholarships, part-time for specific needs, training courses for new parents.

To further support new mothers when they return from maternity leave in addition to the breastfeeding breaks provided by local regulations, Pirelli is going to set up a “lactation room”, where requested.

In many countries, a “birth kit” for new parents containing basic necessities for the newborn is also provided. Other countries provide, alternatively or additionally, a monetary bonus for the birth or adoption of a child.

With reference to the 2024 innovations in support of parenting, the following initiatives are mentioned as examples and not exhaustive:

(Italy)

- All white and blue collar workers: previous agreement on scholarships for sons and daughters of employees. New features include an increase in the number and value of scholarships (for both secondary school and university), additional scholarships for the daughters of employees attending university with S.T.E.M. study paths.

- All Staff: information/training course for parents by age group of their children, with webinars dedicated to the various stages of development.

- Headquarter Bicocca: Additional 10 days of fully paid paternity leave, which can be taken after the end of compulsory paternity leave.

- Polo Settimo Torinese: Introduction, following the renewal of the three-year supplementary agreement with the social partners, of leave for the purpose of accompanying children to medical appointments (up to 12 years of age) and leave for nursery or kindergarten placement.

(Argentina)

-Initiative on the occasion of “Fathers’ Day” to raise awareness on the issue of co-responsibility for parenthood and emphasise the importance of shared and conscious fatherhood.

(Romania)

-’Child safety: in the vehicle and on the road’ campaign conducted in November 2024 offering all Staff employees free access to an e-learning platform with modules on road safety for children

(Brazil)

-Provision of parenting courses through the SER FAMILIA programme

-Awareness-raising activities on the occasion of Mother’s and Father’s Day

Other initiatives for families include open days, sports and cultural initiatives, online portals of products and services with important conventions and discounts for employees and family members. In addition, various programmes were implemented to support better work-life balance management, such as the support desk for care-givers on care issues, courses for new parents and care-givers, actions to support remote work and work-life balance.

4. **Leisure time**, promoting a healthy lifestyle.

The company promotes a healthy lifestyle by offering various initiatives for the well-being of its employees also in their leisure time. In addition, many of these activities have the function of fostering involvement and socialisation:

(Italy)

Pirelli supports employee participation in the Charity Program (relay race) of the Milan Marathon;

participation with one's own team in inter-company football tournaments;

out-of-hours offer of strong total body and Pilates sports classes at special rates in the company's well-being area.

(Mexico)

Organisation of football tournaments and non-competitive races (the latter are also open to employees' families).

(USA)

opportunities to participate in football and basketball tournaments.

(Argentina)

staff employees benefit from discounts at major gym chains.

(Brazil)

all employees have access to an online platform with nutritional programmes and access to discounts at various sports centres.

MORE Programme (Pirelli Global Welfare Program)

As mentioned in the "Targets" chapter, at the end of 2024 Pirelli launched MORE, a new global welfare programme designed to provide a common welfare and well-being services platform for all countries, in continuity with the approach adopted by the company in expanding social protection beyond national welfare programmes.

With MORE, Pirelli reaffirms its commitment to caring for the well-being of its people, promoting a global approach that characterises its corporate culture. In fact, MORE establishes solid minimum standards, complementing, where not already in place, existing and future local welfare plans with a view to harmonisation across the Group.

In 2025, the Global Welfare Guidelines will be revised in line with the new MORE architecture.

The MORE programme has 3 strands of intervention: FOR YOU, FOR YOUR FAMILY, FOR YOUR COMMUNITY.

FOR YOU: aimed at promoting the well-being and inclusion of people in open and stimulating work environments, as well as offering preventive health and life integration plans; includes:

- Company "life programme": guaranteeing a monetary amount to the employee's family in the event of the employee's premature death.
- Preventive health programme: providing partial reimbursement to the employee for a common package of preventive services

FOR YOUR FAMILY: aimed at supporting people at various stages of life (e.g. parenting, caregiving) and families with targeted initiatives and promoting a culture of parenthood and a balanced integration of life and work; includes:

- Parental leave: ensuring minimum leave standards for all working parents in Pirelli: mothers (primary caregivers), 14 weeks on full pay; fathers (or non-primary-caregivers), 10 days on full pay
- Birth Bonus: a bonus for every child born to or adopted by all parents working at Pirelli.

FOR YOUR COMMUNITY: aimed at engaging people in supporting the local communities in which Pirelli operates, through volunteering initiatives and projects in the educational, environmental and cultural fields; includes:

- Corporate volunteering: allowing employees to volunteer 4 hours per year at a local charity/social organisation.
- "Adopt a school" (for industrial countries): supporting a secondary school close to Pirelli's factories, promoting educational and technical training activities and creating a bridge to the world of work.

MORE initiatives, where not already in place, are to be implemented in all countries where Pirelli operates and made accessible to all permanent employees by December 2026.

In 2025 and 2026, the progress of the programme will be monitored and reported on. For more information, please refer to the "Targets" paragraph.

Metrics – Work-life balance

In 2024, the percentage of employees entitled to family leave (understood as maternity, paternity, parental and family care leave) stands at 54%, taking into account the coverage of countries with all these types of leave. Considering only maternity and paternity leave, the entitlement would rise to 100% and 98% respectively.

It should be noted that, with regard to the variable incentive system (STI and LTI), months of maternity and paternity leave do not count as periods of absence for the purposes of calculating any bonus at global level.

Percentage of employees entitled who took family leave	**2024**
Women	7%
Men	7%
Other gender	0%
Not disclosed	0%
Total	14%

Finally, in 2024, the average in weeks of fully paid parental leave offered to primary caregivers was 20.1 weeks, while that offered to non-primary caregivers was 4.5 weeks.

Occupational health and safety

The top management of Pirelli, supported by the Health, Safety and Environment function and with the participation of the functions involved in various ways (including but not limited to the Human Resources and Organisation, Research & Development, Sustainability, Purchasing, Quality, Manufacturing, Enterprise Risk Management functions) plays a strategic role in the full implementation of the “Health, Safety and Environment” Policy, ensuring the involvement of all Pirelli’s workers and collaborators so that they express behaviour consistent with the values contained herein.

Strategic Plans, which also include health and safety aspects, are approved by the Board of Directors, supported by the Sustainability Committee at the proposal of the Chief Executive Officer and in coordination with the Executive Vice Chairman. Results are approved by the Board of Directors as well as the reporting in the Annual Report.

In addition to the role of top management, the above-mentioned functions and the Board of Directors, the Health and Safety Governance provides for:

- a bi-monthly HSE committee convened by the Pirelli Chief Executive Officer in the presence of the front line where performance updates against targets and competitors, ongoing projects and investments, analysis of major incidents, and improvement strategies are presented and discussed;

- business review meetings at local, regional and global level, which are held monthly and have health and safety and environmental issues, performance and improvement programmes at the top of the agenda, in order to ensure continuous comparison and monitoring. These meetings involve the cross-sectional sharing of information and include the participation of the Human Resources and Organisation, Health, Safety and Environment functions and top management on several levels (local, regional and global).

- the work of the local HSE Committee, set up at each site and composed of the heads of functions including Human Resources and Organisation, Health, Safety and Environment, and of which the Plant Manager is the coordinator. This Committee, which meets at least quarterly, analyses health, safety and environmental issues, directs the actions and governs their progress. In a co-ordinated manner, various thematic sub-committees are also established, which carry out continuous work in relation to the characteristic themes of the site.

- the involvement of workers' representatives, at the intervals provided for by legislation, collective bargaining and specific requirements, in Health & Safety Committees at each site with the aim of illustrating, on the basis of the Health and Safety Management System, the activities carried out and those planned and to provide the results of workplace risk assessments.

Specific procedures for the identification, mitigation and management of health and safety risks are developed in accordance with international standards and reference norms that are applied and translated at each site, integrating compliance with local regulations. The procedures, also developed with the cooperation of the relevant functions, systematically define the requirements for risk analysis, risk management methods, and design requirements to ensure that hazards are reduced at source. Preventive analysis and release processes on new projects are implemented to ensure risk management at all stages of development and implementation of new machines and plants. Such approaches allow the implementation of risk elimination and reduction logics in priority to the mitigation and containment strategies implemented in any case. Procedures are reviewed and updated in the event of regulatory changes, technological or process changes and following the analysis of incidents.

Risk analysis allows the identification of priorities and leads to the definition of risk reduction programmes, actions and targets pursued at each site level, whose implementation and effectiveness are monitored by the specific local HSE Committees set up at each site. Plans are also defined to respond to emergency situations, which are periodically the subject of specific drills involving all workers. The Management Model also makes use of internal inspections.

Alongside establishing specific guidelines and procedures for implementing management systems, Pirelli uses the web-based Health, Safety and Environment Data Management (HSE-DM) system, prepared and managed centrally by the Health, Safety and Environment Department. This system makes it possible to monitor performance relative to accidents, near misses, unsafe conditions and behaviour, and illnesses and prepare numerous types of reports as necessary for management or operating purposes.

The HSE-DM system collects all the information related to accidents and to the particular situations that occurred in factories, fitting units, sales centres and warehouses directly managed by Pirelli, including the different categories of workers (internal and external workers operating at Pirelli sites).

According to the Procedure, when an incident occurs, the site where it occurred immediately carries out an "Incident Investigation" to search for root causes and the immediate implementation of countermeasures to eliminate the element of risk and/or that caused the incident. At the same time, all establishments have access to information on the most significant accidents or near misses and receive a Safety Alert from the HSE-DM system, against which they conduct an internal analysis to verify whether conditions similar to those that led to the accident exist, so that, if necessary, appropriate preventive and corrective actions can be implemented.

The management of safety in supplier activities on sites is governed by procedures specifying requirements for coordination, prior risk analysis and work authorisation.

Pirelli's workforce health and safety management policies

Pirelli's approach to responsible management of occupational health, safety and hygiene is based on the principles and commitments expressed in the Code of Ethics of the Group, in the "Health, Safety and Environment Policy" in the "Global Human Rights Policy" and in the "Quality Policy", in accordance with the Sustainability Model envisaged by the Global Compact of the United Nations, with the "Declaration of the International Labour Organization on fundamental Principles and rights at Work" (ILO) and with the "Universal Declaration of Human Rights" of the United Nations. The reference tool since 2004 is also the SA8000® standard.

In particular, the "Health, Safety and Environment Policy", updated in 2023, makes explicit and confirms Pirelli's commitment to:

- manage its activities in the field of occupational health and safety protection in full compliance with the applicable international, national and local regulations on the subject and with all the voluntary commitments entered into, as well as in accordance with the most qualified international management standards;

- pursuing the objectives of "zero accidents" and "no harm to persons" in healthy and safe working environments, through the continuous identification, assessment, prevention and protection from occupational health and safety risks, the timely removal of potential causes of accidents, and the implementation of staff health surveillance plans in relation to specific tasks;

- support the development of programmes to improve psycho-physical well-being and work-life balance;

- promote consultation and participation of workers and their representatives in matters of health and safety at work;

- develop and implement emergency management programmes designed to prevent harm to people and the environment in the event of accidents;

- define, monitor and communicate to its Stakeholders specific objectives of continuous improvement of health and safety at work;

- empower, train and motivate its workers to work safely, involving all levels of the organisation in a continuous programme of training and information, aimed at promoting an occupational health and safety culture and ensuring that the company's responsibilities and procedures in these areas are appropriately updated, communicated and understood;

- actively collaborate at national and international level with institutional, academic, non-governmental, industry bodies concerned with the regulation, study and sustainable management of occupational health and safety issues;

- requires its suppliers to implement an occupational health and safety management model at their sites and along their supply chain in compliance with international standards and the laws and regulations of the countries where they operate;

- make available to all its Stakeholders a channel (the "Whistleblowing Policy" published on Pirelli's website) dedicated to reporting, even anonymously, of any situations that constitute or may constitute a risk for the protection of the health, safety and well-being of people (reference is made to the section "Whistleblowing Policy" for an outline of reports received, none of which regarding health and safety).

Additionally, the Global Human Rights Policy reflects Pirelli's commitment to prioritising the health and safety of workers as a core value. It emphasises the company's proactive approach in maintaining a safe and healthy work environment by adopting high standards for the prevention, assessment and management of related risks. Pirelli is also dedicated to continuously promoting and fostering a corporate culture focused on occupational health and safety.

Target

As a key component of the HSE Policy, Pirelli is committed to achieving the goals of "zero accidents" and "no harm to people" in the workplace. This is accomplished through the ongoing identification, assessment, prevention and protection from health and safety risks. The company focuses on promptly eliminating potential accident causes and implementing health surveillance plans for employees, tailored to specific tasks. Furthermore, Pirelli sets, monitors and communicates specific objectives to its stakeholders aimed at the continuous improvement of occupational health and safety, as well as the environmental performance associated with its processes, products and services throughout their entire life cycle.

As indicated in the 2024-2025 Industrial Plan, Pirelli aims to reduce **the Accident Frequency Index to a value of about 1 by 2025 and to maintain a value of less than 1[137] by 2030**. The work accident frequency index is a key measure for monitoring and improving safety conditions at work, calculated as the number of accidents recorded per million hours worked.

[137] Frequency Index (FI): ∑(Fatal incidents + Serious lost-time incidents + Lost-time incidents) x 1,000,000 / hours worked If calculated based on 200,000 hours worked, the index value is ~ 0.2 at 2025 and <0.2 at 2030.

It applies to all group companies, covering 100% of employees, ensuring an integrated and uniform approach to safety management.

The target is measurable and absolute, as it is based on a well-defined quantitative metric, which makes monitoring easy and comprehensible and aims at a specific and tangible value, without comparisons to other periods.

The reference period for this target is 2025 to 2030, with an intermediate target for 2025 and a maintenance target for 2030: a significant time frame for monitoring progress, implementing corrective actions and consolidating achievements.

For the performance of the target to 2024, please refer to the "S1 Metrics" section below.

In the pursuit of this goal of zero accidents, through a path of continuous improvement and constant prevention, all leaders are involved and given responsibility and a target accident frequency index to pursue through action plans within their sites.

The accident frequency index targets are also linked to the annual remuneration of Site and HQ management, ensuring a direct link between the Group's sustainability goals and the performance evaluations of individual company figures.

Actions

The main actions underpinning the above strategy implemented to achieve the defined objectives are listed below.

The effectiveness of the actions taken is continuously monitored through a number of tools, including regular audits, field inspections, employee feedback and analysis of accident and incident data.

Ongoing evaluation makes it possible to identify any critical issues and make the necessary changes to procedures in good time.

These activities are carried out in collaboration between several departments involved (Health Safety & Environment, Human Resources and Organisation, Research & Development, Sustainability, Purchasing, Quality, Manufacturing, Enterprise Risk Management). This multidisciplinary approach ensures effective management and continuous improvement of the company's health and safety policies.

Management system

Pirelli has voluntarily adopted an occupational health and safety management system, structured and certified according to the ISO 45001:2018 Standard, both at headquarters and at all Group tyre production sites. All certificates are issued with ANAB international accreditation (ANSI-ASQ

National Accreditation Board - US accrediting body). The occupational safety management system, applied without exclusion to all processes and activities at each tyre production site, has been developed in accordance with procedures and guidelines drawn up centrally in order to consolidate a "common language" that guarantees sharing, alignment and management effectiveness across the Group.

The development and continuous improvement of the management system is conducted both centrally and locally by the internal Health & Safety functions with the involvement of all relevant functions. Improvement is based on the continuous application of cycles of action planning, programme implementation, verification of results and, on the basis of these, implementation of improvement. In particular, in line with the provisions of the management system, Pirelli carries out hazard and risk assessments in order to identify what could cause damage to health and safety in the workplace, with subsequent prioritisation and related targets integrated into action plans. Similarly, actions in preparation and response to emergencies are defined. Progress in terms of prevention and reduction of health and safety impacts against the actions and plans undertaken and targets set is evaluated and measured. Internal inspections are also performed.

In 2024, the coverage of the safety management system (certified to ISO Standard 45001:2018), subject to internal and third-party audits, is as follows: 88% of employees, 80% of non-employees, and 93% of the contractors working at Pirelli sites are covered by the Pirelli HSE management system (all production sites are ISO 45001 certified).

Improving the working environment and machinery

In keeping with its strategy of continuous technological innovation, projects are planned annually focusing on machines and systems, as well as the overall working environment. These projects include, but are not limited to, optimising microclimatic and lighting conditions, making layout changes for ergonomic improvements in activities, and implementing measures to ensure the health and safety of the infrastructure. These projects mainly relate to factories throughout the Group.

In 2024, the Group invested 31.2 million euros in property, plant and equipment, while 26.4 million euros are planned for 2025 and are expected to continue beyond 2025.

Enforcement of stringent safety requirements on purchased and used materials

With reference to the **materials** purchased, Pirelli applies stringent safety and acceptability requirements to raw materials, services and equipment, including these requirements in the contractual provisions.

Pirelli applies and supports the technical indications for a development model based on sustainable chemistry provided by the Organisation for Economic Co-operation and Development (OECD). Sustainable chemistry is a scientific concept that aims to improve the efficiency with which natural resources are used to meet human needs for chemical products and services. Sustainable chemistry encompasses the design, production and use of chemical products and processes that are efficient, effective, safe and more environmentally friendly'. All chemical substances and products used are subject to prior HSE assessment (see section "Governance Information", paragraph "ESG elements in the purchasing process"). This activity is continuous, ensuring constant updating and strict control to maintain high standards of safety and compliance.

Furthermore, as per policy, compounds and tyres are produced by the Pirelli Group without the use of the following chemicals:

- substances or mixtures belonging to the so-called SVHC ('Substances of Very High Concern') list, as set out in Article 57 ('Substances to be included in Annex XIV') of Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 (also known as the REACH Regulation); of the so-called SVHCs (Substances of Very High Concern), i.e. those substances that give rise to high concern for their potential effects on human health and/or the environment.

- substances or mixtures in concentrations above the threshold limits laid down in Annex XVII ("Restrictions on the manufacture, placing on the market and use of certain dangerous substances, preparations and articles") of the aforementioned Regulation (EC) No 1907/2006;

- substances or mixtures classified by the IARC ('International Agency for Research on Cancer') as belonging to Group 1 ('Carcinogenic to humans') or Group 2A ('Probably Carcinogenic to humans') or Group 2B ('Possibly Carcinogenic to Humans');

- substances or mixtures classified by the ACGIH ('The American Conference of Governmental Industrial Hygienists') as belonging to Category A1 ('Confirmed human carcinogen') or Category A2 ('Suspected human carcinogen') or Category A3 ('Confirmed animal carcinogen with unknown relevance to humans');

- substances or mixtures belonging to the so-called POPs ('Persistent Organic Pollutants'), PFHxS ('perfluorohexanesulphonic acid') and PFHxS-related substances, PFCA C_9-C_{21} ('perfluorocarboxylic acids containing 9 to 21 carbon atoms in the chain'), PFOA ('perfluorooctanesulphonic acid') and their inorganic or organic salts ('PFOS'), isomers and derivatives;

- any substance or mixture belonging to the recognised categories of polybrominated biphenyls ('PBBs') and polybrominated diphenyl ethers ('PBDEs'), as well as short-chain chlorinated paraffins ('SCCPs') or medium-chain chlorinated paraffins ('MCCPs'), pentachlorobenzene, pentachlorothiophenol, hexachlorobutadiene, hexabromocyclododecane and dichlorane plus;

- any substance belonging to the phthalate family, including - but not limited to - dibutyl phthalate, bis(2-ethylhexyl)phthalate, benzyl butyl phthalate and diisobutyl phthalate;

- any substance or mixture recognised internationally as belonging to the bisphenol family, including but not limited to bisphenol A, bisphenol B, bisphenol F, bisphenol S and bisphenol AF;
- any substance or mixture classified as "Prohibited" by the GADSL ('Global Automotive Declarable Substance List');
- any substance or mixture containing mercury and its derivatives as defined by the Minimata Convention.

Pirelli requires 100% declaration of all substances contained in all products delivered to Pirelli.

Based on international standards and regulations, Suppliers must properly identify hazardous substances and chemical mixtures and communicate them to Pirelli, also ensuring that they are handled, used, transported, stored, recycled and disposed of safely. Suppliers are required to educate and train employees and material suppliers on the health, safety and environmental aspects of hazardous materials through the tools and documents required by the above international standards and regulations.

In order to promote social responsibility and business ethics in the management of materials, Pirelli requires its suppliers of materials and substances to go beyond compliance with legal provisions by adopting best manufacturing practices and addressing their potential environmental, health and safety issues as required by the highest internationally recognised standards and regulations.

<u>Health & Safety and Environmental Training, HSE Academy</u>

Training is an essential tool to support the culture of safety at work and the achievement of the Group's objectives.

24% of the total training provided by Pirelli in 2024 concerned occupational health and safety and environmental issues. Each site designs, plans and delivers training with regard to the specific risks present, particular needs for updating and fulfilling regulatory obligations, trends in indicators and changes in site activities and processes. The characteristic topics of this training covered general safety and environmental concepts including obligations, responsibilities and protection concepts, the treatment of all work hazards present at the site, operating procedures, life-saving rules (golden rules), emergency procedures, and accident reporting and management procedures.

In addition to training offered locally at every Pirelli location, special mention should be made of Group activities and projects, which simultaneously target several Countries and which allow an alignment of culture and vision, fully benefiting pursuit of the Company's own improvement targets. In this regard, in 2023 the HSE Academy was born, the Pirelli Professional Academy dedicated to the in-depth study of HSE topics and aimed at all countries. The Academy offers the "A Day Into HSE" course to the entire company, designed to raise awareness and provide insights into the function's key issues. In addition, it offers in-depth training through e-learning courses or virtual sessions on specific topics such as ergonomics, industrial hygiene, machine safety and environmental matters. In particular, a specialised technical training course with specific certification has been implemented for machine safety, primarily targeting factory operators.

Health and safety training is ongoing and regularly updated to ensure maximum preparedness and compliance with regulatory and operational requirements and developments.

Programmes for the improvement of safety culture

The “Zero Accidents Objective” represents a precise and firm corporate position. From an industrial point of view, this objective is pursued through investments aimed at technical improvement of work conditions, while constantly insisting on the cultural and behavioural aspect of all Company players. This approach, together with the involvement and continuous internal dialogue between management and workers, has led over time to a sharp decline in injury rates.

To support the model, in 2013 the company signed an agreement with DuPont Sustainable Solutions for the global implementation of the “Excellence in Safety” programme. The Programme began in 2014 and is being gradually extended to all Group production sites. In 2022, the programme was expanded by adding an in-depth focus on risk assessment with a related campaign of site assessments concluded in the first half of 2023.

The most relevant areas of Intervention of the “Excellence in Safety” programme are related to improving safety governance, clarity of tasks and roles, empowerment of all workers, improving communication in the organisation, sharing of objectives, motivation with respect to a common strategy: all of these are substantial issues for a work environment that is appropriate and stimulating, where workers feel involved and valued in safety management. Through information, communication and training, everyone is encouraged to report any anomaly and/or unsafe condition in order to encourage participation in continuous improvement and the removal of any potential cause of accidents. All reports as well as actual or potential incidents are handled according to specific procedures aimed at analysing the causes and defining corrective and risk mitigation actions, involving all functions.

In 2024 Pirelli launched a collaboration with the LHS Foundation to develop the “Leading Health and Safety Value” programme. This initiative aims to enhance leadership in safety among company leaders and production teams, recognising it as a crucial factor in positively influencing behaviour and fostering a stronger safety culture towards achieving the goal of zero accidents. The programme includes a top-down and bottom-up approach through workshops aimed at top management, supervisors, safety champions and workers, who are engaged through specially trained in-house trainers. Initially, the programme will be implemented at the Headquarters level, with plans to expand it to regional and production sites over the next two years.

Involvement and engagement

Every year Pirelli organises initiatives to raise awareness and promote health and safety issues on the occasion of World Day for Safety and Health at Work (28 April), promoted by the International Labour Organisation (ILO), as well as on World Environment Day (5 June) designated by the United Nations. In 2024, the initiative was promoted through a motivational video with a message from the Chief Executive Officer addressed to the entire Pirelli population. Each site was thus able to organise, following common guidelines, events that addressed emotional, rational and communicative aspects, with some countries also involving employees' families. Additionally, in 2024, the engagement and involvement of the workforce were driven by the global communication campaign, "Safety is Our Value", which highlights the people and safe behaviours introduced in 2023.

First aid and occupational health care

All Pirelli production sites are served by occupational first aid and medicine units with free access by employees managed by specialised medical and/or paramedical personnel with autonomous management (guaranteeing privacy) of the doctor-patient relationship. These services work in coordination with safety management and emergency functions and company management to provide the necessary support for general risk prevention actions and ensure the necessary health surveillance to protect workers. These garrisons do not only focus on occupational medicine issues but also offer health care to all personnel in compliance with local regulations.

This activity is ongoing, ensuring the constant presence and availability of health services to support the health and well-being of employees at all times.

Adoption of Artificial Intelligence

In the second half of 2023, a project was launched in collaboration with the Data Science team to apply Artificial Intelligence to the safety alert database. The goal of this project is to enhance the analytical capabilities of HSE users, particularly by identifying significant events that might otherwise go unnoticed due to the large volume of alerts. This approach is aimed at making the data, collected from all the sites of the Group, manageable and useful for predictive and preventive activities as well as the extraction of key information, indicative of the areas of greatest risk, aimed at improving analysis at both local and overall Group level.

The tool took a year to develop, involving training with a technical glossary, multiple hours of end-user interviews, and a labelling phase. In July 2024, the summarisation tool was released. Thanks to the integration of AI into our centralised database, there is an opportunity to collect and analyse data on operational risks and workplace behaviour in real time. This innovative approach is aimed at improving the timeliness of emergency responses and making it possible to intercept critical situations, enabling preventive action. The integrated system enables a comprehensive and continuous view of safety, enabling quick, evidence-based decisions that support a safer working environment for all employees.

Metrics – Health and Safety

The performance reported below is for 2024 and covers the same scope as the Group's consolidation.

As indicated in the Industrial Plan and described in the "Target" paragraph above, Pirelli has set the goal of achieving a value of about 1 for the injury frequency index by 2025 and maintaining a value of less than 1 by 2030[108].

The Injury Frequency Index is calculated as the "Lost Time Index Frequency Rate - LTIFR", i.e. considering the sum of injuries with at least one lost working day.

In 2024 Pirelli recorded an LTIFR of incidents of 1.41 per 1,000,000 hours worked[138], which represents a 17% reduction compared to 2023.

The most representative injuries concern events related to contusions, cuts, fractures and sprains.

	Employees	**Non-employees**
	2024	**2024**
Percentage of personnel in the company's workforce that are covered by a health and safety management system based on legal requirements and/or recognised standards or guidelines	88%	80%
Number of deaths in the workforce due to work-related injuries and illnesses	0	0
Number of recordable work-related injuries for the company's workforce	81	0
Rate of recordable work-related injuries for the company's workforce	1.41	0

In 2024, the number of commuting accidents that occurred during transport organised by the company was 23.

It is also reported that there were no work-related deaths among contractors.

The LTIFR injury index for contractors, which stood at 1.02 (employees of suppliers operating at the Group's production sites) recorded a decrease of approximately 18% compared to 2023 (1.24).

[138] Frequency Index (FI): ∑(Fatal incidents + Serious lost-time incidents + Lost-time incidents) x 1,000,000 / hours worked; if calculated based on 200,000 hours worked, the 2024 index is 0.28.

S2 Workers in the value chain

Material impacts, risks and opportunities related to workers in the value chain and their interaction with the strategy and the business model

Pirelli bases its activities on compliance with the universally established Human Rights, as fundamental and indispensable values of its culture and business strategy, working to manage and reduce potential risks of violations and in order to avoid causing – or contributing to causing – adverse impacts to these rights in the international, multicultural, socially and economically diverse context in which it operates.

“Workers in the value chain” refers to employees of Pirelli’s suppliers, including contractors, i.e. employees of suppliers involved in operations at the Group’s production sites (e.g. maintenance workers, canteen services).

Particular attention is paid to the workers of suppliers of raw materials and high value-added goods, as these suppliers can become long-term development partners for the Company. A significant portion of purchasing spending is allocated to them, and they often operate in regions (mainly MEAI, LATAM and APAC) and sectors with a higher incidence of risk of human rights violations, as well as environmental protection regulations and business ethics. In this regard Pirelli’s participation as a founding member in the Global Platform for Sustainable Natural Rubber (GPSNR) is particularly relevant. This platform is based on multi-stakeholder dialogue and collaboration between tyre manufacturers, companies in the rubber supply chain and international NGOs and aims, among other things, to support the sustainable development of the natural rubber business globally, benefiting the entire value chain through shared tools and initiatives based on respect for human and labour rights. This platform promotes dialogue and joint projects, gathering input from key stakeholders in the value chain to improve working conditions and ensure sustainable management. Each year, the results of these activities capture the perspectives and feedback of supply chain workers, which guide Pirelli’s decision-making processes and strategy to improve the management of actual and potential impacts throughout the supply chain. For more information on the activities of this platform, see the “Environmental Information” section, “Biodiversity and Ecosystems” paragraph.

In general, Pirelli’s strategy, which integrates sustainability and respect for human rights as fundamental principles in its procurement processes, aims to generate positive impacts on workers in the value chain, as demonstrated by the findings of the double materiality analysis. Company policies, including the Supplier Code of Conduct, provide for monitoring and control mechanisms, such as on-site ESG audits, to verify that working conditions are adequate and to prevent any human rights violations along the value chain.

At the same time, the results of the audits and the dialogue with stakeholders make it possible to identify areas for improvement and to define increasingly targeted initiatives and concrete activities, which make it possible to verify compliance with contractual rules and promote the protection of freedom of association, employment stability, adequate working conditions and equal treatment for the workforce of Pirelli’s suppliers, as well as to disseminate positive practices concerning training and skills development throughout workers' working lives. These initiatives, detailed below, are mainly implemented through:

- On-site audits of suppliers to check compliance with regulations on human rights, labour, contracts and health and safety as well as the requirements contained in the Supplier Code of Conduct and Pirelli's Policies
- Direct advice during audits to identify and implement plans to remedy non-conformities
- ESG training sessions on human rights and sustainable management for suppliers of raw materials and strategic goods
- Adoption of a sustainable supply chain management model, compliant with ISO 20400 standards

Further details on the policies and specific actions implemented by Pirelli to create positive impacts on workers in the value chain are provided in the dedicated sections in the following paragraphs. For an in-depth look at the supply chain management model, the content of sustainability clauses, details of on-site audits, as well as information on Conflict Minerals and Natural Rubber, please refer to the "Management of relations with suppliers" paragraph in the "Governance Information" section.

Interests and views of stakeholders

To incorporate the interests and perspectives of workers in the value chain into the company's strategies and business model, Pirelli aligns with initiatives and frameworks designed to ascertain market expectations and best practices. These include the United Nations Global Compact, which supports the ongoing coverage and updating of human and labour rights governance, as well as the SA8000® Standard and relevant international ILO regulations. Additionally, Pirelli integrates the UN Protect, Respect and Remedy Framework into its strategies, draws the OECD Guidelines on Due Diligence and the recommendations contained in the United Nations Guiding Principles on Business and Human Rights.

Moreover, in conducting the double materiality analysis, Pirelli annually engages suppliers, along with other key stakeholders such as customers and NGOs, through surveys designed to identify the material issues in Pirelli's supply chain, i.e. those with the most significant positive and negative impacts.

The feedback received guides the corporate strategy, supporting the Sourcing Excellence function in identifying priority areas for action, with a focus on issues such as human rights, occupational health and safety.

Respect for Human Rights and management of the related risk of violation are integrated into all purchasing processes, with specific monitoring of suppliers in higher risk countries. This approach protects workers, strengthens sustainability and drives the business model towards a responsible and inclusive system.

Furthermore, the Company is aware that international frameworks on Business and Human Rights insist on the need for companies to involve stakeholders in assessing the negative impacts that may be caused by their activities along the value chain through a Human Rights Impact Assessment (HRIA). For this reason, following the 2023 risk analysis, Pirelli carried out a stakeholder engagement exercise involving internal company functions and external organisations with expertise in human rights, including NGOs, in order to understand the extent of the negative impacts linked to the 12 human rights identified as relevant. The assessment was based on the international and main available Standards, asking respondents to rate the likelihood and severity of negative impacts (the latter understood as the scale, scope and irremediable character of the impact).

With regard to the workers of suppliers of raw materials and high value-added goods, among the activities of the Global Platform for Sustainable Natural Rubber - GPSNR, Pirelli's participation **in the "Smallholders Representation and Capacity Building (SCB) Working Group**" to represent small landowners is of particular relevance in 2024 in terms of integrating the interests and views of workers in the Natural Rubber supply chain, which in 2024 continued activities aimed at developing a capacity-building strategy for smallholder farmers and industrial plantations.

More details on the Company's involvement with GPSNR activities can be found in the "Environmental Information" section, "Biodiversity and Ecosystems" paragraph.

Processes to involve workers in the value chain and to remedy negative impacts, including channels for workers in the value chain to raise concerns

As already stated, Pirelli has clear and structured processes to identify and address any negative impacts that could affect workers in the value chain. In fact, by conducting due diligence, the Company is committed to identifying critical issues related to labour rights and international regulatory compliance, and where non-compliances are identified it requires suppliers to develop remedial plans to address the issues raised. These plans include actions and deadlines designed to improve working conditions and restore appropriate standards. The implementation of these plans is monitored through regular follow-ups, conducted by independent auditors, to ensure the full implementation of the agreed measures.

In the context of Due Diligence, the Company implements structured initiatives that serve as tools for engaging with its suppliers and aim to assess the social responsibility of its suppliers both at the selection stage as well as periodically, and to address the actual and potential impacts on workers in the supply chain. These include:

- **Human Rights Risk Assessment**

  The Human Rights Risk Assessment is the tool used to assess the potential Human Rights and Labour risk of the entire supply chain, cross-referencing sector and country risk. This tool allows

Pirelli to identify priority areas on which to intervene through the most appropriate mitigation and prevention actions. For more information, see the dedicated section “Human Rights Risk Assessment” in this chapter.

- **Specialised third-party assessment**

  On-site ESG audits of the Annual Audit Campaign are an essential tool for gathering information from suppliers, through observations, interviews with workers and process analysis. These audits conducted at suppliers include direct interviews with workers and their representatives, collecting feedback on working conditions and respect for human rights. This process is a crucial tool to monitor and evaluate the impact of Pirelli’s activities on workers in the value chain. The results of these interviews are incorporated into the ESG risk assessment to evaluate the current risk associated with the supplier and guide the development of appropriate mitigation measures to be implemented by the company.

  Moreover, on potential suppliers of raw materials and high value-added goods, in particular, Pirelli carries out a preliminary on-site third-party audit right from the qualification stage to verify the level of compliance of the potential supplier with respect to the main national and international regulations on Human Rights and Labour (as well as Environment and business ethics) and initiates, where necessary, recovery plans followed by third-party follow-up.

  Ecovadis assessments are in turn an essential tool to extensively investigate a supplier’s sustainability profile from management systems to performance in the areas of human and labour rights, ethics and social practices applied by the supplier at its own premises as well as in its supply chain.

- **Training and capacity building**

  Pirelli promotes ongoing training initiatives for suppliers, rolled out in phases based on the associated risk category, to raise awareness of human rights and improve working conditions. These activities help to strengthen the awareness and skills of workers along the value chain.

- **Reporting Channels**

  Pirelli ensures that its suppliers are aware of the reporting mechanisms by indicating in the **Supplier Code of Conduct**, which all suppliers must read and understand at the qualification stage, the presence of the **Group Whistleblowing Policy**, published on Pirelli’s website, and by integrating the Whistleblowing channel and procedure into the supply contractual conditions. Through this channel, suppliers and their employees can report any actual or suspected violations of the Pirelli Suppliers’ Code of Conduct and/or any applicable legislation to ethics@pirelli.com.

  For more detailed information on the Whistleblowing procedure and on the control, monitoring and management of whistleblowing reports, see the section “Governance Information”, paragraph “Pirelli’s corporate culture and its management model” – “Whistleblowing Policy”.

Through the Suppliers' Code of Conduct, Suppliers are also required to adopt whistleblowing and/or reporting mechanisms that allow for complaints and comments from both internal and external stakeholders to be raised, even anonymously, without any retaliation, and to take appropriate action to resolve identified problems.

Within the reporting channels, there is also a specific Complaints Procedure for complaints related to the Natural Rubber supply chain, available in Pirelli's Sustainable Natural Rubber Management Policy, published on the website.

Finally, with particular attention to the health and safety aspects of people, specific occupational health and safety management criteria are also applied to all suppliers, detailed in Article 2.7 of the Pirelli Suppliers' Code of Conduct, which is published on the company website and forms an integral part of the purchase contract clauses, as described in the paragraph "Management of relations with suppliers" to which reference is made. Based on international standards and regulations, Suppliers must properly identify hazardous substances and chemical mixtures and communicate them to Pirelli, also ensuring that they are handled, used, transported, stored, recycled and disposed of safely. Suppliers are required to educate and train employees and material suppliers on the health, safety and environmental aspects of hazardous materials through the tools and documents required by the above international standards and regulations.

Operational responsibility for Supplier involvement lies with the Group Purchasing Department, which works together with the Sustainability Department. Within the Sourcing Excellence function, Pirelli manages the ESG aspects of the supply chain, monitoring performance and risks, implementing training and capacity building initiatives for suppliers, and supporting them in mitigating ESG risks.

In addition to the frameworks already mentioned in the previous section, with specific reference to **possible global framework agreements**, please refer to the information on the European Works Council (EWC) described in the "S1 Own workforce" - "Processes for engaging the Company's workers" paragraph, which deals with transnational agreements related to human rights and relations with workers' representatives.

Working Conditions and Respect for Human Rights along the Supply Chain

Pirelli is committed to responsible sourcing practices, respecting human rights and decent working conditions throughout the supply chain. In this context, the following material impacts emerged from the Double Materiality analysis:

- Efficient work organisation for suppliers' workers, including adherence to working time limits set by contracts, regulations, standards and corporate sector characteristics.
- Violation of human rights at Pirelli suppliers, e.g. through the use of child or forced labour.

The following paragraphs describe Pirelli's strategy to manage material impacts.

Policies for the management of working conditions and respect for human rights along the Supply Chain

The activities described in the preceding paragraph are also aimed at making the commitments contained in Pirelli's Policies fully operational, which underpin the Company's sustainable supply chain management system.

Pirelli Policies are prescriptive with respect to the requirements of respect for human and labour rights by suppliers. In particular, the **Pirelli Suppliers Code of Conduct**, which is an integral part of the purchasing contract applied by Pirelli, requires suppliers to operate in compliance with national, international, regional and/or local laws, including collective labour agreements, where applicable, as well as international standards defined by the United Nations and the International Labour Organisation or other organisations (e.g. local International Organisation for Standardisation, the "ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up" and to align their due diligence process with the requirements of the United Nations Guiding Principles on Business and Human Rights. The Code details, among other things, what is required of Pirelli's suppliers in the area of human and labour rights and, specifically, in the areas of labour contracts, working hours, prohibition of child labour, prohibition of forced labour and modern slavery (so-called Modern Slavery: human trafficking, serfdom, debt bondage,...), passport management, occupational health, safety and hygiene (including in terms of the use of materials and chemicals that may be hazardous), non-discrimination, equal pay for work of equal value, freedom of association and collective bargaining, rights of indigenous peoples and prevention of conflicts over land, privacy, internal security regulations. The Supplier Code of Conduct details the due diligence system applied by Pirelli, including, as described above, the reporting system - Whistleblowing - that Pirelli makes available to Stakeholders, and, at the same time, that required of suppliers and throughout the supply chain. The clauses also require confirmation that the Goods and Services supplied or to be supplied to Pirelli under the Contract and/or Orders do not contain and will not contain for the entire duration of the supply any Conflict Minerals (3TG, Mica, Cobalt, etc.). Pirelli contractually reserves the right to suspend or terminate the contractual relationship in the event of non-compliance with the Code of Conduct, and/or refusal to enter into a repayment plan, or failure to implement an agreed repayment plan.

In addition to the **Pirelli Supplier Code of Conduct**, the issue is dealt with in the **Sustainable Natural Rubber Management Policy**, whose content, in line with the Policy Framework of the Global Platform for Sustainable Natural Rubber (GPSNR), expressly calls for a commitment to respect universal human rights and protect the health, safety and welfare of workers. For more details on the policy and on the commitment with the GPSNR see the "Environmental Information" section, "Biodiversity and Ecosystems" paragraph.

Further Pirelli Policies, whose principles suppliers are required to respect, recall these commitments, in particular:

- the **Global Human Rights Policy**, which requires respect for workers' rights and the provision of written employment contracts, reasonable working hours, fair and decent wages (including providing for equal pay, e.g. between men and women, for work of equal value) and adequate compensation for overtime for employees in accordance with applicable laws and regulations and collective bargaining agreements, where applicable. In addition, the Policy requires suppliers to recognise the right of their workers to freely form trade union associations and to bargain collectively and, in this regard, to engage in open and constructive dialogue with recognised trade union representatives. Through this Policy, Pirelli also undertakes to manage its supply chain in a responsible manner and specifically to include respect for human rights in its assessment parameters.

- the **Health, Safety and Environment Policy** which requires to protect the health and safety of workers and, in particular, to:

    - govern its activities in full compliance with the applicable international, national and local laws and regulations on health and safety at work and all the voluntary commitments signed, as well as in line with the highest international management standards;

    - pursue the objectives of 'zero accidents' and 'no personal injury' in the workplace;

    - define, monitor and communicate to its Stakeholders specific objectives for continuous improvement of health and safety at work;

    - develop and implement emergency management programmes aimed at preventing harm to the environment in the event of accidents;

    - empower, train and motivate its workers to work safely, involving all levels of the organisation in a continuous programme of training and information, aimed at promoting an occupational health and safety culture and ensuring that the company's responsibilities and procedures in these areas are appropriately updated, communicated and understood;

    - promote consultation and participation of workers and their representatives in matters of health and safety at work;

    - provide for consultation and participation of workers and their representatives in matters of occupational health and safety.

    The Policy explicitly requires Pirelli's suppliers to adopt their own responsible approach at their sites and throughout the supply chain, ensuring occupational health and safety in compliance with international standards and the laws and regulations of the countries where they operate, as detailed in the Pirelli Suppliers' Code of Conduct.

These policies reaffirm Pirelli’s commitment to manage these areas in compliance with applicable international standards, including but not limited to the United Nations International Bill of Human Rights and the International Labour Organisation’s (ILO) Declaration on Fundamental Principles and Rights at Work, as well as the relevant applicable conventions, which all suppliers are required to respect.

Actions

Human rights risk assessment

In 2024, as part of its commitment to the systematic periodic review of the human and labour rights due diligence process, Pirelli updated the potential human and labour rights risk assessment along the entire supply chain (**12,773** unique suppliers), which forms the basis of the risk-based approach underpinning Pirelli’s Due Diligence process.

The Ecovadis IQ+ tool was used for desk risk assessment of the potential Human Rights and Labour risk of the supply chain, which, for each supplier, evaluates sector and country risk by considering issues such as human rights; child labour, forced labour and human trafficking; diversity, equity & inclusion(including pay equity), discrimination and harassment; human rights of external stakeholders; employee health and safety; working conditions; social dialogue, which considers the presence of recognised worker representatives and collective bargaining; career management and training.

The risk assessment was conducted by the Purchasing, Enterprise Risk Management, Compliance and Sustainability Departments, in line with the Group’s ERM model, and applies a risk scale from 1 to 4 (where 1 = low risk, 2 = medium risk, 3 = high risk and 4 = very high risk). For more detailed information on the risk assessment process, please refer to the “Governance Information” section, “ESG Risk Assessment” paragraph.

This analysis specifically enabled the identification of geographical areas and production categories (sector risk) most exposed to potential risks of human and labour rights violations. The assessment made it possible to identify the suppliers that required priority intervention by implementing the most appropriate mitigation and prevention actions.

The results of the analysis show that the countries with the highest incidence of suppliers with an associated high/very high potential risk are mainly concentrated in the MEAI, LATAM and APAC regions; while in the Europe and North America regions the risk was generally medium to low. With regard to the potential risk related to purchasing categories, it is important to note that the raw materials, energy and auxiliary materials categories show a higher incidence of high potential risk. This is because the raw materials in these categories often come from riskier supply chains based on geography and sector of activity. In contrast, the ICT and marketing categories tend to have a higher proportion of low-risk suppliers.

For further information on suppliers identified as having an ESG risk and the percentage covered by mitigation actions, please refer to the “Governance Information” section, “Supplier Relationship Management” paragraph.

The results of the Risk Assessment conducted in 2024 are at the base of 2025 mitigation and prevention actions, with the aim of prioritising verification, monitoring, awareness-raising and training actions to intervene in an increasingly targeted manner on suppliers that might not be in line with Pirelli’s provisions, and required in the Supplier Code of Conduct, regarding human rights and labour protection, in line with Pirelli Due Diligence process.

The effectiveness of ESG audits is monitored through non-compliance follow-ups by third party and corrective actions; specifically, remedial plans are checked to ensure that they are implemented correctly and in a timely manner. Finally, audits conducted in subsequent periods, and their findings, allow the assessment of the effectiveness of the remedial actions that have been implemented.

Specifically, 1073 contractors and Tier 1 suppliers were subjected to third-party human rights assessments in the last three years, and in 22% of the cases current risks were identified, with 100% of the latter triggering remedial plans.

The results of the risk assessment are fully integrated into the activities that the Company has planned for 2025, which will see the continuation of on-site audits of potential suppliers of raw and high added value materials from the selection phase, periodic on-site audits for active suppliers, Ecovadis assessments and with the provision of training on both human rights and biodiversity. For details on qualitative and quantitative supply chain targets, please refer to the “Governance Information” section, paragraph “ESG elements in the purchasing process” and the paragraph “Working conditions and respect for human rights along the supply chain” of this section.

Managing Conflict Minerals

Conflict minerals are normally defined as any mineral mined, refined or traded under conditions of armed conflict and human rights violations, mainly in the Democratic Republic of the Congo, but also in any conflict-affected or high-risk area.

The concept of Conflict Minerals was introduced by Section 1502 of the Dodd-Frank Act, a United States federal law, in 2010. “Conflict minerals” means gold, columbite-tantalite (coltan) cassiterite, wolframite and their derivates like tantalum, tin and tungsten that come from (or are extracted in) the Democratic Republic of Congo and/or bordering Countries. Such minerals are commonly called “3TG” (Tungsten, Tin, Tantalum, Gold).

The objective of the Conflict Mineral Rules is to discourage the use of minerals whose sale might finance violent conflicts in Central Africa where serious violations of human rights have been recorded for many years. Under Conflict Mineral Rules, listed companies in the United States are required to perform reasonable due diligence in tracing the provenance of these materials and reporting the findings to the SEC and publishing them on their website, with the first report to be published by 31 May 2014 (relating to 2013) and subsequently updated each year.

In turn, the European Institutions in May 2017 approved the 2017/821 Regulation (subsequently amended by Regulation (EU) 2020/1588), which “establishes duties in terms of due diligence in the supply chain for EU importers of tin, tantalum and tungsten, their minerals, and gold, originating in conflict zones or at high risk”. The new provisions came into force in January 2021.

Pirelli addresses the management of this issue through a process of risk identification and mitigation. This process is aligned with that indicated by the Organisation for Economic Co-operation and Development (OECD), with particular reference to the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.

This process consists of different points:

- annual traceability of conflict minerals in the raw materials in the supply chain, aimed at identifying the origin of the minerals up to the mines or smelters and the existence of any conflict minerals. The scope of perimeter refers to raw materials received in the Group’s production plants and approved, according to the quality system, to be used in the production cycle as defined by the BOM (Bill of Material) for Pirelli tyres.

- assessment of the real necessity for use according to the safety and performance requirements of Pirelli products.

- annual survey of suppliers eligible for reporting associated with Conflict Minerals, using the tools defined by the Responsible Minerals Initiative (RMI), in particular through tools such as the Conflict Minerals Reporting Template (CMRT) for 3TG and the Extended Minerals Reporting Template (EMRT) for other conflict minerals such as Cobalt and Natural Mica. The survey is launched in July of the tax year, based on raw material input data from the first six months of the year, and completed in the first months of the following year when raw material and supplier data are consolidated for the tax year of interest.

- analysis and mitigation of risks at Smelter/Refiner (SOR; Smelters Or Refiners) level by verifying compliance with the standards set by the Responsible Minerals Assurance Program (RMAP), also considering the search for alternative sources of supply to support risk mitigation.

In addition to the Conflict Minerals Policy, Pirelli expresses its position on the management of the issue in a section dedicated to it in its Global Human Rights Policy, where it is stated that the Company “*requires its suppliers to ensure the commitment to carry out proper due diligence as part of its supply chain in order to certify that products and materials provided to Pirelli are “conflict free” along the entire supply chain (i.e. that they do not come from mines or foundries operating in conflict zones identified as such by the applicable legislation on “conflict minerals” unless they are certified as “conflict free”*). Pirelli reserves the right to discontinue the relationship with suppliers in case of clear evidence of supply of minerals from conflict and in any event in the case of violation of Human Rights”.

The above is further set out in the Pirelli Suppliers' Code of Conduct, which is in turn an integral part of the General Terms and Conditions of Purchase. Purchasing (of both Materials and Goods and Services) whose objective is not to purchase Materials, Goods or Services containing "Minerals from Conflict Zones" unless they are certified as "conflict free". All this is explicitly highlighted by a dedicated clause that Pirelli asks Suppliers to sign: for example, in the case of Materials, this clause reads:

The Supplier represents and warrants that the Goods and Services supplied or to be supplied to Pirelli under the Contract and/or the Orders do not contain and shall not contain for the entire duration of the supply any Conflict Zone Minerals.

The Supplier undertakes:

(i) to provide Pirelli with a comprehensive description of the procedures and tools that have been implemented to ensure that the Goods and Services and the parties involved in the supply of the different components of the Goods and Services do not contain Conflict Minerals;

(ii) to maintain an active due diligence programme to identify and track all Minerals from Conflict Zones in its supply chain based on Organisation for Economic Cooperation and Development (OECD) and Responsible Minerals Initiative (RMI) procedures and tools;

(iii) to supply 3TG Minerals, Cobalt and Natural Mica from smelters that have been classified as "Conformant" (as described in https://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/ and https://www.responsiblemineralsinitiative.org/facilities-lists/);

(iv) to complete, for each type of Good and Service provided under the Contract or Orders, the latest version of the "Conflict Minerals Reporting Template" (CMRT), downloadable at https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/, and the "Extended Minerals Reporting Template" (EMRT), downloadable at https://www.responsiblemineralsinitiative.org/reporting-templates/emrt/, and to send the same by e-mail to conflictminerals@pirelli.com;

(v) to send the documents referred to in (iv) updated annually (always) or in the event of any change in the composition and/or parts/components and/or production process of the Goods and/or Services supplied, and/or any change in the list of foundries and/or the "Conformant" classification status referred to in (iii).

In the event of breach by the Supplier of any of its obligations under this clause 1.15, Pirelli may suspend performance of the Contract and/or Order with immediate effect, without prejudice to its right to terminate the Contract(s) and/or Order(s) and exercise any remedy provided by law.

Over the years, Pirelli has progressively strengthened its model of management and mitigation of the risk associated with Conflict Minerals, extending its scope from the so-called "3TG" minerals (tin, tantalum and tungsten, their ores, and gold) to include, on a voluntary basis, first Cobalt (from 2019) and, from 2022, also Natural Mica.

This extension has been linked to an increasing focus on Cobalt, used in the Lithium-ion batteries that are an integral part of electric vehicles, mobile phones and laptops. The focus on Cobalt is motivated by three main reasons: the growing worldwide demand for this mineral, the fact that its extraction is concentrated in the Democratic Republic of Congo, which holds about 60% of the world's reserves[139], and the existence of numerous reports associating Cobalt mining with the risk of negative social (e.g., child labour, human rights violations) and environmental impacts.

Similarly with regard to Natural Mica (used on a large scale in cosmetics and paints), numerous reports indicate that the extraction and processing of the mineral, concentrated in India and Madagascar and heavily reliant on manual often artisanal and low-scale processes, is often associated with illegal activities, child labour and dangerous and unhealthy working conditions.

In relation to the aforementioned conflict minerals, in any case, it is useful to point out that the materiality of the subject for Pirelli products is decidedly small: e.g., the volume of minerals (3TG) used by Pirelli Tyre in a year weighs, in fact, less than one tonne, a quantity less than one millionth of the volume of raw materials used annually by the Company and which is equally distributed among most tyres produced. To give an example, a tyre weighing 10 kg contains about 10 mg (milligrams) equivalent of tin, in the extremely low concentration of 1 ppm (one part per million).

Despite the negligible amount of these minerals in relation to the volume of raw materials used, their presence inside tyres is of significant technical importance, contributing to their safety and performance.

The suppliers surveyed in 2024 cover the entire "conflict minerals" risk associated with the tyres produced by the Group. All of the suppliers involved have provided precise indications as to the source of the materials in question, listing all foundries as required by the procedure. The investigation led to no evidence of critical issues in the supply chain related to 3TG, Natural Mica and Cobalt.

Targets

As part of its supplier relationship management, Pirelli established a target for managing suppliers identified as having medium and high ESG risk in the March 2024 update of its Strategic Plan. This target is based on the findings of the ESG risk assessment conducted in 2023, as well as the materiality of the expenditure with the assessed suppliers.

This target foresees that by 2025, 96% of the total expenditure related to suppliers detected materials per spend and classified as medium-high ESG potential risk will undergo an ESG assessment. This percentage will rise to 100% by end 2027, guaranteeing the complete and systematic monitoring of these suppliers.

[139] Global Critical Minandrals Outlook 2024

The 2024 update of the Risk Assessment enabled the collection of additional information specifically related to respect for human and labour rights. This information will be integrated into the broader ESG performance monitoring target for the supply chain in 2025.

More information on the ESG Supplier Assessment target can be found in the section “Governance Information”, paragraph “Supplier relationship management”.

Training along the supply chain

The material impact that emerged from the double materiality analysis in terms of training and skills development throughout the working life of the suppliers’ workers reflects Pirelli’s commitment to the growth and awareness of its suppliers on sustainability issues, fostering a positive impact on people and communities.

The existing activities and controls are outlined in the following paragraphs.

Policies for the management of training throughout the supply chain

The issue in question is covered by:

- the **Supplier Code of Conduct** requires suppliers to establish training measures for their employees and along the supply chain that ensure an adequate level of knowledge and understanding of the contents of the Code, as well as to provide adequate training and information programmes to educate and engage their workforce on risk management and health and safety protection measures.t
- the **Policy on Sustainable Natural Rubber**, the contents of which explicitly state, among the various aspects covered, Pirelli’s commitment to fostering positive impacts in terms of training and skills development throughout the working life of workers of suppliers. The Policy highlights how Pirelli offers training courses and materials to the various levels of its natural rubber supply chain, as well as to its employees involved in the purchasing process.

In addition, Pirelli activated internally, through its Purchasing Academy, specific training sessions on ESG management addressed to the Purchasing Department and its buyers, as well as to other internal stakeholders involved in the procurement process.

Finally, among the various initiatives launched in this regard, Pirelli ran a training course on Business and Human Rights, which involved 100% of the Group’s raw material suppliers. For more detailed information, see the next section, “Training, Capacity Building & Engagement – Business and Human Rights & Nature and Biodiversity”.

Actions

Training, Capacity building & Engagement – Business and Human Rights & Nature and Biodiversity

Pirelli believes that training, access to knowledge and understanding of the rules and principles relating to human rights, the values underlying them and the mechanism for their protection is of fundamental importance, both within the company and in the value chain.

With reference to the Supply ChainPirelli activated a training course on ***Business and Human Rights*** which was offered to 100% of the Group’s raw material suppliers – in line with the results of the Risk Assessment concluded in 2023, which saw the risk materiality (resulting from the intersection of Country Risk and Business Sector Risk) position raw material suppliers significantly higher than other purchase categories – and all Capital Goods suppliers considered to be continuous and strategic. In particular, all these suppliers were asked to participate in the training, involving the three internal corporate functions considered key in the management of Human Rights, namely Purchasing, Human Resources and Sustainability.

The course was structured in three modules, with the objective of building “capacity” among suppliers, giving them the essential information that will enable them to effectively manage the issue in compliance with current international regulations and guidelines, and of which Pirelli calls for application, such as the ILO international regulations, the OECD Guidelines on the duty of vigilance, and the recommendations contained in the United Nations Guiding Principles on Business and Human Rights, implementing the Protect, Respect and Remedy Framework.

The course focused on explaining how to create a Management Model, from Governance to Policies, including identifying the necessary processes, how to carry out risk assessments, how to perform due diligence, and providing practical examples of remedial measures, explaining the importance of engagement with stakeholders, and illustrating reporting practices through tangible examples.

At the end of the course, which ended in February 2024, an Attestation Form was issued to each participant supplier.

Pirelli has also asked Suppliers to cascade the course within their organisation and their supply chain. To this end, and to facilitate this activity, Pirelli offered to Suppliers who have completed the course the opportunity to download free of charge all the material, insert their own logo and make it their own, so that they can capitalise on the result of a significant training investment, without having to recreate it, so that they have the course ready for application within their own organisation and to their supply chain. This approach aims to facilitate the extension of the positive impact of training in terms of reach.

In 2025, as foreseen by the Industrial Plan, the company will deliver the same Human Rights Management training in to all suppliers of the other product categories identified as having potential high or medium risk based on the risk assessment.

Equally important are the “capacity building” activities that were carried out in 2024, for about 268 suppliers, both in the area of training on human rights management and in the area of management strategy and reduction of carbon emissions impacts. Of these, 38% falls within the scope of significant suppliers, meaning those with potential ESG risk and/or those considered business-critical.

A decarbonisation capacity-building and Engagement plan is also underway for suppliers of raw materials with the greatest impact in terms of CO_2 emissions, aimed at supporting them in fully understanding Pirelli’s expectations and defining low-carbon development plans.

To complement the already consolidated *Business and Human Rights training and capacity building* programme, Pirelli has also developed a further training programme for 100% of raw materials and strategic capital goods suppliers, focused on ***Nature & Biodiversity***, covering the main environmental impact issues, with a particular focus on natural resource management and the protection of ecosystems and biodiversity., to be delivered in 2025 according to the Group Industrial Plan The aim of the programme is to broaden and strengthen the skills and knowledge of its suppliers and workers in the value chain, providing them with the knowledge they need to understand the difference between Biodiversity and Nature, the economic importance of proper management of nature’s services, the TNFD scheme and the consequent guidelines for setting targets in line with SBTi, as well as sharing Pirelli’s commitments and its biodiversity strategy with suppliers.

Targets

As part of the 2024-2025 Strategic Plan, Pirelli has set a clear and measurable goal to promote respect for workers’ rights in its supply chain**: to offer human rights training to 100% of suppliers classified as High Risk (all categories excluding raw materials and strategic capital goods to which training was delivered in 2024) by 2025 and 100% of suppliers classified as Medium Risk (all categories excluding raw materials and strategic capital goods to which training was delivered in 2024) by 2027 on the subject of Business & Human Rights.**

This objective includes online training programmes designed to strengthen suppliers’ knowledge of Pirelli’s human rights requirements and improve their ESG performance.

For the definition of High Risk and Medium Risk suppliers, please refer to what has already been described with reference to the ESG Assessment target in the “Governance Information” section, “Management of relations with suppliers” paragraph.

In parallel, Pirelli has set a second target **to offer 100% of Raw Materials suppliers and CapEx Strategic Suppliers by 2025 training on the topic of Nature & Biodiversity**. This target, of an absolute nature, will be monitored through the number of suppliers in the selected categories who complete the training programme.

The focus is on enhancing the capacity and knowledge of suppliers in the field of sustainability and biodiversity, with the intention of strengthening their skills through specific initiatives.

The entire programme will be implemented in 2025, and has been defined by adopting a methodology aimed at improving the ability of suppliers to integrate sustainable practices into their operational processes.

Pirelli is committed to constantly monitoring progress towards this goal, reinforcing the importance of nature protection and biodiversity across the entire supply chain.

Both targets were defined in collaboration between the Sustainability and Purchasing departments, reflecting Pirelli's ongoing commitment to promoting sustainability, biodiversity protection and respect for human rights throughout the supply chain.

S3 Affected communities

With reference to the affected communities, the positive impact Pirelli has on the development of the communities in which it operates was found to be material, with dedicated social, educational and cultural initiatives.

Pirelli's operations and its value chain, both up and downstream, generate significant impacts on various types of communities. Since its foundation, Pirelli has been aware of its important role in promoting civil progress in all the communities where it operates and is committed to engaging in dialogue with local communities and NGOs to identify targeted and measurable interventions, ensuring that its contributions uphold ethical principles and fundamental rights.

Pirelli also participates actively in local and international institutional relations, promoting social progress and sustainability in the territories in which it operates, as well as the understanding of the affected communities through a structured process of dialogue and monitoring. The Pirelli Group engages in lobbying activities, including through the industry associations of which it is a member, ensuring alignment with all Pirelli policies, including those related to climate change, as detailed in the "Institutional Commitments to the Community and Collaboration with Industry Associations to Combat Climate Change" paragraph.

The analysis of the socio-economic and environmental contexts in which Pirelli operates, together with the involvement of experts and strategic partners, also allows for the assessment of the potential impacts of its business and the adoption of targeted measures to mitigate them. This is also achieved through collaboration with local NGOs, institutions, and regional stakeholders, enabling the identification of the specific vulnerabilities of the affected communities.

Taking into account its strengths, history, and culture, Pirelli has identified four key focus areas for its commitment to the wider community: road safety, technical training, inclusion through sports activities for young people, and culture. These commitments are realised both through Pirelli's direct actions, including those of the Pirelli Foundation, and through institutional relations, always in alignment with the company's ethical principles and strategic objectives. The goal is always to ensure that initiatives are effective, measurable and responsive to the real needs of the local areas.

As regards direction action, Pirelli for some years now has adopted an internal procedure to regulate the distribution of gifts and contributions to the External Community, which also explains the roles and responsibilities of the functions involved, the operational process of planning, realising and monitoring the initiatives and the disclosures regarding the same. The internal procedure also specifies that no initiatives may be taken in favour of beneficiaries for whom there is direct or indirect evidence of violation of human rights, worker rights, environmental protection or business ethics.

Direct support for communities is also reinforced by initiatives from Pirelli HangarBicocca and the Pirelli Foundation.

Pirelli Hangar Bicocca, a museum of contemporary art in Milan, allows the Company to reach various types of communities, of different geographic origin, training and professional areas, thanks to exhibitions, cultural activities, debates and analyses of the main social-political aspects linked to both their history and current day.

In turn, the Fondazione Pirelli established in 2008, is the preservation of the Group's historic and cultural heritage and the enhancement of corporate culture through initiatives with a strong social and cultural impact, exhibitions, as well as in collaboration with other cultural institutions. In particular, with reference to educational initiatives for the external community, the Fondazione Pirelli also actively spreads the values of the corporate culture among the younger generations with a structured programme of free educational courses.

For a discussion of the activities of Pirelli Hangar Bicocca and Fondazione Pirelli, see the specific paragraphs later in this section.

The contributions made by Group companies to the external community come as part of a more extensive strategy seeking to support achievement of the Group Objectives and, in particular, the approach to the transformation of sustainable development challenges deriving from global scenarios, in the medium-/long-term, into opportunities for growth, resilience and competitiveness and the broader management of impacts throughout the value chain.

Processes for engaging with affected communities about impacts

The goal of the Institutional and Regulatory Affairs Department is to create corporate value through the management of structured relationships with reference stakeholders in all the countries in which Pirelli is present. Pirelli's institutional relations are underpinned by criteria of maximum transparency, legitimisation and responsibility, both with regard to information disseminated in public offices, and to relationships managed with institutional interlocutors in line with the Code of Ethics, the Institutional Relations - Corporate Lobbying Policy and the Group Anti-Corruption Compliance Programme (documents published on the Pirelli website) as well as in line with the principles of the International Corporate Governance Network (ICGN) and in compliance with the laws and regulations in force in the countries where Pirelli operates.

In the area of institutional relations, Pirelli acts above all via active monitoring and in-depth analysis of the institutional and legislative context, as well as identifying the applicable Stakeholders. The activity of Institutional Affairs also includes an in-depth analysis of the global political and economic dynamics, linked to the development of the main topics of corporate interest, and benefits from collaborations with selected think tanks of international prestige. Among these are the collaborations with the Institute for International Policy Studies, the Institute for International Affairs, the Trilateral Commission and the Aspen Institute.

At an international level, Pirelli interacts with the main interlocutors present in the countries in which it operates with its own production sites. When necessary, the Group promotes initiatives directed towards mutual understanding and with the purpose of promoting representation of its values and interests through a strategy based on a clear perception of the industrial objectives and the development of the business.

These activities are carried out at different stages, including strategic planning, goal setting, and action management, and may include formal consultations, face-to-face meetings, and collaborative actions, with the frequency depending on the specificity of the topic and the urgency of the issues addressed.

Institutional Relations contribute to the creation of corporate value through a structured and stable system of external relations directed at persons belonging to the Public Administration in order to ensure adequate representation of the Group's interests, following the various phases of the public decision-making process. All the activities carried out are marked by criteria of legitimacy, correctness and transparency, both with respect to the information disseminated in public venues and also with respect to the relations managed directly with institutional interlocutors. Pirelli assesses the effectiveness of these activities by periodically analysing the results obtained to ensure that they are in line with company expectations.

The Senior Vice President Institutional and Regulatory Affairs has the ultimate responsibility for Institutional Relations in the Pirelli Group. The Institutional and Regulatory Affairs Department is responsible at the global level for supervising advocacy and corporate lobbying activities, to ensure they are carried out in compliance with the principles enshrined in the Group's Code of Ethics and Anti-Corruption Compliance Programme, in line with the International Corporate Governance Network principles and in accordance with the laws and regulations in force in the countries where Pirelli operates.

Furthermore, Pirelli is inspired, in carrying out its Institutional Relations activities, by the criteria of legitimacy, fairness and transparency, as detailed in the Institutional Relations Policy - Corporate Lobbying available on the Pirelli corporate website.

The Pirelli Group is listed, among others, in the European Transparency Register, managed jointly by the European Parliament, the Council of the European Union and the European Commission. The Register provides information on interest representatives which contribute to EU decision-making processes. By joining the Register, Pirelli undertakes to respect the relevant code of conduct as part of the Inter-Institutional Agreement that defines ethical and behavioural principles with which members must comply in the course of their interest representation activities with EU institutions.

In the United States of America, December 2024 saw Pirelli engage the company Ballard Partners as lobbyist. Ballard Partners therefore registered in this role, submitting its registration for lobbying in accordance with the 1995 Lobbying Disclosure Act, indicating Pirelli Tire LLC as its client and the related trade and duties activities as lobbying topics. (Link: LD-1 Disclosure Form)

Processes to remediate negative impacts and channels for affected communities to raise concerns

In line with its commitment to the community, Pirelli adopts a structured approach to identify, prevent and, if necessary, remedy any potential significant negative impacts for the communities in which it operates.

In this context, Pirelli guarantees the accessibility of its whistleblowing channel to external communities too, thereby allowing all those who may become aware of a potential relevant violation to make the proper report.

The channel is open not only to employees, suppliers and business partners but also to the members of the communities in which Pirelli operates, allowing them to make verbal or written reports, potentially also anonymous, of any conduct that is not compliant with the Company's standards or current regulations. All reports are treated with the utmost confidentiality and impartiality, guaranteeing the protection of the whistleblowing from any form of retaliation.

Reports are handled by the Group's Internal Audit Department in compliance with standards of independence and transparency, ensuring adequate analysis and, if grounded, the adoption of suitable corrective or disciplinary measures.

For more detailed information, refer to the section on "Information on Governance", "Whistleblowing Policy" paragraph.

Pirelli has implemented a Due Diligence system that crosses the value chain and integrates attention to human rights in all the Company's activities. Specifically, Pirelli systematically monitors the internal and external context of the countries in which it operates, to prevent negative impacts on human rights and, if so, to remedy such.

In addition, before investing in a specific market, in new business relationships (e.g., acquisitions, M&As, joint ventures), Pirelli conducts ad hoc assessments on possible political, financial, environmental and social risks, including those related to respect for human and labour rights, while in countries where the Company operates, internal and external context systematic monitoring is carried out to prevent negative impacts on human rights and, if necessary, remedy them.

Pirelli's commitment to the external community

<u>Policies for managing relations with the external community</u>

Relations with the external community are an integral part of the **Global Human Rights Policy**, which sets out Pirelli's commitment to fostering positive impacts in terms of social cohesion, individual and community development and the general well-being of people within the community in which Pirelli operates, through the development of dedicated initiatives.

More specifically, the Policy expresses Pirelli's active commitment to disseminating and promoting the values that permeate its action, in respect of local cultures and indigenous populations, protecting the environmental and cultural heritage and traditions and customs of the local communities and helping ensure the economic well-being, respect for human rights and growth of the communities in which it operates, supporting social, cultural and educational initiatives focussed on personal promotion and the improvement of living conditions. In this regard, Pirelli holds dialogue with institutions and the competent non-government organisations to be essential in identifying priority areas in which to support local communities.

The **Group's Code of Ethics** also expresses Pirelli's commitment to contributing towards the economic well-being and growth of the communities in which it works through the supply of efficient, technologically-advanced services and the support of social, cultural and educational initiative focussed on personal promotion and the improvement of living conditions.

In line with what is set forth in the Code of Ethics, Pirelli "*does not make contributions, advantages or other benefits to political parties and workers' trade unions, or to their representatives or candidates, without prejudice to compliance with any applicable legislation*". The political affiliation of an employee or a financial contribution by an employee is to be considered a personal matter and is an action completely independent of Pirelli.

The **Supplier Code of Conduct**, in turn, reminds suppliers to ensure respect of local communities, safeguarding their cultural and natural heritage, traditions and local customs.

The **Sustainable Natural Rubber Policy**, with express reference to suppliers of this raw material, also calls for a commitment to promote the development of local communities. More specifically, Pirelli expects all players in its natural rubber supply chain to act responsibly, supporting dignified living conditions for local communities and promoting their cultural development.

The above Policies are in line with the applicable international standards governing human rights, including the United Nations Universal Declaration of Human Rights and the European Convention on Human Rights.

For a complete list of international standards, refer to the paragraphs on "S1 Own Workforce" and "Workers in the value chain".

Targets

Pirelli is committed to constantly contributing to the economic well-being and growth of the communities in which it operates, as explained in the previous paragraphs and detailed in the specific actions reported below merely by way of example. More specifically, the initiatives pursued meet with the objectives of the Group to disseminate the key values of the Group's business culture, including to external stakeholders.

Actions

Company initiatives for the external community

As specified in the Group "Code of Ethics", with the involvement of all the company departments, which can themselves promote such initiatives both globally and locally, Pirelli supports social, cultural and educational initiatives aimed at personal promotion and the improvement of living conditions. The amount of the disbursements in support of the External Community incurred by Pirelli in 2024 is shown in the section “Contributions to the Community”, of this report.

Road Safety

Around the world, Pirelli is synonymous with safety and high performance. Together with environmental protection, road safety is the key element of the Eco & Safety Performance strategy that inspires the Group’s industrial and commercial choices. Pirelli’s commitment to road safety includes numerous training and information activities, resulting in the research for and continuous application of innovative technological solutions in favour of sustainable mobility but odes not only regard product innovation, rather it extends to include the promotion of principles of road safety and safe driving through the participation in dedicated projects and campaigns.

Bearing witness to this commitment, Pirelli in 2018 joined the United Nations “Road Safety Fund” which aims to support States to reduce the number of deaths and injuries caused by road accidents. The Fund supports the implementation of national plans, as well as concrete actions and projects aimed at improving the safety of infrastructure and vehicles, promoting the correct behaviour of road users and managing the post-accident period efficiently.

Numerous road safety initiatives have been implemented in the countries where the Group operates, of which the following is a non-exhaustive list.

In Italy, in 2024 the partnership with the University of Milan Bicocca and participation in the informal round table on the topic of mobility management and road safety in the area continued, issues on which representatives of the city administration are constantly involved. This scope also includes the meeting held at the Istituto Tecnico Don Orione di Fano (PU) secondary school for year 11s and at the Istituto I.P.S.S.I.A. Attilio Odero secondary school in Genoa for the 18/19-year-olds, where tyres were discussed along with their characteristics, with a particular focus on safety and efficiency. The topic of safe, sustainable mobility for the younger members of society was the focus of the “Siamo Nati per Camminare” initiatives supported by Pirelli and promoted by the Genitori Antismog association, which involved primary and nursery school children in Milan (12th edition), Verona (5th edition) and Genoa (1st edition), who for two weeks, were asked, together with their families, to make the journey to school in a sustainable manner and duly record it. The most virtuous schools were then rewarded during the final event organised in each of the three cities, attended by the local authorities and sponsors.

In addition, in 2024, work continued on two important regional and national Italian projects, both with a particular focus on sustainable mobility, understood here as safer, environmentally-friendly, efficient and accessible mobility that strengthens national competitiveness through practical and scalable solutions: the MOST (National Centre for Sustainable Mobility) and MUSA (Multilayered Urban Sustainability Actions). Both are part of the actions envisaged within the PNRR and have a multi-year horizon, but while the MOST is totally focused on sustainable mobility at a national level, the second has a broader scope on the theme of urban regeneration, where mobility is in any case a fundamental aspect but not the only one, and has a local perimeter focused on the Lombardy region and more specifically on Milan. Pirelli in these projects acts on the one hand by contributing to the development of sustainable tyres in terms of rolling resistance reduction, material sustainability and digital integration, and on the other hand by foreshadowing the main characteristics of the city of the future and identifying the mobility services that will enable its increasingly sustainable development.

In the United States and Canada, “Tire Safety Week” was organised, a series of initiatives on safe driving that also involved other tyre manufacturers. Again in the United States of America, Pirelli continued its partnership with *The Ray* for the advancement of road infrastructures and technologies to improve safety and reduce the environmental impact.

In 2024, Pirelli continued to believe in and thus invest in various initiatives in favour of road safety education on two wheels. With a particular focus on collaborations with driving schools for the training and development of practical and safe experience on the road, track and off-road. Among the various initiatives we can mention the Enduro Republic, Motorace People, Tutti Pazzi per la Pista and GS Academy, as well as the track test days organised directly by Pirelli: the Pirelli Trackdays. With the Metzeler brand, the company is also a partner of the main “adventouring” events that bring participants closer to the off-road world.

Lastly, as in previous years, a section of the website was dedicated to driving tips, for summer and winter, highlighting the important role played by the tyres in the active safety of vehicles and its occupants.

Training

The promotion of technical education at all levels and training are long-standing values that are well-established in the history of Pirelli. The Group continues to benefit from technical and research cooperation with various Universities in the world including the Politecnico of Milan, the Politecnico of Turin, Bocconi University and the SDA Bocconi Business School and the Bicocca University of Milan in Italy, the University of Craiova, the University of Pitesti in Romania, the University of Qingdao in China, and the Technical University of Darmstadt, the University of Applied Sciences in Darmstadt, to name a few.

The Company supports educational and didactic programmes that are able to give less fortunate young people the tools to improve their condition; it contributes scholarships and research projects, firmly believing in training as vital to individual growth and the economic growth of a country.

In China, Pirelli has for years sponsored the study grant for the School of Science and Polymer Engineering (engineering of rubber and plastics and synthesis of polymers) of the Qingdao University of Science & Technology (QUST). Both are located in the province of Shandong and boast an excellent reputation in the respective sectors, with rubber engineering as the institute’s traditional course.

In Turkey, rubbers were donated to the engineering clubs of various universities for the international competitions of single-seat cars built by the respective clubs; Pirelli also took part in the university *Formula Club Middle East*. Donations were also made to the *Pirelli Secondary School* and *Materials Science Club* of the University of Yildiz.

In Canada, a donation was made to the *Global Schoolhouse Initiative*, a non-profit that provides education and support for children in the poorest areas, worse struck by crises.

In Mexico, 2024 saw Pirelli once again support disadvantaged communities, focussing on children through the *United Way* Association. The children were offered workshops divided into five areas: socio-emotional development, educational reinforcement, hygiene and health, environment, and life projects (to stimulate the children to set short- and long-term goals and learn discipline and decision-making). In the United States of America too, Pirelli contributed to *United Way*.

Pirelli Romania continued its support activities for the main technical schools in Slatina, offering more than 200 students the chance to choose their career path as early as high school. In 2024, Pirelli Romania continued the project developed together with the Pitesti faculty of Mechanics on the advanced techniques of tyre manufacture with the support of Pirelli R&D specialists. In addition to the University of Pitesti, the University of Craiova also took part in this project with 45 masters students. In Slatina, Pirelli continued its study grant program, where it supported 48 mechanics and electricians through in-factory training sessions and meal vouchers. The Io Tifo Positivo programme involved 200 students from schools in the Slatina area to teach how to deal with bullying and how to cheer in a positive way.

In Spain, Pirelli continues to support the UPC Manresa polytechnic university, giving students the chance to take part in the program *Dynamics UPC Manresa*, each year constructing a single-seat car to compete in the international *Formula Student* championship, against many other teams from all over the world. Also in 2024, Pirelli Spain organised visits to Pirelli's old production plants for high school and university students teaching the tyre manufacturing process and the distribution logistics component.

In Germany, Pirelli donated a ceramic furnace and new fencing to the nursery school *Kindertagesstätte Kleine Strolche*, as well as a variety of tools and equipment for sports to the *Carl-Weyprecht-Schule Bad König* school. In addition, donations were made to three local associations supporting the school ecosystem in the area of Breuberg. Finally, donations were made to the Technical University of Darmstadt and the German Institute for Rubber Technology.

In the Arab Emirates, Pirelli has created a training session for three secondary school students to ensure visibility of the various company departments.

In the United States of America, Pirelli contributed to projects at several schools in the Rome, Georgia area, including at a College & Career Academy, for technical training.

In Greece, Pirelli donated second-hand computers to the *Hatzikyriakio Institution* for Child Protection to support the education of numerous boys and girls. Dozens of Pirelli employees represented the company during the distribution of the equipment, thereby helping ensure achievement of the organisation's mission to supply essential tools for the future of the children hosted.

Sport and inclusion

There is a close link between solidarity and sport, in a virtuous circle where commitment to sports becomes synonymous with the commitment to promoting solidarity and ethics, especially amongst young people. Getting young people involved in sport is a way to teach the notion of integration to children from different social groups and helps prevent negative situations like isolation and solitude.

Since 1997, Inter Campus has developed social, flexible cooperation and long-term actions, in 30 countries around the world with the support of 300 local operators, using football as an educational tool to offer needy boys and girls aged between 6 and 13 the right to play.

Since 2008, Inter and Pirelli, along with a local partner, have been running the Inter Campus social project in Slatina, Romania. The sports and recreational activities are organised for the entire year, involving around a hundred children from different social contexts who have been learning team spirit, social integration and the values of friendship through football for years.

Since 2012, Pirelli and Inter have replicated the experience of Inter Campus in Mexico: Inter Campus Silao, near the Pirelli factory, inaugurated by President Felipe Calderon, involves numerous children from the area. Pirelli has also collaborated with the León baseball team *Bravos* to promote community and environmental initiatives. Through the *"Home Run con Causa"* program, each home run contributes towards the donation of wheelchairs in a partnership with the León family development entity.

In Brazil, 2024 saw Pirelli support football, volleyball and judo programs with various donations.

In the United States of America, Pirelli sponsored a football programme at the Rome YMCA, Georgia.

Pirelli Germany made a donation to support the construction of a sports field for a secondary school in Ukraine.

Social Solidarity

In Spain, the company supports the Fundacio del Convent de Santa Clara, which runs programmes to supply food to needy families. Pirelli has permanently made available a warehouse for storing food for those most in need and has made a donation to Caritas Española of both resources from the Company and employees, collected through internal fund-raising, to support the area of Valencia and province after the devastating October flooding.

In Argentina, for Children's Day, organised by the social solidarity club *Avellaned*, Pirelli donated snacks and cinema tickets to families in need.

In Romania, various disadvantaged children received a school rucksack from Pirelli employees by way of Christmas gift, including other donations: toys, clothes, personal hygiene products and food.

In Turkey Pirelli made a Mother's Day donation to an association that works to protect children.

In China, Pirelli has for many years supported the Yanzhou Charity Institute, an association that aims to help children in difficult situations locally, and has also made donations to the Jiaozuo Red Cross.

In Germany, Pirelli made a donation to the association for the elderly of the region of *Odenwald* to support essential services and the shelter of Erbach in support of women suffering from domestic violence, in addition to various other local associations, including the fire brigade.

In Singapore, in 2024, Pirelli, partnering with Porsche and the non-profit association *Act of Kindness*, organised an event for children with learning difficulties and their families, who received a gift pack with larder articles.

In Greece, Pirelli donated the Athens Sales Office furniture to the *"Agia Sofia" Paidon National Children's Hospital* to help support the hospital and give the furniture a second life. This donation contributes towards the mission of the famous hospital.

In Brazil, Pirelli supported several social solidarity activities: "Aprender Brincando", an after-school project, "Educandario", a programme for a public school for children from kindergarten to middle school, and "Projeto Guri", an important musical activity involving children and teenagers. Finally, in a partnership with the Ingo Hoffman institute of Campinas, Pirelli has sponsored a program of cultural activities involving cinema, music and literature for children being treated for cancer.

In Hungary, in 2024, Pirelli organised the charity event *DreamRace* to mark the Children's Day, in favour of the *Save Lives Public Benefit Foundation*. The foundation supports the healing and social integration of children suffering from serious illnesses. During the event, the children were able to enjoy exciting experiences such as a trip in a high performance car at the *Hungaroring*, driving simulators with *Zengő Motorsport* and traffic-themed games.

Finally, in Mexico, Pirelli, facing an emergency following an increase in stray dogs, created an adoption service. A team of Pirelli volunteers took care of collecting the dogs, their hygiene and vaccinations, and an adoption programme with local families.

Health

In Brazil, Pirelli has been supporting the Pequeno Principe children's hospital, one of the most important paediatric complexes with an advanced surgery and oncology centre, since 2011. In addition, a donation was made to *Casa da Crianca Paralitica*, a non-profit association that offers free rehabilitation for children and teenagers with disabilities.

In Argentina, Pirelli sponsored the “Avon Walk for Breast Health”, helping fund the event organisation, the creation of materials and campaigns for the early diagnosis of breast cancer, along with free mammographies for those at risk without medical cover.

Environmental initiatives

In line with the company’s vision of sustainability, Pirelli supports various environmental projects around the world.

In Mexico, Pirelli coordinated a “llantaton” (a “tyre-a-thon”), i.e. the collection of end-of-life tyres in the municipality of Leon, to promote local hygiene. The collected tyres were used as fuel for cement factories. Pirelli also sponsored the annual International Sustainability Forum, strengthening the sustainable approach and its commitment. The event, organised by the Mexico-USA Chamber of Commerce in León, promotes the main initiatives and objectives of the group’s sustainability plan.

In Greece, in 2024, Pirelli donated to the We4All initiative, to plant olive trees in the Greek regions struck by fire and to support environmental education in two schools.

In Turkey, around 30 employees and their families participated in the Istanbul marathon, contributing to TEMA, the institution promoting sustainability and environmental awareness.

In the US, Pirelli partnered with Berry College in Rome, Georgia, to restore the Longleaf Pine species to the local mountains. In addition, Pirelli has increased its donation to the Coosa River Basin Initiative, which monitors and safeguards the local waterways.

Culture and social value

The internationality of Pirelli also emerges from its projects to promote corporate culture, with initiatives that again in 2024 found a place in a number of countries around the world. The attention to culture, and even more the commitment to preserve it, spread it and enhance it, are part of the DNA of the creation of social value.

In Italy, the company’s commitment to activities that generate value for the territory is demonstrated by its numerous and consolidated partnerships with prestigious national and international bodies and institutions: in particular, in the world of art, culture and history with FAI (Fondo Ambiente Italiano), Premio Campiello and Campiello Junior, Fondazione ISEC - Istituto per la Storia dell’Età Contemporanea; in the world of theatre with Piccolo Teatro di Milano, Teatro Franco Parenti and Teatro No’hma Teresa Pomodoro; in the world of music, with Fondazione del Teatro alla Scala, Orchestra da Camera Italiana, Orchestra Sinfonica di Milano Symphony Orchestra, the Portofino International Opera Competition, the Ravenna Festival and the MITO SettembreMusica Festival.

In the UK Pirelli supported the Carlisle Santa Dash through the donation of prizes and medals and sponsored the Carlisle Youth Club.

In the United States of America, Pirelli supported various activities, including the *Davies Shelter* for women in difficulty in the area of Rome, Georgia; *Girls Who Code*, an initiative whereby computer science teaching is offered free of charge to women; *United Way*, a charity to help with poverty; and, finally, *One Community United, 100 Black Men Rome GA* and *Harbor House Rome GA.*

In the field of music, Pirelli sponsors the Mozarteum project in Brazil, which in addition to organising concerts promotes training programmes for new talent. Pirelli also made a donation to the 19th Italian Cinema Festival in Brazil.

Pirelli Mexico supported the state artisan creativity competition promoted by the Government of Guanajuato and La Salle Bajío University, with the aim of valuing local artisan culture and traditions. The donation helps ensure the relaunch of the region's cultural and artisan identity.

In the Arab Emirates, Pirelli hosted an event at P Zero World (PZW) Dubai in collaboration with Lotus to celebrate the *Emirati Women's Day.* The initiative presented the PZW to a group of women and strengthened Pirelli's roadmap towards female empowerment. The event also highlighted the company's commitment to sustainability, positioning Pirelli as a reference brand for women in the industry.

Pirelli Foundation Educational: Educational and training projects for students and teachers.

One of the missions of the Fondazione Pirelli, or Pirelli Foundation, established in 2008, is the preservation of the Group's historic and cultural heritage and the enhancement of its corporate culture through initiatives with a strong social and cultural impact, exhibitions, as well as in collaboration with other cultural institutions.

More specifically, with reference to the training initiatives run for the external community, the Pirelli Foundation seeks to disseminate the values of the business culture, including to the younger generations, with a structured program of free "Pirelli Educational Foundation" teaching courses, which since 2013 has each year involved more than 3,800 primary and secondary school students and teachers and with workshops and meetings dedicated to university students, refresher courses for teachers and special events linked to the world of teaching, also organised in collaboration with other cultural institutions. Since 2020, activities have also been carried out on-line through the sharing of digital contents such as videos, podcasts and virtual tours.

The courses offered are aimed to using digital contents, interactive pathways and guided tours themed around subjects such as the history and technology of the tyre, to investigate social and environmental sustainability, design and graphics, the world of work and production: these are just some of the goals of the teaching program that brings students to approach the key values of the Pirelli business culture.

The teaching courses for the primary and secondary schools relative to the period January-May 2024 and the new 2024/2025 laboratory program "*L'officina delle idee. La cultura d'impresa per scuole e università*" (October-December 2024) involved a total of 2,622 students and 233 teachers. The lessons were held both digitally and in person, with guided tours of the Pirelli Foundation and company headquarters. Where requested, and after stipulating the relevant agreement, some of the courses proposed (4 hours per student) have been recognised as *Percorsi per le Competenze Trasversali e per l'Orientamento* (PCTO). Collaborations were set up with the Research and Development Department for visits to experimental and indoor laboratories. During the period February-March 2024, more than 200 teachers attended live, on-line, the 12th edition of the training and refresher course for teachers "*Cinema & Storia*" entitled "*Il cosmo: la prossima frontiera*" organised in collaboration with the ISEC Foundation and Cinema Beltrade. Again in 2024, the Foundation took part in the "*A scuola d'impresa*" project, which stemmed from the collaboration between LIUC-Cattaneo University and Museimpresa, and in the Settimo Torinese Festival of Innovation and Science, this year focussed on the topic of borders, with the meeting "*Oltre il traguardo: storie di sfide sportive e tecnologiche*", dedicated to secondary schools.

Around 569 students are involved in the initiatives organised by the Pirelli Foundation, also in collaboration with other Departments (HR and R&D) on the following topics: technological innovations, business culture and history, visual communication and design, management and digital optimisation of archives. Among the institutions involved: Università Cattolica del Sacro Cuore, Boston University MBA, University of Liverpool, University of Milan Bicocca, Milan Polytechnic, Bocconi University.

Initiatives to promote reading

In October 2024, Pirelli attended the 76th edition of the Frankfurt International Book Fair, as supporting sponsor of Italy and Fair Guest of Honour. Within the Italy Pavilion "*Radici nel futuro*", the company used a dedicated to space and videos and books to highlight the various components of its business culture: innovation, technology, art and literature. Pirelli's various publications were displayed, such as the editorial projects curated by the Pirelli Foundation, the Pirelli HangarBicocca catalogues, a book dedicated to the Pirelli Calendar and the Annual Reports.

Pirelli was also a sponsor of the 2024 edition of the Campiello Prize; in particular, its commitment to promoting reading among the younger generations continued with the Campiello Junior, an award for Italian works of fiction and poetry for children between the ages of 7 and 14. On 26 March 2024 at the Municipal Theatre of Vicenza, the winners of the third edition of the Prize, Daniela Palumbo and Angelo Petrosino, were announced at the Final Ceremony of the 61st edition of the Campiello Prize. In December, Pirelli HQ hosted the ceremony for the selection of the finalist panels of the 4th edition of the Prize, also streamed live. The 4th edition will come to a close on 10 April 2025 in Vicenza.

The Pirelli libraries were present at the international "Occupy Library" conference held on 29 May 2024 at the Sforza Castle, with an intervention on libraries as a tool for welfare. Pirelli and the Pirelli

Foundation also supported the illustrations exhibition dedicated to the life of author Jella Lepman, opened during the international Ibby International conference held in Trieste from 30 August to 1 September 2024.

The shared library holdings of the Bicocca and Bollate libraries number over 9,800 titles in the catalogue; the Bicocca library has over 2,000 loans, more than 2,850 total movements and over 770 users registered between the two libraries. The sending of the newsletter Biblionews, with reviews and periodical updates on books and libraries, reached 546 subscribers. A brochure was also printed and distributed on the history of the Pirelli libraries and on reading promotion projects. A number of meetings dedicated to Pirelli employees were organised for the cycle “Parole Insieme. *Le conversazioni dalle Biblioteche Pirelli*” with writers Marco Balzano, Federica Manzon and Alessandro Robecchi.

Pirelli Hangar Bicocca

Pirelli Hangar Bicocca is a non-profit foundation dedicated to the **production and promotion of contemporary art**.

Founded in 2004, Pirelli HangarBicocca is today an institution of reference for the international art community, local residents and the territory. A **totally free**, accessible and open museum complex, it is a place for experimentation, research and dissemination where art is the cue for reflection on the most topical issues of contemporary culture and society.

The activities, which target an extensive, heterogeneous audience, include a calendar of important personal exhibitions of Italian and international artists, a multidisciplinary program of collateral events and analyses, a scientific disseminating publishing activity, educational and training proposals.

The artists are the main reference persons and together make up the community of greatest interest for the institution, as their work is essential for it to have a public and museum function. Some commissions and productions are launched in collaboration with important institutes of various types: museums, galleries, foundations, research centres, technological poles and public entities. At a national and international level, the world of art and culture has acknowledged Pirelli HangarBicocca accreditation through press releases published in important, authoritative newspapers – such as the Financial Times, the New York Times, Il Corriere della Sera, Frankfurter Allgemeine and many other on-lines options, radio, TV and both generalist and art magazines, also thanks to the continuous commitment to disseminating through specific audio, video and textual analyses (such as interviews with artists, performance documentation, concerts, events, etc.) present in the “Bubbles” section of the website, which have also facilitated remote access to the many cultural topics pursued by Pirelli HangarBicocca. The attention paid to the communities of the city of Milan, the Bicocca district and the outlying towns is made tangible by a structured dissemination, education and training proposal, conceived in correlation with the exhibitions, which makes Pirelli HangarBicocca a resource for the achievement of considerable positive impacts on the community. The main general beneficiaries of the collaboration or use of Pirelli HangarBicocca cultural projects are: employees of Pirelli and Pirelli

HangarBicocca, the intake linked to the exhibitions and activities as suppliers, businesses, artisans, professionals, artistic and cultural institutions, associations, independent spaces, charities, universities of all fields of knowledge, both humanistic and scientific, and schools, those working in the world of art, art enthusiasts and those enjoying a first approach to art.

As further confirmation of the institution's strong connection with the community, Pirelli HangarBicocca also features dedicated public service areas within its building, including a spacious entrance with a reception area, a space for educational activities, a workshop room for conferences and meetings, a bookshop, and a bistro with a pleasant outdoor area.

2024 saw the celebration of twenty years of Pirelli HangarBicocca with a presentation to the press and main stakeholders held in December 2023 in the exhibition spaces of *I Sette Palazzi Celesti* – a work created precisely in 2004. The conference, during which the 2024-25 plans were unveiled, was organised with the contribution of Chairman Marco Tronchetti Provera, Artistic Director Vicente Todolí, the Mayor of Milan, Giuseppe Sala, and The New York Times moderator and reporter Farah Nayeri.

Exhibitions

In 2024, Pirelli HangarBicocca hosted solo exhibitions by leading national and international artists in the context of a programme that has distinguished itself for its curatorial rigour and for its attention to site-specific projects capable of "talking" to the unique characteristics of the surrounding context and space. The artistic programming of 2024, curated by Artistic Director Vicente Todolí, presented artists with a high profile, alternating solo exhibitions by well-established names with exhibitions of younger, more experimental artists. In the Navate Space: Nari Ward, Jean Tinguely. In the Shed Space: Chiara Camoni, Saodat Ismailova.

In addition, the public was able to visit the **permanent installations** *I Sette Palazzi Celesti 2004-2015* by Anselm Kiefer (Donaueschingen, Germany, 1945, lives and works in Paris and Barjac, France), *La Sequenza* by Fausto Melotti (Rovereto, 1901 – Milan, 1986) and the murals developed on the outside walls of the Cube *Waves Only Exist Because the Wind Blows* by eL Seed (Le Chesnay, France, 1981, lives and works in Paris and Dubai), opened on 4 July 2024.

During the year, the following **temporary exhibitions** were held:

- Chiara Camoni (Piacenza, 1974; lives and works in Seravezza, Italy) "*Chiamare a raduno. Sorelle. Falene e fiammelle. Ossa di leonesse, pietre e serpentesse*" held from 15 February to 21 July 2024. The exhibition presented the most extensive *corpus* of works of the artist ever displayed, including a series of new productions.

- Nari Ward (St. Andrew, Jamaica, 1963; lives and works in New York) "Ground Break" held from 28 March to 28 July 2024. The retrospective gathered together, for the very first time, an extensive selection of works to investigate the artist's approach through projects focussed on the collaboration and performance.

- Saodat Ismailova (Tashkent, Uzbekistan, 1981, lives and works in Paris and Tashkent) "A Seed Under Our Tongue" held from 12 September 2024 to 12 January 2025. The exhibition was the first anthology in Italy devoted to one of the most innovative contemporary artists and film-makers of her generation, who works at the crossroads of cinema, sound and visual art.

- Retrospective dedicated to Jean Tinguely (Fribourg, 1925 – Bern, 1991) held from 10 October 2024 to 2 February 2025. The exhibition, organised in collaboration with the Tinguely Museum of Basel, was the largest to be organised in Italy after the artist's death and included numerous seminal works and works from his artistic career.

To facilitate a better understanding of the art themes, visitors were given free printed and digital guides, available online, to the exhibitions and permanent installations in Italian and English. For each of the four exhibitions, a bilingual catalogue was produced, in Italian and English, published by Marsilio Arte with Pirelli HangarBicocca. The **publications** are available at the institution's bookshop and e-shop as well as through the publisher, distributed in a capillary fashion, nationally and internationally. The catalogues are also given as gifts to directors of international institutions, art historians, curators, journalists, as well as to libraries, archives and persons of reference in the field of culture and contemporary art in order to spread awareness of the research carried out by Pirelli HangarBicocca and to contribute to the study and cultural debate of today.

Educational projects

The training projects run by the Education Department of Pirelli HangarBicocca include activities that meet with the requests submitted by the world of education and groups of interest. The principles inspiring the project are: to make available to the schooling community and graduates the competences of Pirelli HangarBicocca; to develop lasting partnerships with universities; to create models that can become a resource for research and development and to allow everyone to make on-line use of such. Under the scope of teacher training, the Education Department ran the course *Ho pensato a un titolo, ma te lo dico all'orecchio*, for primary school teachers, designed together with the artist Serena Vestrucci, with the collaboration of the Degree Course in Primary Training and Sciences, "Riccardo Massa" Department of Human Sciences for Training of the University of Milano-Bicocca. Course participants took part in various meetings, which alternated in-person lessons with participated design meetings.

All the **School activities** of the Education Department were designed in presence, intensifying the number of courses with the workshop part taking place directly in the exhibition space. The School planning, intended for all levels of schools, intends to optimise the artistic language of contemporary art, which may involve and concern subjects that would, at first glance, appear to be unrelated to art. The **project is directed towards all teachers**, allowing them to play a leading role in collaborating towards the reading of works of art connected to their subjects and current topics. For the permanent installation and for all temporary exhibitions hosted within the exhibition space, courses are planned, divided up into two phases: one during which the work is observed and one of laboratory testing.

From 2015, moreover, the Education Department of HangarBicocca and the "Riccardo Massa" Department of Human Sciences for Training of the University of Milano-Bicocca collaborate under the scope of research and action methods mainly referring to education through art and art-based research, functional methods both for training-related topics and those relating to guidance.

The initiatives developed within the **Kids program** are also particularly important, designed to involve children aged between 4 and 12 years old, along with their families, in creative laboratories aiming to ensure the discovery of the languages of contemporary art with activities organised in person in connection with all the exhibitions hosted.

The programme is structured over three projects:

- "Edu Summer 2024", lasting approximately one month, included both free-access weekend workshops and weekly in-person summer camps for primary and first-year secondary school children. The project was carried out in collaboration with the artist Chiara Camoni, the group of the Trial Centre, botanist Anna Roberti and artist, musician and performer Justin Randolph Thompson.
- "Winter is coming", a series of free workshops devoted to children aged between 6 and 10 years old, conceived in collaboration with the illustrator and creative mind Anna Resmini and actress and singer Viginia Zini, to explore and discover the works of the Jean Tinguely exhibition through theatre experimentation and a multisensory activity for all visitors;
- "Percorsi creativi", activities and workshops offered throughout the year to children, teenagers and their families, designed to explore the exhibitions through movement and play, listening to emotions, trials with unusual techniques and materials and the exploration of the exhibition space.

In addition, the production of Kids Guides for temporary exhibitions continued, integrating texts and images with interactive and explorative activities for the whole family.

Mediation

The desire to convey the contents of contemporary art to a broad, diversified public is right at the heart of the work of Pirelli HangarBicocca. The museum mediation is based on the **constant dialogue** of staff present at the exhibition and visitors. The museum mediators have been trained to foster an open, curious approach to the languages of art and to solicit the analysis of the topics addressed by the artists and are on-hand to answer questions from the public, creating dialectic relations. The museum mediators also lead guided tours, at pre-established times, of the exhibitions and permanent installations.

Accessibility

The work based on the **inclusion of the public**, an open-mind and the possibility of use with any **ability and diversity** has also been extended.

A guide to the museum and Jean Tinguely exhibition has also been published, designed to be "easy to read" for persons with intellectual disabilities. The initiative is part of the "*Museo per tutti*" project conceived by the L'abilità onlus association, with the aim of encouraging social participation by persons with intellectual disabilities and facilitating their access to the world of museums and culture. The guide, which has been created with the contribution of the Regional Authority of Lombardy, presents the Pirelli HangarBicocca museum and its access procedures, the concept of contemporary art and the temporary exhibition dedicated to Jean Tinguely through brief texts accompanied by a wealth of images, maps and pictographic symbols of the ARASAAC standard. The design, texts, images and graphics of the accessible guide have been produced with reference to the "European standards for making information easy to read and understand", an Inclusion Europe project.

An audio-video guide in ISL (Italian Sign Language), which explains the permanent installation *I Sette Palazzi Celesti 2004-2015* by Anselm Kiefer and the ISL video guides discussing the exhibition space and the work *La Sequenza* (1971-81) by Fausto Melotti, are also available on the official Pirelli HangarBicocca website.

The contents of the audio/video guide, comprising a video in which Carlo di Biase, ISL art historian, discusses the artist Anselm Kiefer and the elements making up the permanent installation, are in ISL, accompanied by subtitles, audio tracks, music and supporting images, so as to make for a pleasant experience for all visitors.

The ISL video guides on the space and work of Fausto Melotti, involving ISL art historian Nicola Della Maggiora, were prepared in collaboration with the Istituto dei Sordi di Torino under the scope of the *No Barriere alla Comunicazione* service offered by Milan City Council.

Cultural events

The events organised by the institution include:

- The Public Programmes, a calendar of cultural events – meetings, conversations, guided tours, workshops, projections, musical events and performances – that complete the artistic proposal of Pirelli HangarBicocca, stressing the multidisciplinary and transversal nature of contemporary art and expanding the reflection to include other contemporary disciplines and languages. In 2024, the following Public Programmes were held:
    - Public Programme James Lee Byars
        - 11 January: a walk through the exhibition with Els Hoek, curator of teaching at the Boijmans Van Beuningen Museum of Rotterdam;

    - 8-10 February: *James Lee Byars: Performance works 1967-1994*, a programme that brought some of the most iconic performances conceived by the artist back live to the stage.

- Public Programme Chiara Camoni

    - 8 March: Chiara Camoni in conversation with Cecilia Canziani, independent curator;

    - 30 May: symposium *Tracce Impermanenti. Riflessioni sull'effimero nell'arte e nella quotidianità* on the topic of the processes of creation and sharing;

    - 20 June: sung performance of *Ombra Solida* by a group of members of the public who have attended a preparatory workshop together with Soledad Nicolazzi, author, actress, director and pedagogist of the theatre and Camilla Barbarito, singer and performer.

- Public Programme Nari Ward

    - 10 April: Nari Ward in conversation with Elvira Dyangani Ose, director of the MACBA, Contemporary Art Museum of Barcelona;

    - 27 June: *The Apollo*, projection of the documentary film by Roger Ross Williams.

    To mark the occasion of "Ground Break", the artist Nari Ward has also invited Justin Randolph Thompson, artist, performer and musician, to prepare a series of performances, which interacted with the ground work "*Ground Break*" (2024). During the exhibition, this was activated through sound, the reading of texts and movements, with instruments inspired and in dialogue with the materials of the sculptures and installations of Ward on display. For the performance cycle, entitled *Groundings*, Thompson brought together artists and musicians to give rise to rooting rituals, divided up into various performances and a sound environment.

- Public Programme Saodat Ismailova

    - 7 November: Saodat Ismailova in conversation with Daniel Blanga Gubbay, artistic director of the international performing arts festival Kunstenfestivaldesarts of Brussels;

    - 12 December: a walk through the exhibition with Saodat Ismailova and Sheida Ghomashchi, independent curator.

  - Public Programme Jean Tinguely
    - 24 October: a walk through the exhibition with Camille Morineau, co-curator of the exhibition and co-founder of AWARE: Archives of Women Artists, Research and Exhibitions;
    - 21 November: *Tinguely e Milano*, a meeting with Lucia Pesapane, co-curator of the exhibition;
    - 28 November: *Jean Tinguely: Happenings, collaborazioni, opere effimere*, readings by Annalisa Rimmaudo, curator of the contemporary art collections of the Centre Georges Pompidou.

- The Special Projects, appointments or initiatives designed and organised by Pirelli HangarBicocca involving artists and contexts other than those exhibited in the museum spaces. These events aim to extend the cultural proposal, offering the public performance, research and dissemination projects.

  The following are mentioned in particular:

  - *Sul curvare il tempo*, a conversation with ISL interpreters working simultaneously with the artist, performer and author Chiara Bersani and director of GAMeC Lorenzo Giusti on the work *Deserters*, which reflects the stereotypes linked to the intimate, identifying sphere of persons with disabilities;
  - The third edition of the festival linked to the Milano Re-Mapped project, pursued in collaboration with the University of Milano-Bicocca with the support of the Cariplo Foundation and the involvement of various cultural entities of the territory: DOPO? and Milano Mediterranea, operating in the area of visual and performance arts and music;
  - To mark the Grand Prix, of which Pirelli is title sponsor, the development by artist Andrea Sala (Como, 1976, lives and works in Milan) of the trophies, helping create a tangible link between contemporary expressiveness and the constant trend for innovation in Formula 1.

- The Guest Projects, appointments or initiatives organised by national and international entities and institutions at Pirelli HangarBicocca. These events open up to other disciplinary areas, beyond that of contemporary art, enriching the institution's cultural offer and networking it with other subjects and communities. In 2024, Pirelli HangarBicocca hosted two appointments of the 33rd edition of the Milano Musica Festival *L'Ascolto Inquieto*, and the live performance of saxophonist and performer Bendik Giske, by Threes Productions.

The activities of Pirelli Hangar Bicocca are managed through a Pirelli Group company that in 2024 incurred a total amount of operating expense of approximately 5 million euros.

Initiatives for Pirelli employees

In 2024, Pirelli HangarBicocca also expanded and fostered the involvement of Pirelli employees in its activities with a view to "**Workforce Training & Welfare**":

- In collaboration with Pirelli's Learning division, in-person events were organised in April and November for those enrolled in the Plunga training course, during which participants had the opportunity to learn more about the relationship that binds Pirelli HangarBicocca to the company and to visit the temporary exhibitions and the permanent installation by Anselm Kiefer.
- During the year, trips were organised to the exhibition space dedicated to Pirelli dealers and the company's international divisions. During the Pirelli Party, held in the areas of Pirelli HangarBicocca, all employees also had the opportunity to visit the exhibitions of Saodat Ismailova and Jean Tinguely accompanied by the museum mediation.
- All the catalogues and books published by Pirelli HangarBicocca are in the library at Pirelli's Bicocca headquarters, available to employees.

Charity Events

In 2024, Pirelli HangarBicocca made available, free of charge, the spaces of the permanent installation *I Sette Palazzi Celesti 2004-2015* by Anselm Kiefer and the museum foyer for charities organising charity fund-raising events.

On 15 May, the fund-raising dinner was held, organised by the Telethon Foundation, attended by guests from the world of entertainment, industry and sport.

On 16 June, the annual Itaca project event was hosted, the organisation dealing with mental health. The charity dinner, held in Pirelli HangarBicocca since 2018, was attended by guests from the world of industry and entrepreneurship.

International commitments for the community

The attention of Pirelli to sustainability is also expressed through participation in numerous projects and programmes promoted by international organisations and institutions in the area of Sustainability and social responsibility.

A number of the main commitments made by Pirelli worldwide are illustrated as follows.

Associations and sustainability membership

UN GLOBAL COMPACT

Pirelli has been an active member of the Global Compact since 2004 and endorses the “Blueprint for Corporate Sustainability Leadership”, which offers leadership guidelines envisaged in the Global Compact to inspire advanced and innovative sustainability performance in terms of management capacity for the creation of sustainable value.

Since December 2019, Pirelli has been on the Board of the Global Compact Network Italia. Of particular note in 2023, was the Chief Executive Officer’s signing of the Manifesto ‘Companies for People and Society’. By signing the Manifesto, Pirelli pledged to strengthen the role of the Social Dimension in its business strategies to generate long-term value also in the supply chain and in the communities where it operates. The Manifesto was presented during “La Dimensione Sociale: l’impegno delle imprese per People e Prosperity”, the eighth edition of the Business & SDGs High-Level Meeting, the annual event promoted by UN Global Compact Network Italy and dedicated to the Presidents and CEOs of the Italian companies adhering to the initiative.

This is the context of Pirelli’s participation in the ‘Sustainable Finance’ action platform. The commitment over the years has taken the form of several publications, followed by the first 2018 “SDGs Bonds & Corporate Finance - A Roadmap to Mainstream Investments”, and the launch of the “CFO Taskforce for the SDGs”, officially presented during the 2021 United Nations General Assembly, which Pirelli joined as a Founding Member. The taskforce is a collaborative platform that brings together leaders from different sectors and aims to develop innovative strategies for mobilising finance towards sustainable development. In 2022, the “CFOs Coalition for the SDGs”, in which Pirelli participates, was launched with the aim of further accelerating progress in aligning corporate investments with the SDGs and linking corporate finance to relevant and credible targets.

The main initiatives organised by the network in which Pirelli took part are:

in 2022, Target Gender Equality, a 9-month international course during which the participating companies investigate the importance of promoting gender equality, not only for society as a whole but also to enrich companies;

in 2023, and continuing in 2024, the Round Table on Sustainable Procurement, a path designed to build a space for thematic insights, exchange of experiences and peer learning on the topic of sustainable supply chain management. Management of environmental, ethical-social, governance and economic-financial impacts of supply chains and integration of sustainability strategies and objectives, were the topics the companies discussed;

in 2024, the UN Global Compact Business and Human Rights Accelerator course, sponsored by Pirelli, a 6-month program for companies of all sizes and segments, which provides participants with training and tools to effectively manage due diligence processes and allow companies to “know and demonstrate” their risks and commitment - aware of the fundamental leverage and influence on all its stakeholders and the communities in which they operate.

WBCSD – World Business Council For Sustainable Development

Pirelli for years has been a member of the WBCSD (World Business Council for Sustainable Development). This is a Geneva-based association of multinational companies with a global presence, voluntarily committed to link economic growth to sustainable development. In particular, Pirelli endorses two projects: Tire Industry Project and Nature Action:

The **Tire Industry Project (TIP)**, whose members account for more than 60% of global production capacity of tyres, was founded in 2005 with the aim of meeting and anticipating the challenges related to the potential impacts on health and the environment of tyres throughout their life cycle, through assessments of raw materials, nanomaterials, Tyre-Road Wear Particles (TRWPs) and granules obtained from end of life tyres.

The publication in May 2021 of the “Sustainability Driven – Accelerating Impact with the Tire Sector SDG Roadmap”, which is a Sustainable Roadmap for the sector, which identified how the value chain interacts with the UN Sustainable Development Goals (SDGs), also led to the highlighting of the need to evolve the TIP by revising its mission and organisational and governance structure. Indeed, the mission from 2023, in addition to reaffirming its founding objectives, aims to anticipate, understand and address global Environmental, Social and Governance (SDG) issues relevant to the industry and its value chain. The organisational structure was expanded with the creation of a new “Action & Engagement” area, which complements the “Research” area, with which TIP aims to target actions on key ESG issues and coordinate interaction with Tyre Trade Associations (TTAs) associated to the TIP and with the stakeholders. Starting from 2022, within this area, activities have already been launched on two topics considered key for the sector: “TRWP Impacts Mitigation” (Action Strategy), which aims to map all possible TRWP impact mitigation actions and their potential worldwide, and “UN Treaty on Plastics Pollution” (Engagement Strategy), which aims to participate in the negotiations on the UN Intergovernmental Negotiating Committee (INC), preparing industry position papers and identifying alternative circular economy solutions.

On the subject of raw materials, the sharing of knowledge and collaboration mainly with ETRMA and USTMA on the 6PPD-Quinone, the transformation product of 6PPD, continued in 2024. Activities have also been launched linked to the assessment of the opportunities to mitigate the TRWPs released to the environment, including with two pilot projects involving the water segment, which will continue in 2025.

On the topic of nanomaterials, the TIP initiated the development of a method to simulate and analyse the potential release of nanomaterials during the use phase of tyres: the preliminary results on the development of this method will be shared with the scientific community through the publication of an article in a scientific magazine with a scientific editorial board (“peer-reviewed editorial board”)

(Ref. Method development and analysis of nanoparticle size fractions from tire-wear emissions – Environmental Science: Atmospheres (RSC Publishing) DOI:10.1039/D4EA00048J)

On the topic of TRWPs, in 2024, TIP continued its work on how to characterise TRWPs in support of their identification and quantification in the environmental segments (air, water, soil), also including TRWP ageing studies and studies on the chemical substances potentially released by the TRWP: the results of these activities were then shared, as is tradition for TIP studies, with the scientific community, both through various presentations at the international conference of the Society of Environmental Toxicology and Chemistry (SETAC North America 45th Annual Meeting, 20-24 October 2024, Fort Worth TX), and through the publication of "peer-reviewed journals". Finally, from 4 to 6 December 2024 in Munich (Germany), TIP has organised the 'Tyre Emissions Research Conference'[140], which, supported by an international Scientific Committee, was the first international scientific conference specifically focused on tyre emissions, with a focus on discussing the most recent scientific research and promoting solutions for the mitigation of these emissions.

With reference to aggregate industry environmental reporting, TIP published the report "Sustainability Driven: Key Performance Indicators for the Tire Sector, 2019-2023" in which TIP members' performance against KPIs related to environmental, social and governance (ESG) issues is presented, while reporting TIP's established key performance indicators such as energy consumption, CO_2 emissions, water use, waste generation and ISO 14001 certification. The KPIs include the rate of adoption of responsible sourcing policies, the percentage of members with scientifically validated targets, the percentage of water withdrawals from water-stressed areas, and the percentage of female representation in the workforce and on Boards of Directors.

In 2024 too, the TIP dialogue continued with the *Tire Trade Associations (TTAs) associated, which, in addition to the participation of the founding TTAs ETRMA/USTMA/KOTMA/JATMA*, has now also been extended to the TTAs TRAC (Canada), BTMA (UK), ATMA (India) and ATIC (Australia). The dialogue takes place within the ad-hoc Global Dialogue Forum platform, with the aim of sharing the progress and results of TIP's activities and supporting them in interacting with their stakeholders.

Furthermore, in 2024, Pirelli joined the **Nature Action** project, which aims to promote action by companies to halt and reverse the loss of nature/biodiversity by 2030. The project supports companies in setting scientifically validated targets to achieve a net positive impact on nature, with a focus on restoring biodiversity and mitigating climate change. Within this project, the WBCSD promotes the adoption of nature-based solutions (NbSs) and provides companies with roadmaps to integrate nature-related considerations into their operations, helping them to manage nature-related risks and seize sustainability-related opportunities. Through collaborative efforts, the project aims to foster a healthier planet, benefiting both companies and society.

As part of Pirelli's participation in the project, the WBCSD conducted a detailed assessment of the company's documents on nature and biodiversity issues (various policies, annual reports, sustainability strategy, etc.) to analyse the company's level of maturity in managing nature-related issues and identify key steps for continuing on its "nature journey". This assessment, based on

[140] https://tireemissionsresearchconference.org/

publicly available information such as the Pirelli 2023 Annual Report, provided an overview of Pirelli's performance against four main actions: Assess, Commit, Transform and Disclose. The results showed that Pirelli achieved a Leading score in Assess, Commit and Disclose, with an Advancing score in Transform, reflecting the company's strong progress while as well as potential improvement opportunities.

EU-OSHA – EUROPEAN OCCUPATIONAL SAFETY AND HEALTH AGENCY

In 2024, for the sixteenth consecutive year, Pirelli continued to be an official partner of the European Occupational Safety and Health Agency (EU-OSHA), which addresses a different problem every two years. In particular, in 2023 Pirelli adhered to the 2023-2025 campaign *"Safe and Healthy work in the digital age" which* is dedicated to raising awareness of the impact of new digital technologies on the workplace and the related occupational health and safety challenges and opportunities.

Campaigns in which the company has participated in recent years include the 2020-2022 Healthy Workplaces Lighten the Load campaign aimed at raising awareness of ergonomic risks in the workplace and the prevention of related musculoskeletal disorders, the 2018-2019 "Healthy Workplaces Manage Dangerous Substances" campaign aimed at raising awareness of the risks posed by hazardous substances in the workplace, the 2016-2017 "Healthy Workplaces for all Ages" campaign dedicated to the importance of a sustainable working environment that ensures the health and safety of employees throughout their lives, and the 2014-2015 "Healthy Workplaces Manage Stress" campaign, focused on the issue of stress and psycho-social risks in the workplace, the main aim of which was to encourage employers, managers and workers and their representatives to work together to manage these risks.

CSR EUROPE

Since 2010 Pirelli has been a member of the Board of CSR Europe, the leading European network of companies for sustainability and corporate responsibility. CSR Europe supports companies and industries in their transformation and collaboration towards practical solutions and sustainable growth. The goal is systemic change both to achieve the SDGs and to build with European leaders and stakeholders a global strategy for a sustainable Europe 2030.

Since 2024 Pirelli serves as Chair of CSR Europe Board of Directors.

Among the activities carried out with the support of CSR Europe over the years, of particular interest and relevance have been the Stakeholder Dialogues that the Company has held at the local Affiliate level and at the international level at the Headquarters.

In this regard, reference should be made to the two multi-stakeholder consultations held by Pirelli at its Headquarters for the definition of the Company's Sustainable Natural Rubber Policy, the related Implementation Manual and the Activity Roadmap, and the local Stakeholder consultations held in

Romania, Mexico, Germany, Turkey, Russia, Argentina, the United Kingdom and the United States for the discussion of issues relevant to the company's sustainability strategy.

For more information on CSR Europe's many areas of activity, see www.csreurope.org.

Institutional activities of the Pirelli Group

Through dialogue with institutions, industry associations, and regulatory advocacy, Pirelli represents and supports policies to address major sustainability challenges, particularly those related to climate change.

Institutional Commitments to the Community and Collaboration with Industry Associations to Combat Climate Change

As a member of various industry associations, the Pirelli Group is also committed to contributing to the development of policies, regulations and standards for the industry. It actively participates in institutional and public discussions on key challenges facing the sector, including climate change and decarbonisation.

In particular, the Institutional and Regulatory Affairs function focuses on raising the awareness of institutional stakeholders, public opinion and international organisations with regard to:

- the importance of key issues linked to the Pirelli Group's product strategy, such as sustainability, in all its facets along the entire value chain, for example the reduction of emissions in production processes, as well as digitalisation and safety.
- The Pirelli Group's corporate positioning on sustainability, climate change, renewable energy, circular economy, transport systems, safety and product innovation.

In 2024, to promote public debate and policy-making on the most relevant sustainability issues, such as climate change, Pirelli organised and actively participated in institutional webinars, conferences, working groups, roundtables and sectoral initiatives.

The fight against climate change at national and global level also includes playing an active role as a member of various sector and multi-stakeholder associations, organisations, business networks and thinktanks, as part of our commitment to decarbonising the Pirelli Group value chain, in accordance with the objectives of the Paris Agreement.

Below are some examples of the main industry associations with which we have engaged during the year and which share Pirelli's position on climate change.

ETRMA – European Tyre And Rubber Manufacturers Association

Pirelli is member of the ETRMA, which is the main partner of the EU institutions for the sustainable development of new European policies for the sector, and for their proper implementation as well. With the institutional support of the Pirelli Group, in 2024, ETRMA carried out intense advocacy, consolidating dialogue with the Commission, Parliament and Council on the topics of more environmentally-friendly, safer and more efficient mobility, as defined by the Green Deal. Specifically on the contribution to CO_2 reduction through improved rolling resistance of tyres, improved road safety through new wet grip performance limits also for worn tyres, which also leads to a positive impact on the Circular Economy. The sector is also very much involved, under the scope of UNECE World Forum for Harmonisation of Vehicle Regulations (WP29), in developing a robust tyre abrasion test method and in assessing the state-of-the-art to support the new EURO 7 regulation mitigating particle emissions into the environment.

The association continued to raise awareness among the European Commission and European Union Member Countries on the implementation of market surveillance for monitoring compliance with regulations on the general safety of vehicles and tyres and on energy efficiency, as well as the labelling of tyres in European Countries, a labelling system which was fully renewed in 2021; also continuing was the strengthening of the partnership with the national associations of the sector of which Pirelli is an active member.

In 2024, the intensive work of the Digital Mobility Group (DMG) continued to respond to the new technological challenges affecting the mobility sector (e.g. digitalisation, connectivity, autonomous driving, cyber security, implementation of the Data Act) and their impact on tyres and the development of value-added services for the consumer in the Tyre-as-a-Service (TaaS) mode, which requires a particular focus on the methods for managing and exchanging data between the various players in the system; awareness-raising of MEPs and the European Commission continued, liaising with Independent Service Providers (ISPs), on the need for the issue of the relevant legislation on vehicle data access.

In addition, the DMG has recently been involved in the development of the Digital Product Passport (DPP), an integral part of the Ecodesign for Sustainable Products Regulation (ESPR), as well as in supporting ETRMA in connection with the Ecodesign Forum Implementing Act.

To monitor and respond to the European Commission’s supply chain and sustainable finance impact legislation, the Taxonomy and Sustainable Supply Chain working groups are active with the support of Pirelli. The latter assisted the European Commission in defining the proposed requirements on deforestation, which have a strong impact on the production, marketing and use of natural rubber, and the corresponding delegated acts.

The ETRMA association continues to work alongside the European Commission in defining policies on the Circular Economy with an impact on the sector and continues successfully to promote sustainable practices of producer responsibility for the management of tyres at the end of their life, thanks to which Europe maintains a recovery rate of over 90%[141], through strong collaboration with the various management consortia present in European countries. ETRMA's (and European) best practices in fact continue to be an international benchmark.

ETRMA plays a proactive role in the development of knowledge-based studies on environmental issues, such as Tire and Road Wear Particles (TRWP), which are micrometric particles generated by the combined wear of roads and tyres during vehicle operation. With regard to TRWPs, ETRMA launched in 2018, with the support of CSR Europe, the "European TRWP Platform", a multi-stakeholder initiative that aims to share the State of Scientific Knowledge (e.g. "Scientific Report on Tyre and Road Wear Particles, TRWP, in the aquatic environment") and to involve the relevant Sectors and Organisations in the definition of policy and of possible actions to mitigate the impacts of TRWPs (e.g. "The Way Forward Report"). In this regard, ETRMA has completed a study with the aim of mapping and assessing all the solutions available today, in collaboration with the US Tire Manufacturers Association (USTMA), of which Pirelli is an active member. A micro-site[142] was also created to provide information on TRWPs to the general public, information ranging from root causes of TRWP generation to the definition and implementation of mitigation actions, highlighting the multi-stakeholder nature of the phenomenon. The Platform's activities continued in 2024, with a meeting on the challenges and opportunities in quantifying and mitigating TRWP. Within the established framework for sharing topics related to the scientific and policy aspects of TRWP, the meeting aimed to exchange best management practices and identify potential synergies. On this topic, ETRMA also coordinates with the TIP (WBCSD) and its member trade associations to exchange technical and policy information.

A dedicated paragraph on TRWP can also be found in the Environmental Information section of this report, to which reference is made for further details.

ETRMA's position on climate change

The European Tyre and Rubber Manufacturers Association (ETRMA) supports the ambitious new European climate targets. ETRMA welcomes the EU's commitment to allocate more than 30% of the Next Generation EU to support green projects. This commitment is part of the EU's ambitious goal to become the first climate neutral continent by 2050. The European tyre industry is committed to reducing its CO_2 footprint throughout the tyre lifecycle and investing in innovation.

ETRMA has carried out intensive advocacy work, presenting to the European Commission the industry's contribution in pursuing the goals of the Green Deal, highlighting the industry's role in creating greener, safer and more efficient mobility. In particular, the contribution to the reduction of CO_2 emissions through the improvement of tyre rolling resistance, the improvement of road safety

[141] Data reported for 2019

[142] https://www.tyreandroadwear.com/.

through new wet grip limits even for worn tyres, which also leads to a positive impact on the Circular Economy.

ETRMA's commitment to promoting a circular economy and sustainability within the tyre industry is in line with the Ecodesign for Sustainable Products Regulation (ESPR) and related delegated acts, currently being defined by the European Commission. To avoid any regulatory overlay, ETRMA asks for clear, consistent definitions. In addition, in 2024, ETRMA supported the procedure and related implementation of the decision made in the European Deforestation Regulation (EUDR), which lays down due diligence obligations for all operators releasing to the EU market, or exporting, a series of raw materials associated with deforestation and forest deterioration, including rubber and certain derivatives, including tyres.

The industry is also strongly committed to the development of a robust tyre abrasion test methodology to support the European Commission's targets, defined in the new EURO 7 regulation, to mitigate the emission of particulate matter into the environment.

USTMA – Us Tire Manufacturers Association

USTMA is the association of tire manufacturers with manufacturing facilities located in the United States. The main USTMA committees deal with regulatory policies for tire safety and on the environmental impacts of tires in the United States. USTMA also coordinates with ETRMA and TIP (WBCSD) to exchange useful information.

The Association maintains a proactive role in monitoring studies on environmental issues, e.g. Tire and Road Wear Particles (TRWP), and has continued to make cryo-milled tire tread (CMTT) samples available to researchers. USTMA has an open dialogue approach, particularly with the states of California and Washington, regarding planned investigations into the chemical 6PPD, which is widely used to protect car tyres from ozone, and the impacts of the transformation chemical substance 6PPD-quinone, for which it has launched a coalition, of which Pirelli is a member, to jointly participate in the process of analysis by the authorities of possible alternative chemical substances to 6PPD in compliance with California state legislation. In collaboration with the U.S. Geological Survey (USGS), the USTMA is working on a research project to analyse and refine evaluation methods for potential alternatives to 6PPD for use in tyres.

USTMA was active in 2024 with a strategy for end-of-life tire management. Every two years, the Association publishes ELT market data, then proposes solutions for the tyre circular economy and convenes stakeholders on the matter. USTMA has also launched, together with the Tire Industry Association, which brings together and represents tyre sellers, the Tire Recycling Foundation. This foundation's mission is to advance the circular economy of tyres at the end of their life, supporting new markets, through research, education, the allocation of funds and pilot projects. In this context, USTMA has sponsored a study on tarmac with the addition of ELT materials, and another on Tyre Derived Aggregate, a material used in civil engineering projects.

The association is also active on issues related to infrastructure and connected and autonomous vehicles.

USTMA does not have a Political Action Committee (PAC) and does not fund political candidates.

USTMA's position on climate change

Pirelli participates in the USTMA board of directors, committees and working groups, sharing the association's vision for a sustainable tyre future in the context of the Paris Agreement's goal of reducing CO_2 emissions. The Association supports policies for the development of low-carbon products, such as fuel-efficient tyres and tyres containing sensors or other performance monitoring and communication technologies, as well as policies that promote the development of materials with a lower carbon footprint than virgin raw materials, and research aimed at better understanding and improving the environmental impact of tyres. The USTMA supports the flexibility of alternative fuels, such as tyre-derived fuel (TDF), and pyrolysis, which is key to building a circular economy for tyres. The Association supports investment in research to develop sustainable infrastructure such as asphalt with the addition of materials obtained from tyres at the end of their useful life, to better understand the long-term benefits, performance and environmental impacts. The USTMA supports the development of electric vehicles and the infrastructure that supports them. USTMA's committees and technical working groups are composed of experts from member companies, including Pirelli, who work directly on issues related to tyre efficiency and decarbonisation, safety, materials and chemicals.

Other associations MEMA – Motor & Equipment Manufacturers Association

MEMA is the voice of the automotive and commercial vehicle supplier industry in the United States of America. It represents the largest manufacturing sector in the United States. Across the spectrum of innovative new vehicles, from autonomous technologies to zero emissions, vehicle suppliers are leading the way. MEMA member companies conceive, design and manufacture the original equipment systems and technologies that make up two-thirds of a new vehicle's value. Member companies also supply the global replacement service market with the technologies that keep millions of vehicles on the road, driving sustainability and supporting transportation.

During 2024, MEMA analysed issues of free trade and tariffs, research tax credits proposals, environmental regulation proposals and green incentive proposals, proposals to strengthen key supply chains for the car industry, and many other topics. Priorities for the association include policies governing vehicle safety, policies on zero emissions and electrification, sustainability, international trade flows, tax policies, supply chain resilience, and workforce and training.

MEMA has a privately funded Political Action Committee (PAC), with no contribution from Pirelli.

Pirelli is also a member of the Automotive Industry Action Group (AIAG), a U.S. association with no lobbying activities, where Pirelli is active in the Corporate Responsibility Steering Committee.

Other positions on climate change: Assolombarda

Pirelli joins Assolombarda in espousing its initiatives on combating climate change and its vision for a sustainable future. Pirelli, in fact, sits on both the President's Council and the Advisory Board of Assolombarda, contributing substantially to defining new strategies for the decarbonisation of the main national industrial realities. Climate change, in fact, is a global challenge that requires collective action and a multilateral approach. For this reason, Assolombarda has set up technical working groups, composed of experts from member companies directly involved in sustainability, climate change, safety, materials, chemicals and trade. Furthermore, through six focus groups with the top management of large manufacturing companies in Lombardy, the strategies of the most advanced companies were examined in detail in order to identify more clearly the special characteristics and possible developments of the ecological transition in the manufacturing sector. It emerged from the survey that the intensity of energy consumption and its incidence on the corporate cost structure certainly represent an impacting variable on the strategies for making production processes more efficient and on investment choices aimed at environmental sustainability. In fact, for particularly energy-hungry companies, energy supply management and energy saving can be not only a lever to decrease production costs, but also the most effective way to promote greater environmental sustainability.

Metrics - Community Contributions

Referring to the contributions made to the External Community, Pirelli has for many years adopted internal procedures defining the roles and responsibilities of the involved functions and the operational process of planning, achieving, monitoring and control of results of the initiatives supported. Pirelli procedure specifies that it may not promote initiatives for the benefit of beneficiaries in respect of whom there is direct or indirect evidence of failure to abide by human rights, workers' rights, environmental rights or business ethics.

In 2024, the ratio of expenses for corporate initiatives in favour of the external community to the Group's net result is 0.8% (0.9% in 2023).

The table below shows the expenses incurred in 2024:

CONTRIBUTIONS FOR THE BENEFIT OF THE EXTERNAL COMMUNITY (In thousands of €)

	2024
Training and research	**1,457**
Social-cultural initiatives	**2,050**
Sports and solidarity	**574**
Total contributions for the benefit of the external community	**4,081**

For more information about the main initiatives supported with the above disbursements and the related governance model, refer to the actions described in the previous paragraphs.

In 2024, the Pirelli Group's costs for annual membership of trade associations, advocacy activities, etc. amount to approximately 1,677 thousands euros globally.

Next is the expenditure for trade associations, which are part of the lobbying activities and also interact with policy makers.

MEMBERSHIP, COLLABORATIONS AND OTHER EXPENSES (IN THOUSANDS OF EUR)

	2024
Trade associations[143]	1,677
Lobbying, representation of interests[144]	**27**
Political parties (campaigns/candidates)	**0**
Total	**1,704**

In line with what is specified in the paragraph on "Policies", Pirelli does not disburse contributions to political parties and therefore makes no contributions in these areas (zero).

The most important association costs were paid to USMTMA for 336 thousand euros and to Assolombarda for 313 thousand euros, and to Unione Industriale for 300 thousand euros.

[143] Membership in trade associations includes, on a voluntary basis, companies operating in the same sector or region to strengthen advocacy activities and to promote or defend key interests with institutions and key players; for this reason, several trade associations participate in public affairs activities such as lobbying, in accordance with legislation and the local context.

[144] Operating expenses to third parties exclusively engaged in lobbying.

TRADE ASSOCIATIONS (in thousands of €)

	2024
USTMA - U.S. Tire Manufacturers Association (United States)	336
Assolombarda (Italy)	313
Unione Industriale (Italy)	300
ANIP - National Association of Tire Manufacturers (Brazil)	68
Assogomma (Italy)	119
ETRMA – European Tyre and Rubber Manufacturers Association (Italy)	139
wdk - Wirtschaftsverband der deutschen Kautschukindustrie e.V. (Germany)	75
Assonime (Italy)	100
CIN - Camara de la Industria del Neumatico (Argentina)	42
Other[145]	185
Total Trade associations	1,677

At the level of Associations in the United States, namely United States Tire Manufacturers Association (USTMA) and MEMA, the Vehicle Suppliers Association, the share dedicated exclusively to lobbying activities in 2024 amounts to 44 thousand dollars and 3 thousand dollars, respectively. For the other Trade Associations mentioned it is not possible to indicate the share they dedicated exclusively to lobbying activities, Pirelli pays an all-inclusive membership fee.

For more details on the lobbying activities of the two trade associations in the United States and of which Pirelli is a member, USTMA and MEMA, please refer to the paragraphs “USTMA” and “MEMA” of this Report.

For more details on lobbying activities with European institutions, please refer to the paragraph “ETRMA – European Tyre and Rubber Manufacturers Association” of this Report.

[145] Includes the membership fee for the Motor and Equipment Manufacturers Association (MEMA)

S4 Consumers and end users

Interests and views of stakeholders

Customer focus

Customer focus is a central element of the Group “Values” and “Ethical Code” and the “Quality” Policy and “Product Stewardship” Policy of Pirelli. These documents outline the company positioning and are therefore communicated to all employees in the local language and are available in many languages on the Pirelli website.

Among the essential elements of the Pirelli approach, the following are highlighted:

- consideration of the impact of its actions and behaviour on the customer;
- exploitation of every opportunity offered by doing business to satisfy the customer’s needs;
- anticipation of customer needs;
- safety, reliability, high performance of products and services offered, in accordance with local regulations and more developed national and international standards applicable, as well as excellence of production systems and processes;
- information to customers and end users to guarantee an adequate understanding of the environmental impacts and safety features of Pirelli products, as well as of the safest ways of using the product.

Pirelli’s end consumers are identified as the users of fleet or private vehicles, specifically: owners of cars, motorcycles and bicycles.

All end consumers (i.e. those using or consuming the product) who may suffer the significant impacts resulting from the Double Materiality analysis are included in the disclosure in accordance with ESRS-2.

Pirelli closely monitors the potential negative impacts linked to the use of its products by end consumers, with a particular focus on matters such as environmental pollution and product safety. The Group’s main activities in this respect are described in the section “Environmental information”, “Circular economy” as well as in this section in the paragraph “Product safety, performance and sustainability”.

Road safety impacts can be linked to individual incidents, for example to a specific flaw of a certain product or to the use of inadequately maintained tyres, which can increase the risk of incident.

To mitigate these impacts, Pirelli promotes significant investments in research and development of materials, compounds, structures, and tread patterns, as part of its Eco-Safety Strategy. These improvements allow the Pirelli product to achieve extremely high performance in terms of dry and wet braking.

In addition, Pirelli adopts a rigorous quality management system, supported by numerous certifications and tests, including ISO 9001, IATF 16949, and ISO/IEC 17025, for which reference is made to the paragraph "Product safety, performance and sustainability", which guarantee the compliance of the processes with the highest international standards and make sure that the products comply with the safety standards and performance required. These certifications, which are constantly monitored and renewed, reflect the company's commitment to the quality and safety of its products.

In line with its customer approach, Pirelli develops a series of initiatives aimed at improving the customer experience, including:

- use of digital tools to provide the customer with information (e-mail);
- product training.

Moreover, starting in 2016, and in line with Pirelli's "Prestige" strategy, a new retail concept called P Zero WORLD™ was created, with the aim of offering top-class services aimed at satisfying the most demanding consumers. P Zero WORLD™ offers its customers the full range of Pirelli products (Car, P Zero™ Trofeo® and Trofeo RS, Pirelli Collection, Moto and Cycling) and a series of customer-oriented services such as car valet and courtesy car, all immersed in an environment that allows to fully experience Pirelli World, being able to touch the most important assets such as F1®, the Calendar and the continuous partnerships of Pirelli Design. In 2024, the P Zero WORLD™ network reached around a hundred stores selected in the highest potential Premium & Prestige areas in the main countries worldwide. Of these, four are already active Flagship Stores (Munich, Monte Carlo, Dubai and Melbourne), while the remainder are authorised dealers, with more than 30 new openings planned for 2025.

Further details of the specific actions implemented by Pirelli to create positive impacts on its customers are provided in the dedicated sections of the following paragraphs.

Consumer and end user engagement processes in respect of impacts

<u>Listening and exchanging ideas with the customer as a source of continuous improvement</u>

Consumer relationships are managed by Pirelli principally through two channels:

- the local sales organisation, which has direct contact with the customer network and which, thanks to advanced information management systems, is able to process and respond to all information requirements of the interlocutor on-site;
- the Pirelli Contact Centres, more than 20 worldwide with over a hundred employees, performing information support and order management (inbound), telemarketing and teleselling (outbound).

Also in 2024 direct customer listening activities were carried out both through the Brand Tracking survey in Pirelli's Top Market (Italy, Germany, China and United States) and through surveys to consumers with whom Pirelli has a direct and constant dialogue thanks to structured CRM activities. The ongoing changes made to the Brand Tracking study over the years have made it possible to refine and improve the precision of business insights into the brand role, image profile and factors that influence the end customer's purchase decision. Brand Tracking, handled under the scope of the Marketing team's activities, ensures the continuous monitoring of brand performance indicators through weekly surveys conducted throughout the year. Data can be analysed on demand once a month or on a cumulative basis of multiple months. Once a year, reports will be prepared offering a detailed analysis of the performance of the main tyre brands by country.

This monitoring helps Pirelli understand the consumer's point of view with respect to potential market trends and monitor the perception of the brand with respect to the competition. In terms of performance indicators, Pirelli considers Brand Awareness and Brand Consideration as effective indicators of consumer engagement with tyre brands. Brand Awareness indicates to what extent tyre brands are spontaneously recalled and, therefore, their relevance in the consumer's mind. Brand Consideration, on the other hand, indicates to what extent brands with which the consumer is familiar are considered for an upcoming purchase.

With reference to the Target Premium 18" Up represented by owners of cars that can fit tyres of 18" and over, the analysis carried out in 2024 saw Pirelli positioned among the main tyre brands: in first place for Brand Awareness and in second place for Brand Consideration in Italy, in second place for Brand Awareness and in third place for Brand Consideration in Germany. Outside Europe, Pirelli ranks fifth for Brand Awareness and Brand Consideration in the USA, while in China it ranks fourth for Brand Consideration, fifth for Brand Awareness.

To listen to the consumer, their opinions and mindset, websites and social networks are equally essential, on which the Company boasts a structured, capillary presence. The analysis of trends recorded on the company's social profiles makes it possible to monitor variations of the reference market, both in personal terms (age, gender, etc.) and geopolitically, for each product category offered (car, motorcycle and cycling).

In 2024, the overall fanbase of Pirelli's social media channels increased in followers compared to the previous year. Considering all Pirelli profiles, Facebook is confirmed as the most relevant channel, having recorded the same increase in Instagram users during the year, three times lower than that seen on LinkedIn, whose growth was significant. The Instagram Threads channel also continues to grow, followed by TikTok, which records slower growth. Pirelli's followers on YouTube remain essentially stable compared with last year, while the only fanbase that has reduced is that of X.

As regards motorcycles, both the Pirelli brand and Metzeler have been active for years now on Facebook and Instagram channels.

Immediately active in Instagram, Pirelli Cycling bases its communication on digital activation in line with the propensities of its target consumer.

As regards the website www.pirelli.com, Pirelli's digital magazine, of the articles published in 2024, the vast majority discuss product and motorsport topics, while the remainder relate to brand and company dimensions – gathering over 5 millions of one-time users. The publication of editorial content supports the telling of the story of the different dimensions of the company: from people to sustainability, from technology to innovation, from products (cars, motorbikes, cycling) to activities in motorsport and competition, from sponsorships to the Pirelli Calendar.

In addition to the group website, consumers can contact or gather specific information for the motorcycle and cycling world, on dedicated websites. As regards the motorcycle world, moreover, in addition to the website, for the business, the mobile application DIABLO™ Super Biker is particularly important, having now been further renewed and improved in its graphics, usability and functions offered to motorcyclists, along with the CRM (Customer Relationship Management) project, which is seen as a priority considering the passion for Pirelli products demonstrated by the community of registered bikers.

Channels allowing consumers to express concerns

Pirelli adopts a structured, transparent approach to identify, manage and mitigate any significant negative impacts caused by its products on consumers and end users, in line with its commitment to product safety and environmental sustainability.

In the event of negative impacts linked to product characteristics, Pirelli will take action to promptly respond to and assess the effectiveness of remedies through a rigorous complaints analysis process, data monitoring and continuous improvement of its procedures and its products.

Pirelli has adopted a clear procedure to provide feedback to any end consumer complaint, which involves immediate intervention to solve the problem reported.

Consumers can access a series of channels to raise concerns, including the whistleblowing channel, for which reference is made to the section, "Information on Governance", paragraph "Whistleblowing Policy", which, as envisaged by the Policy, is open to all Group stakeholders.

The complaint channels available to end consumers also include B2B platforms and contact centres accessible through the retailers from which they purchased the products. Through the B2B platform, retailers can send complaints to SAP directly, where all market complaints are recorded, launching automated operating complaint management flows, which significantly reduce handling time.

Once the complaint has been received, the contact centre organises collection of the tyre to send it to the dedicated complaints centre, where a specialised technician will analyse the tyre. The process concludes with the approval or rejection of the complaint, recorded in the system. If the complaint should be found to be true, the consumer is then compensated.

All data relating to complaints is available on Qlik for analysis at a market, manufacturer or specific site level. Each month, Pirelli monitors the number of complaints accepted from the start of the year.

Around 25% of complaints are managed through the B2B platform, guaranteeing greater efficiency in the support and management of the impact involving the consumer.

Transparency and customer information

Following the Double Materiality analysis performed by Pirelli, the following have been identified as material impacts:

- channels dedicated to listening to customers
- availability of adequate information on Pirelli Products for customers

These aspects are at the heart of Pirelli's commitment to guarantee transparency and build relations of trust with its customers.

Transparency and customer information run on multiple specific channels, adapted to the type of customer, which may be original equipment, distributor or end customer.

In the context of advertising communication, Pirelli has defined a traceable and transparent process for decisions relating to advertising campaigns and related media planning, both in the case of promotional activities managed centrally and locally with central supervision.

In terms of production of advertising campaigns and media planning, Pirelli uses specific auditing and certification structures that place the Company at the highest levels in terms of transparency and traceability in its investment strategies.

The Pirelli Group endorses the IAB (Interactive Advertising Bureau) and is associated with the UPA (Associated Advertising Users), among other things dedicating ongoing commitment to support the Advertising Code of Corporate Governance of the association. Through the UPA, Pirelli is a member of the WFA (World Federation of Advertisers), which commits participating firms to pursue honest, truthful and fair competition and communication in compliance with the code of conduct and self-regulation which they adopt. Consumer protection is also guaranteed by the choice of suppliers in the communication sector (creative agencies, media centres, production companies) that in turn belong to business and professional associations governed by ethical codes regarding communication.

Pirelli provides information to customer-distributors and end customers on a continual basis. This information concerns both the product and related initiatives, and is disseminated in a variety of ways, including digital channels, and this is complemented by information distributed in hard copy format, as well as the range of offline and online training activities.

With 50 Car websites (in 23 languages), 39 Moto websites (19 Pirelli websites in 12 languages and 20 Metzeler websites in 11 languages), and 6 Cycling websites (in 5 languages), the online presence represents a fundamental touchpoint for Pirelli in the tyre purchasing process. These product websites, localised not only in terms of language, but also for content, offer and promotional activities, aim to inform consumers about product characteristics and applied technologies, and direct them, in all countries where Pirelli markets its products, to points of sale where they can purchase tyres or to purchase them online on partner e-commerce platforms.

The Retail sites, present in numerous countries, offer an additional digital touchpoint, which takes the consumer to the threshold of the sales point.

Particularly relevant in terms of engagement and training on sustainability issues is the Convention dedicated to European Dealers in the various reference markets. To name just a few: in February, in Barcelona, involving Driver Italia, in June in Sweden for the Dackia network and in Cologne for German drivers and in September in the Camargue for French dealers. The plenary sessions offer an overview of Pirelli’s sustainability strategy, while a series of vertical workshops were devoted to the new P Zero E, product eco-safety-design, sustainable materials, Pirelli Elect technology for the electric market, and certifications.

2024 was a year filled with static and dynamic launches of new cars in the Prestige segment, which chose Pirelli as their original equipment tyre.

The year started with a new collaboration with Porsche for the launch of the new Taycan Turbo GT, which led to the production of multiple communication contents, including a historic article devoted to the collaboration with Pirelli on this vehicle, published by Porsche in their Newsroom.

This was followed by the new Lamborghini Urus SE, the first hybrid SUV to be produced by the company from Sant’Agata Bolognese, which has chosen Pirelli as its technical partner for the whole of the Urus range, and the new Lotus electric hypercar, the Emeya, unveiled to the media during a global test drive in Germany with Pirelli P Zero R on the highest performing version, the “R” model.

The release of the new Pagani Utopia Roadster, equipped with Pirelli’s new Cyber Tyre Technology developed in collaboration with Bosch closed the year, along with the new Aston Martin Vanquish on P Zero and the new McLaren supersports model, the W1, which fits Pirelli’s Trofeo RS as standard.

In terms of events, the highlight of the year was once again the Goodwood Festival of Speed, of which Pirelli was the Official Tyre Partner for the second year running, and the P Zero Experience, which this year saw Pirelli’s track driving platform reach the historic milestone of a first appointment in China, at the Shanghai International Circuit, in collaboration with McLaren.

Policies

The importance of the transparency and adequacy of the information supplied to customers is stressed not only by the Pirelli Group Code, the Global Quality Policy and the Product Stewardship Policy, the contents of which include, amongst the various aspects regulated, Pirelli’s commitment to fostering positive impacts in terms of making available to customers both dedicated channels for listening and suitable information on Pirelli products.

Customer guidance is first and foremost a key element of the Pirelli Group Code of Ethics, which recalls Pirelli's commitment to base the excellence of the products and services offered on constant innovation, with the aim of anticipating the needs of its customers and meeting their requirements with an immediate and competent response, operating with integrity, courtesy and maximum collaboration.

The Product Stewardship Policy confirms Pirelli's commitment to promoting continuous, open, loyal dialogue with all its stakeholders, including customers and end consumers, aimed at constructing sustainable relations that ensure reciprocal benefits and the sharing of common responsibilities, as well as to communicating information to stakeholders about its products and the approach taken to the management of their life cycle.

More specifically, Pirelli undertakes to support customers and end consumers to guarantee that they understand the environmental impacts and safety characteristics of the products and inform them as to how to make safe use of such.

In addition, the Global Quality Policy stresses how quality, an essential value for Pirelli, is also pursued by the Group through: i) promotion towards the internal and external communities (including customers and end consumers) of its quality-orientated business culture, inclusivity and ethics, disseminated through a constant, focussed activity of dialogue, communication, motivation and training; ii) the timeliness of response and collaboration with customers, with a view to creating shared value.

Targets

Although Pirelli has no specific targets in relation to the topic of Transparency, Information and Customer training, the Group constantly monitors the effectiveness of its policies and actions through the collection of feedback from customers through dedicated investigations, and undertakes to maintain continuous monitoring of the end consumer's perception of the Pirelli brand through Brand Tracking.

In addition, Pirelli's performance on the social networks is a tool to verify the degree of consumer engagement with respect to the Pirelli brand, flanked by the implementation of CRM systems to track consumer preferences and improve the purchasing experience.

These activities aim to ensure the continuous improvement of presence on digital and social channels, with the aim of providing transparent, up-to-date, high quality information about Pirelli products and technologies, increasing customer engagement through targeted communication campaigns.

Actions

Direct E-mail Marketing (DEM)

Pirelli's Direct E-mail Marketing (DEM) programme is developed to strengthen the relationship with its customers through a direct, immediate and easily-accessible communication channel, in line with the objectives of the Code of Ethics and the Product Stewardship Policy.

This tool has been designed to:

- inform retailers about the main new features of the product and corporate updates.
- provide details on training opportunities, as well as courses to become Pirelli Product Experts, contributing to the professional growth of partners.
- guarantee continuous, customised contact, strengthening the connection between the Company and its interlocutors (retailers and/or consumers).

Following the 2020 intervention for the digitisation of Pirelli's Digital E-mail Marketing (DEM) programme, in 2024 it involved 20 markets (+3% vs 2023), recording a positive impact on the results generated by engagement actions and conversion of the CRM customer base. No further extensions are envisaged in the short-term, but the activity will continue over the next few years.

The programme is managed in complete respect of the rights of consumers and other interlocutors involved, in compliance with data processing and privacy regulations, offering a customised, but non-invasive experience. Pirelli undertakes to guarantee a constant balance of marketing effectiveness and respect for consumers, promoting a relationship based on trust and transparency.

Measurement of the effectiveness of Digital E-mail Marketing (DEM) initiatives is based on a combination of quantitative (opening rates, clicks, conversion, unsubscriptions, etc.) and qualitative (consumer feedback, NPS) metrics.

On-line customer training

In line with the provisions of the Group's Product Stewardship Policy, according to which Pirelli undertakes to support customers and end consumers to guarantee that they understand the environmental impacts and safety characteristics of its products.

In 2024, the Company decided to further strengthen the tools for training and informing customers and consumers, thanks to the development of a technological platform designed specifically to host the Tyre campus, a virtual on-line training tool on the Pirelli product, technology, sustainability and tyre sales.

This initiative was launched in consideration of the feedback collected from the market on the tools previously available and aims to guarantee a greater understanding of the product by retailers, particularly in respect of the innovative performance and sustainability of the new products, and that these messages reach the end consumers, thanks to the ease of use and presence of materials prepared with the help of all the competent departments, such as Research&Development and Marketing.

Thanks to the automatic preparation of reports and insights, the new platform also facilitates the monitoring of the effectiveness of such tools and internal sharing for potential revisions of training and information strategies.

During the first year of the platform's launch, the US and UK markets were active but the platform is already prepared to best serve 42 different markets, as it has been translated into 17 languages and by end 2026, it is expected to be activated for all reference markets.

Accessible directly from Pirelli's B2B portal, the 3rd generation Tyre Campus will thus enable the more than 31,000 users worldwide to complete product information courses, offering the local market considerable management autonomy, such as, for example, the preparation and making available to the end consumer of exclusively local relevant documents. In addition, the focus is on gamification, which enables the trainee to compare notes with national and international colleagues, thereby stimulating platform engagement. Upon completing each themed training course, the participant receives a badge and certificate of attendance, available for download, which will automatically be shared on their personal social networks, thereby promoting the Tyre Campus.

Product safety, performance and sustainability

Following the Double Relevance analysis, Pirelli has identified material opportunities and impacts linked to product safety and innovation, including

- incidents deriving from product characteristics or flaws (focus on wet grip)
- increase in market share thanks to ever safer products, such as smart and connected tyres that transmit information useful to safe mobility in real time.

In line with these results, Pirelli's Eco&Safety strategy places safety for people and technological solutions in support of the environment among the essential values of the Company's product offering and commitment. In 2024, the Company confirmed its continued focus on the development and marketing of tyres and technologies that aim to increase safety and enhance the potential of cars in tandem with attention to the environment.

With reference to the opportunity to increase market share thanks to ever safer products, such as smart, connected tyres that transmit information useful to safe mobility in real time, this can become particularly important for specific groups of end users and consumers. More specifically, such innovations may have a significant impact on categories like more demanding drivers seeking advanced technology to improve safety and performance or company fleets requiring proactive monitoring solutions. Innovation in this area responds to the growing expectations of those privileging high added value products, combining safety, efficiency and connectivity.

In 2023, Pirelli introduced the P Zero E to the market, the new tyre that integrates the latest technological innovations developed by Pirelli, put at the service of the new electrified and sustainable mobility. Characterising the new product are several elements:

- Manufactured with more than 55% natural and recycled materials, over the whole launch range, as validated by Bureau Veritas, world leader in services verifying compliance and certification for quality, the environment, health, safety and social responsibility.

- Pirelli P Zero E achieved the highest class (A) in all parameters of the European label for all available sizes (energy efficiency-rolling resistance, safety – wet braking and acoustic impact-external noise). Starting with rolling resistance, thanks to specific compounds (Rolling Reduction Compounds) that favour greater autonomy of battery-powered vehicles, prolong tyre life thanks to reduced wear and play a fundamental role in controlling the car in various driving situations and in particular wet braking. As of 2023, Pirelli P Zero E was the first UHP product with this label category.

- The entire P Zero E range is marked Elect, which identifies the package of technologies developed by Pirelli to enhance the characteristics of electric cars.

The new Pirelli RunForward technology, making its debut on the P Zero E, is designed to keep control of the car in the event of a puncture and allow you to continue driving. This system is made up of reinforcing bezels on the tyre’s sidewalls, which provide support for the tyre and allow it to travel up to 40 km at a maximum speed of 80 km/h even at zero pressure. The advantages of tyres equipped with Pirelli RunForward are many, including: a level of driving and acoustic comfort comparable to that of a traditional tyre, while maintaining low rolling resistance and the convenience of not requiring special rims to benefit from this technology, designed especially for BEV cars.

Pirelli also continues to invest in highly-sustainable products. In 2024, it introduced the new P Zero Winter 2, manufactured with more than 50% natural origin and recycled materials on select sizes of the ELECT™ range for electric and plug-in vehicles. The P Zero Winter 2 is Pirelli’s latest proposal and boasts the highest classification of the European label (“class A”) in adherence in the wet and excellent braking on snow, on all sizes. To find the best technical solutions when developing the P Zero Winter 2, Pirelli’s R&D team employed virtual design until obtaining a product that was entirely different from its predecessor, which had already achieved excellent results in the various conditions of use. One of the first car manufacturers to have chosen this new product is BMW, which has approved the P Zero Winter 2 for its winter fittings for the M5 and i7. The version designed for this latter model is the first “class A” rolling resistance winter model. The P Zero Winter 2 has also played a key role in collaborations with other prestigious car manufacturers, such as Ferrari with the Daytona SP3. In 2024, Pirelli also launched the new P Zero MS, a high-performance all-season tyre designed for Premium and Prestige car manufacturers requiring original equipment for their vehicles that is effective all year round. The new product comes within the offer of Pirelli’s UHP all-season tyres, flanking the Scorpion MS launched last year, in turn dedicated to latest generation SUVs.

The European market is now offered the new Cinturato All Season SF3, a safe, comfortable tyre for all year round, designed for drivers above all in and around the city, but who also want complete peace of mind when encountering snow. Pirelli's new all season has been recognised by the certification body Dekra as the best tyre of its category for cumulative braking in the dry, on snow and in the wet and for having obtained the Performance Mark of TÜV SÜD for having shown excellent performance in the various driving situations. It is above all when it comes to control in the wet that the new Cinturato really comes into its own: all the sizes in the range boast the highest classification on the European label ("class A") in wet grip.

In 2024, Pirelli's range was also enhanced by the new Powergy Winter and Powergy All Season SF, which flank the summer version already available on the market, thereby completing the Powergy range, designed for drivers looking for an accessible solution for tyre changes, without renouncing safety, efficiency and comfort. The Powergy™ All Season SF offers a versatile solution for all seasons. Designed for urban drivers, this tyre offers constant safety and comfort from the summer heat and winter cold, reinforcing Pirelli's commitment to the highest standards. For winter conditions, the Powergy™ Winter tyre is the best choice. Perfect for both trips away in the mountains and everyday commutes, this tyre has been designed to cope with the challenges of winter roads, guaranteeing superior comfort and safety, supported by the famous Pirelli quality.

In terms of results in tests conducted by the European press, several satisfying milestones were achieved in 2024 (22 podiums and 10 victories in total).

More specifically, of all the All Season tyres, the Cinturato All Season SF3 has obtained a total of six podiums (of which five victories) in magazines/on websites such as Auto Bild, Tyre Reviews and Al Volante.

Of the Winter tyres, the UHP P Zero Winter 2 took first place in the test run by the website Tyre Reviews.

In the HP segment, the Cinturato Winter 2 and the Scorpion Winter 2 each obtained a podium in the Teknikens Varld test and Auto Motor und Sport respectively, while the Studded Ice Zero 2 won in the Teknikens Varld test.

Equally noteworthy results were obtained by Pirelli products for the NAFTA market.

In the test for the Grand Touring All Season segment carried out by Tire Rack, the Cinturato Weatheractive took fourth place, thanks to its excellent handling qualities on road, where it came first.

In the test for the UHP All Season segment, the P Zero AS Plus 3 took first place, thanks to excellent results on all the performances tested.

In this regard, it is worth mentioning that most Pirelli products are at the top of the consumer satisfaction rankings published by Tire Rack (@Feb 2025):

- Scorpion Zero All Season Plus in 1st place in the Street/Sport Truck All Season category;

- Scorpion Zero All Season in 4th place in the same category;
- Scorpion Weatheractive ranked 1st in the Crossover/SUV Touring All Season category;
- Scorpion AS Plus 3 in 1st place in the Crossover/SUV Touring All Season category, considering only M+S All Season products;
- Scorpion Winter ranked 2nd in the Light Truck/SUV Winter/Snow performance category;
- P Zero AS Plus in 1st place in the Ultra High Performance All Season category (Elect version 2nd place);
- P7 AS Plus 3 ranked in 1st place in the Grand Touring All Season category, considering only All Season M+S products.
- Cinturato Weatheractive ranked 2nd in the Grand Touring All Season category.

The focus on the evolution of mobility and the environment is also expressed in the Elect-labelled tyre offering, which distinguishes all tyres developed specifically, together with car manufacturers, for electric vehicles. The marking represents the clear identification of a tyre built through technological solutions and material packages capable of enhancing the technical peculiarities of electric cars, particularly in terms of:

- low rolling resistance, to increase the life of the car battery;
- low acoustic emissions, for greater driving comfort, in line with the silence of electric traction;
- greater resistance of the carcass to better support the weight increase of the car given by the batteries and at the same time guaranteeing better handling;
- greater resistance of the tread compound to support the higher torque generated by the electric motor, ensuring the necessary road holding.

Pirelli's growing role within the Elect segment and strategic development partner is also made even clearer by the achievement of more than 660 homologations (pure BEV, of which 190 obtained in 2024 alone) on 31 different carmakers, including numerous activities also within the OE BEV APAC world, which is undergoing strong expansion and represents an element of diversification of Pirelli's OE presence. Pirelli's strong OE investment was reflected in a strong increase in original equipment sales with Elect technology: in 2024 Elect sales in the OE channel accounted for 18% of the channel total (vs. 16% in 2023); almost 100% of Elect sales in the OE channel is for 18'' up and account for 24% of 18'' up sales in the OE channel. In the replacement channel, thanks to Pirelli's pull-through strategy, Elect sales grew by more than 50% vs. 2023 to account for 4% of total replacement.

Particularly suitable for electric vehicles, but not only, is the PNCS™ technology, a decisive innovation for the reduction of interior noise generated by tyre rolling as a result of stress between the road surface and the tread pattern. Benefits have been recognised by car manufacturers such as Volkswagen, Jeep, Alpina, Karma, Enovate, Jaguar-Land Rover, BMW, Audi, Volvo, Polestar, Mercedes, Ford, Tesla, Lucid, Porsche, Bentley, McLaren, Aston Martin and Rolls Royce, with 549 approvals. PNCS™ technology in the OE channel accounts for 22% of the total (vs 19% in 2023) and 29% of the 18" up (vs 25% in 2023). In the spare parts channel there is a continuous sales growth driven by the pull through strategy of +23% vs. 2023 and accounting for 10% of the total 18'' up spare parts.

Policies

Product safety is first and foremost recalled by the Pirelli Group Code of Ethics, which stresses, as an essential value for Pirelli, the fact of offering top product quality, excellence of systems and production processes, while maintaining a constant focus on performance in order to meet customer expectations in terms of performance and safety.

Product safety and quality is stressed not only by the Pirelli Group Code of Ethics but also by the Global Quality Policy and the Product Stewardship Policy, the contents of which also set forth, amongst the various aspects regulated, Pirelli's commitment to fostering positive impacts in terms of the prevention of incidents caused by product characteristics/flaws, at the same time also making it possible to make the most of the opportunity to increase market share thanks to ever safer products, for example smart, connected tyres that transmit information useful to safe mobility in real time.

The Product Stewardship Policy confirms how Pirelli has chosen to systematically assess any potential safety risk during each phase of the product life cycle and take timely action as necessary to prevent or mitigate any negative impacts in this respect, as well as to invest in research and development to design innovative, ever safer products and reduce the environmental impact.

The Policy also stresses Pirelli's commitment to supporting customers and end consumers to guarantee that they understand the environmental impacts and safety characteristics of the products and to inform them about the safest ways to use them, at the same time assuring respect for the environmental during their use and at disposal, facilitating recycling or reuse wherever possible.

Finally, the Global Quality Policy stresses how quality, an essential value for Pirelli, is also pursued by the Group through: i) the safety, reliability and high performance of the products and services supplied, in compliance with current regulations and the highest national and international standards, guaranteeing a continuous alignment of business processes with the requirements of quality standards (ISO 9001 and IATF 16949 – automotive sector); ii) the anticipation, satisfaction and tendency to exceed the expectations of both internal and external stakeholders (including customers) across the world, benefiting from the high level of skills and professionalism of its people; iii) the identification, prevention and management of the various types of risks, both in business processes and throughout the value chain and the capacity to make the most of development opportunities; iv) continuous evolution and innovation of products, services, processes and systems with a view to excellence and guaranteeing a perfect customer experience.

In addition, Pirelli's tyres undergo a careful quality analysis before being released to the market, with a view to preventing or solving the problem of faulty products before they are delivered to customers and thereby avoid product recalls. The entire production process is subject to specific internal quality assurance procedures with safety and performance targets that are constantly updated and raised. The Pirelli Quality Management System involves annual first party audits (i.e. internal audits) to guarantee and validate the quality management system, in compliance with standards ISO 9001 and IATF 16949 for the automotive sector, assessing the implementation, maintenance and effectiveness of the Quality Management System.

These audits assess compliance with the IATF standard, specific customer requirements and our internal policies.

The areas of interest include management's commitment, risk management, change management and continuous improvement processes.

In addition to the management system audits, audits are also run on the process and product.

Guided by VDA 6.3 and VDA 6.7, process audits examine the solidity and capacity of key processes throughout the value chain of production and services. The audit scope covers project management, the planning and development of products and processes, supplier management and production processes. The key focus is on identifying potential risks, guaranteeing process controls and improving the efficiency and quality of results. To assess compliance with the predefined criteria and identify areas for improvement, the specific VDA standard is used. According to the guidelines of VDA 6.5, on the other hand, product audits assess whether or not the end products satisfy customers expectations, legal and regulatory requirements and internal quality standards. These audits entail detailed inspections, function tests and the assessment of specific product characteristics. The results of product audits are used to guide corrective and preventive actions.

The approach described is structured in such a way as to cover all Group sites, processes and products with Pirelli system, process and product audits, in line with the requirements and frequency laid down by standard ISO 9001 – IATF 16949 (system audits), VDA 6.3 and VDA 6.7 (process audits), VDA 6.5 (product audits) or in respect of Customer requests.

For some years now, Pirelli has also adopted an internal procedure to regulate the periodic delivery of training on the Group Quality Management System, in relation to the roles and responsibilities of the functions involved, the operational process of planning, realising and monitoring the initiatives and the disclosures regarding the same. The content delivery modes are distributed between in-person, virtual and on-line self-paced courses or "on-the-job training", consistent with the learning objectives of each initiative. The first method described is used for white-collar training, while the second is preferred for blue-collar workers. The aim of these training sessions on Quality is to ensure that the people are able to apply knowledge and skills (abilities and know-how) learned to effectively fulfil their current and future responsibilities.

In 2024, Pirelli voluntarily decided to proceed with a market recall of motorcycle tyres, without any enforcement by regulatory authorities, as it was not linked to homologation compliance violations and was therefore not subject to penalties.

The costs accrued in 2024 for this recall amount to approximately 3 million euros.

Targets

Under the scope of the 2024-2025 Strategic Plan, Pirelli has **defined the goal of improving performance in car tyre wet grip, making the commitment to ensure that more than 90% of the new IP Codes fall within classes A and B of European labelling by 2025**.

In addition to aiming to improve rolling resistance, for which reference is made to the addressing of product targets in the Environmental information section, Climate Change, the target comes as part of the Eco & Safety strategy, which combines the need for high quality products with high safety characteristics and a constant commitment to improving the environmental impact.

This measurable, relative target applies to the period 2020-2025, with a baseline year set at 2020.

The target scope includes new car products (new IP Codes) that made their first sales on the market[146] in the reporting year. In addition, the values for wet grip, assessed on non-European scales, are converted to the equivalent EU scale, thereby guaranteeing a consistent comparison with current regulations.

At 2024, the value recorded is already in line with a percentage of new IP Codes produced with wet grip labelling classes A/B equal to 90.5%, thereby showing the effectiveness of the Pirelli product development and technological innovation strategies in improving tyre safety performance.

Actions

The operating costs of the actions listed below, which relate to research and development activities, are included in the 75% expenditure share allocated to activities linked to product sustainability features, as described in the Environmental Information section, under the “E1 Climate Change” and “Product Innovation” paragraphs, to which reference is made.

<u>High Speed Testing Machine</u>

In Milan, in 2021, Pirelli installed a new machine in its Research and Development site, which can test tyres in controlled conditions at up to 500 km/h and with realistic operating cycles that can

[146] sales of at least 50 units

reproduce effective stress during the extreme use of products on the track or on the road, the “High Speed Testing Machine”. The main purpose of this test is to further increase the safety of tyres for the fastest cars: with the advent of increasingly high-performance road hypercars, also as a result of the perfection of electric engines, high speed is becoming a crucial factor in the development of different categories of tyres, not only those specifically for motorsport, but also those intended for road use.

Joint Development Partnerships

Collaboration with external stakeholders with a view to research, innovation and best practices plays a particularly important role in the development of more sustainable materials. More specifically, Pirelli has multiple Joint Development Partnerships in place with strategic suppliers, two- or three-year collaborations, research agreements with universities (such as the Joint Labs agreement stipulated by Pirelli and the Polytechnic University of Milan for the research of ever more sustainable materials, such as bio-polymers). Collaborations with universities are often associated with cycles of financed PhD qualifications, which therefore last at least three years, but as a rule they last for multiple cycles. There are then also collaborations at the sector level for scientific research as part of the WBCSD’s Tire Industry Project, with the aim of proactively identifying and addressing potential human health and environmental impacts associated with tyre life cycle impacts, and multi-stakeholder collaborations such as the Global Platform for Sustainable Natural Rubber (GPSNR), in order to support sustainable development of the Natural Rubber business.

Quality, product and sustainability certifications

The main management systems adopted by Pirelli under the scope of quality management include ISO 9001, IATF 16949, ISO/IEC 17025.

ISO 9001: since 1970, the Group has had its own Quality Management System introduced gradually at all Plants and, since 1993, Pirelli has obtained certification of its quality system under the ISO 9001 standard. The transition process of its Plants and the Headquarters to certification according to the new ISO 9001: 2015 ended in September 2018. In 2020, following the Covid-19 pandemic situation, the IAF (International Accreditation Forum) admitted the possibility of implementing remote audits and extending the validity of expiring certificates. Pirelli ensured that surveillance and recertification audits were carried out remotely and, in the field, where possible, in accordance with IAF rules and in compliance with the rules for the preservation of personnel health, established by the country and the company itself. In 2021, due to the continuation of the pandemic situation, the Company continued to carry out surveillance audits in accordance with the procedures laid down by the relevant third-party bodies, guaranteeing the continuity of the certifications obtained. Starting in 2022 and continuing through 2023 and 2024, following the re-establishment of the general conditions of normality and in accordance with the procedures laid down by the appointed third-party bodies, the Company resumed carrying out surveillance audits in presence, guaranteeing the continuity of the certifications achieved.

IATF 16949:2016: since 1999 the Group has obtained the certification of its Quality Management System according to the automotive scheme and subsequent evolutions. Following the evolution of ISO 9001:2015 and the new IATF 16949:2016 (Automotive Scheme became private), Pirelli achieved the Quality Management System certification in 100% of its eligible Plants as at 31 December 2018. In 2020, due to the pandemic situation, the International Automotive Task Force allowed remote audits from 30 October 2020. Once again, Pirelli ensured that surveillance and recertification audits were carried out in the field, and then remotely, in accordance with IATF rules and in compliance with the rules for the preservation of personnel health, established by the country and the company itself. In 2021, due to the continuation of the pandemic situation, the Company continued to carry out surveillance audits in accordance with the procedures laid down by the relevant third-party bodies, guaranteeing the continuity of the certifications obtained. Starting in 2022 and continuing through 2023 and 2024, following the re-establishment of the general conditions of normality and in accordance with the procedures laid down by the appointed third-party bodies, the Company resumed carrying out surveillance audits in presence, guaranteeing the continuity of the certifications achieved.

ISO/IEC 17025: since 1993 the Materials and Experimentation Laboratory of the Pirelli Tyre S.p.A. and since 1996 the Experimentation Laboratory of Pirelli Pneus (Latin America) and since 2023 the Materials and Testing Laboratory of Jining Shenzhou Tire Co. have had a Quality Management System, and have been accredited under the ISO/IEC 17025 standard. This system is maintained in accordance with the standard in force and the ability of the laboratories to perform accredited tests is evaluated annually. In 2020, the Laboratory carried out its annual surveillance audit remotely, in 2021 and 2022 in hybrid mode, as stipulated by the Accreditation Body Accredia. In 2024, the laboratory performed the renewal of the certificate with an in-person audit, guaranteeing the continuity of accreditation.

Laboratories participate in proficiency tests organised by the International Standard Organisation, the European Tyre and Rim Technical Organisation (ETRTO) or international circuits organised by car manufacturers. Specifically in regard to car tyres, the focus on quality is confirmed by Pirelli's supremacy in numerous product tests. It is also guaranteed by its collaboration on product development and experimentation with the most prestigious partners (auto manufacturers, specialised magazines, driving schools, etc.).

The Product Certifications, which allow the marketing of the same in the various markets in accordance with the regulations laid down by the different Countries, are coordinated and, for some markets managed, directly by the Quality Function. The prevailing certifications, obtained in the Pirelli Group, cover the markets of Europe, North America, South America, China, the Gulf States, India, Indonesia, South Korea, Africa, Argentina and Australia (the latter only 'on demand', as it considers both the DOT - Department of Transportation - marking and the UNECE certificate valid), and involve all Pirelli plants. These Certifications periodically require factory audits by ministerial bodies from the countries concerned or bodies delegated by them, with the aim of verifying product compliance at the Pirelli production sites.

As of 2023, all Governmental Authorities and/or Type Approval Authorities performed in-person audits for production conformity verification.

Sustainability certifications, carried out on an entirely voluntary basis, allow Pirelli's plants to comply with standards ISCC+ and/or FSC™. These standards entail site-specific certification; therefore, all plants involved in the process must implement all activities, criteria and responsibilities to respect the rules of segregation and/or calculation of mass balance and, finally, must show the traceability and sustainability of their outputs: tyres, compounds/semi-finished products and raw materials.

In addition, in order to provide an effective response to its stakeholders' expectations, Pirelli has found itself addressing standards RBA and RSCI, both in Mexico and in China. This strengthens Pirelli's commitment to the promotion of a responsible, sustainable value chain, taking into account not only the social but also the environmental and economic impacts of its business. Participation in these initiatives can also help Pirelli identify and manage the risks in its value chain, improve the transparency and traceability of its products and services and collaborate with other industry operators to promote sustainable practices.

<u>High value approach to the mobility of the future</u>

Pirelli closely monitors the evolution of mobility and its main trends such as digitalisation, electrification, servitisation, mobility sharing and automated driving, elements that were already present before the health emergency and are expected to evolve strongly in the coming years. In fact, the health emergency has highlighted the importance of personal health and safety, and the path to recovery is clearly geared towards greater focus on sustainability for people and the planet, and the fundamental role that technologies can play in making mobility safer, more accessible, efficient and with less environmental impact.

The mobility of the future cannot be separated from digitalisation, and in this area Pirelli is present with the Cyber™ TYRE project. Tyre 'sensorisation' is an integral part of the Group's strategy that makes technological innovation a distinctive and key element in responding to the major themes that will transform the concept of mobility: autonomous driving, electric, sharing and 5G connectivity. In this context, the Company takes a proactive approach in identifying the necessary and most appropriate way to respond to potential or actual significant negative impacts on consumers or end users. This process is based on a continuous analysis of market trends, the regulatory framework and emerging customer demands, with a view to guaranteeing a range of products and services that is increasingly safe, sustainable and in line with end consumer expectations.

While the development of Cyber Tyre technology in 2021 saw the market launch of the McLaren Artura, the first car with tyres natively integrated with the vehicle's electronic systems in2022 and 2023, new iconic models of future mobility have been equipped with Cyber Tyre sensorised tyres, providing useful information for vehicles to improve safety, performance and features. In 2024, Pirelli added Audi Sport to its customers and reached a joint development agreement with Bosch to be able to improve the vehicle stability control systems, exploiting information obtained from sensors positioned in the tyre, suitably processed by Pirelli SW resident in the electronic control panels.

Applying the market demand for mobility in the form of a service (Tyre As A Service) to tyres, Pirelli continued the delivery of the new product introduced in 2022: PIRELLI Care. The new and innovative way of purchasing tyres and car care services, via app with monthly payment, has gathered the interest and adhesion of new users within the Italian market.

The mobility of the future also partly consists of a return to the past, where bicycles, now electrified, play an important role, especially in urban mobility. This is why, since 2017, Pirelli has returned to the world of bicycle tyres (consider that the first Pirelli tyre at the end of the 19th century was a bicycle tyre), in which it is present with several product lines: P Zero™ for high-performance racing bicycles, designed for users devoted to maximum performance; CINTURATO™ for Endurance and Gravel bicycles, where the more playful component of exploration and sporting activity understood as well-being and lifestyle flanks pure performance, yet extending the surfaces where light off-road cycling is also possible; SCORPION™, the line dedicated to the world of Mountain Biking, with all its variants from Cross Country to Downhill, including all the various traditional options or with the support of an electric motor (E-MTBs); and finally the Angel™ Urban line of tyres, ideal for all situations, urban and otherwise, of commuting by pushbike, with or without electrical assistance.

A complete range of products developed by R&D Pirelli also in collaboration with the best international professional teams in each category, to achieve maximum performance.

Added to this is the start-up of bicycle tyre production at the Pirelli plant in Bollate, which thus becomes the only factory to produce ‘Made in Italy’ bicycle tyres on an industrial scale. The historic facility, a few kilometres from Milan and inaugurated by Pirelli in 1962, has undergone a process of modernisation and reorganisation to house the production of Pirelli Cycling’s high-end lines.

In the field of urban mobility, Pirelli is committed on several fronts to promoting and developing modern and sustainable solutions. One of the main projects launched in recent years has been CYCL-e around, an important service innovation within the emerging business models of Micromobility.

Pirelli’s CYCL-e around project proposes a model of active, shared, sustainable and digital mobility to private customer communities, particularly companies and hotels. Members of client communities can rent high-end electric bikes at their place of work or holiday for daily commuting or for discovering the territory. This proposal complements existing public and private forms of mobility and, in addition to responding to the growing needs of smart citizens, workers and active tourists, contributes to overcoming the challenges of contemporary urban mobility in a sustainable way.

In 2024, growth of the national customer network continued, both in the hotels and corporate segments. One of the most prestigious partnerships is without doubt that with ARVAL Italia, a collaboration that will allow Arval’s business customers to access Pirelli e-bikes, thereby offering employees a turnkey sustainable mobility solution for both their professional lives and recreation.

2024 also saw completion of the second year of design dedicated to New Mobility as part of the National Recovery and Resilience Plan (NRRP). Within these research units, Pirelli is studying, testing and developing new supply innovations, which will flank the “CYCL-e around” proposal already available on the market. The main tests run within the scope of the National Sustainable Mobility Centre (MOST) and the MUSA Ecosystem for Innovation, regarded innovations in respect of sustainable materials, new services and data-enabled solutions based on tyre connectivity and the bicycle; new techniques employed for studying and monitoring district mobility flows to promote urban sustainable mobility; tests of digital programs based on gamification to encourage use of sustainable means of transport. The aim of these initiatives is to develop Proofs of Concept (POCs) and define an innovation scope in new mobility that can foster the development of new sustainable mobility services and solutions promoted by Pirelli and developed in collaboration with industry partners.

GOVERNANCE INFORMATION

G1 Business conduct

Pirelli's corporate culture and its management model

Pirelli promotes the development of plans and policies to ensure the presence of a solid and responsible governance framework capable of planning, implementing, and monitoring the company's strategic directions over the medium to long term. It encourages responsible behaviour and fosters awareness of the importance of effective governance throughout the organisation. In line with this approach, the sharing and dissemination of rules and principles with internal and external stakeholders was found to be relevant in the Double Materiality analysis, in terms of the positive impact generated by Pirelli.

The main policies through which Pirelli expresses and disseminates its corporate culture are described in the chapter "Main policies for IRO management". The following is a detailed description of the Pirelli Group Code of Ethics and the Whistleblowing Policy, as well as the initiatives put in place to implement the commitments set out therein.

The Code of Ethics

The sharing and dissemination of the Company's rules and principles with internal and external stakeholders is addressed by the Pirelli Group Code of Ethics and, more generally, reflected in all the Policies adopted by Pirelli.

More specifically, the Code of Ethics stresses how Pirelli adopts a multi-stakeholder approach, pursuing sustainable, lasting growth aimed at balancing the expectations of all those who interact with the Group and the businesses that are a part of it, and expressly states that it shall be disseminated as much as possible so that the values and rules of conduct it contains are known to employees and available for consultation by all.

The Code of Ethics sets out the values and standards of conduct with which all recipients must comply. More specifically and amongst other aspects, Pirelli's commitment is stressed to:

- condemn unlawful or in any case unfair conduct and respect and ensure that the laws in force in the countries in which it operates are respected internally and in relations with the outside world;

- promote fair competition, acknowledging that correct and fair competition is essential to business and market development;

- require all Code of Ethics recipients to ensure the utmost confidentiality of information acquired or processed on the basis of or during fulfilment of their duties;

- pursue the protection of internationally-affirmed human rights and respect for the principle of equal opportunities in the workplace, without any distinction based on gender, marital status, sexual orientation, religious faith, opinions concerning politics and trade unions, skin colour, ethnic origin, nationality, age, disability;

- manage activities in respect of the environment and public health and make responsible use of resources, in line with the objective of achieving sustainable, environmentally-friendly development;

- protect health, safety and hygiene in the workplace, both through continuously improved management systems and by promoting a health and safety culture based on prevention and on the need to effectively manage occupational risks.

In supplementation of the contents of the Code of Ethics, the Pirelli Group has also adopted the Code of Conduct with which all Pirelli Group directors, statutory auditors, managers and employees and, in general, all those operating in Italy and abroad for and on behalf of and/or in the interests of the Pirelli Group, or who entertain business relations with it, must comply. Through the Code of Conduct, Pirelli asks its recipients to behave ethically including seeking to avoid any situation of conflict of interests. In the event of a conflict arising, they are obliged to report it immediately. Moreover, unlawful conduct (such as insider trading) is strictly prohibited.

The Code of Conduct also stipulates that an adequate training and continuous awareness programme on matters related to the Code of Ethics must be implemented.

Whistleblowing Policy

The Group's Whistleblowing Policy defines the procedures and channels that can be used to notify any violations, including of the values and principles established in the Pirelli Group Code of Ethics and Code of Conduct, as well as, more generally, any violations of the principles set forth in the Group's Policies. In addition to the Group Policy, a Whistleblowing Policy has been issued, applicable to companies based in European Union countries. The Policy in the EU area in particular, in compliance with the general principles already included in the Group Policy, guarantees the compliance of the whistleblowing system with the regulations included in the EU Directive 2019/1937 and in the national transposition laws adopted by the EU countries in which the Group operates.

The Whistleblowing Policies govern the manner of reporting breaches, suspected breaches and inducement to breaches of the law and other regulations (local, regional, national and international), principles ratified by the Code of Ethics, including reports relating to equal opportunities, discrimination and mobbing, in addition to all that is dealt with in the Group Policies, internal auditing principles, corporate policies, rules and procedures, and any other behaviour involving commission or omission of acts that might directly or indirectly lead to economic-equity or reputational detriment for the Group and/or its stakeholders (all without prejudice to any extensions or limitations imposed by locally applicable whistleblowing regulations).

The portal (accessible at https://pirelli.integrityline.com) and the e-mail box ethics@pirelli.com is made available to anyone internal or external to the Group, who would like to make a report, whether written or oral, concerning any Group company.

The references to the Policies and/or reporting channel also constitute part of the General Conditions of Purchase included in supply orders/contracts, in the Pirelli Supplier Code of Conduct, as well as in the text of the different Group policies published on the Company's website.

Reports may be made in different ways (in writing or verbally), and also in an anonymous form; in any case, protection of the principles of confidentiality, proportionality, impartiality and good faith is guaranteed at all times, as is zero tolerance in respect of acts of reprisal of any kind against whoever makes a report or is involved in the report in any capacity. Reports may concern directors, statutory auditors, management, employees of the Company and, in general, anyone operating in Italy or abroad for Pirelli or who engages in business relations with the Group, including partners, customers, suppliers, consultants, collaborators, auditing companies, institutions and public entities, including the affected communities.

Reports submitted through the Group channel are centrally managed by the Group Internal Audit function, which reports functionally to the Audit, Risk, and Corporate Governance Committee (made up mainly of independent directors), and to the Board of Statutory Auditors of Pirelli & C. S.p.A and meets the requirements of impartiality and independence. In addition to the Group channel, Pirelli provides dedicated channels at the level of individual companies (where required by local regulations) and a channel reserved for reporting Breaches concerning the Internal Audit function, managed by an autonomous person and/or department within the Company. Whistleblowing Managers are in charge of analysing all the whistleblowing cases received and providing feedback to the whistleblower on their acceptance, management and results. The Whistleblowing Manager, during the analysis, may, where necessary, involve the corporate functions deemed competent for verification activities, as well as schedule specific action plans. In the report is found to be well-founded, the appropriate disciplinary measures and/or legal action will be taken to protect the Company.

The whistleblowing channels are structured in accordance with the principles of 'privacy by design' and 'privacy by default and minimisation'. The handling of reports is guided by respect for the confidentiality of the persons concerned and of any other third parties involved, while also ensuring anonymity, in the case of anonymous reports, and the principles of necessity and proportionality. More specifically, the Whistleblowing Policy envisages a "prohibition of retaliatory acts", stressing the non-tolerance of any form of threat, retaliation or discrimination, whether attempted or effective, against whistleblowers, facilitators, related persons, reported persons and anyone who has collaborated with investigations into the grounds of the report. As explained in the Policy, Pirelli aims to eliminate (wherever possible) or offset the effects of any retaliation against the above persons and reserves the right to take suitable action against anyone who threatens to or implements any acts of retaliation against the persons listed above. If a report should be found to be valid, it undertakes to eliminate the causes.

Furthermore, in the event of a violation of the established principles of company Policies, or related Procedures, by its employees (by way of example and not limited to the context of: health and safety, anti-corruption, antitrust, information security, etc.), Pirelli applies the sanctions provided for by the company disciplinary system in compliance with collective labour agreements, company procedures and applicable regulations in the countries where Pirelli operates.

During the course of 2024 the Whistleblowing procedure was activated 170 times. Specifically:

- the reports were received from 10 different countries (Saudi Arabia, Argentina, Brazil, Germany, Italy, Mexico, Poland, Czech Republic, Romania, and the UK);
- of the reports received, 31 were found to be substantiated, including 24 related to Human Rights & Labour Conditions and 7 concerning cases of Mismanagement.
- the reports received are partly signed and partly anonymous. It is objectively not possible to confirm the total number of reports from internal or external stakeholders because some complaints, as mentioned, were received anonymously;
- of the 68 signed reports received, 13 were submitted by external whistleblowers.
- no reports were received concerning the Internal Audit function.
- the majority of the reports were submitted via the ethics@pirelli.com email inbox, while the remaining reports were received through the dedicated whistleblowing platform (*https://pirelli.integrityline.com*), which was introduced in 2024;
- the Internal Audit function periodically reported the reports received and the progress of the analyses carried out to the competent corporate bodies of Pirelli & C. S.p.A.

Below is the subject matter alleged in the relevant reports received. For more information about reports regarding working conditions, discrimination and health and safety matters, refer to the section “Social Information” and, in particular, the chapter “Own workforce - Respect for human rights”.

Alleged subject matter	**2024**
Total no. of reports received	170
Labour Conditions	*95*
Discrimination or Harassment	*25*
Health & Safety issues	*7*
Customer privacy data	*0*
Conflicts of interest	*0*
Money laundering or insider trading	*0*
Corruption or Bribery	*3*
Other	*40*

The Company took action in all cases, intervening with disciplinary sanctions (reprimands and/or dismissals) and with actions aimed at removing the causes of the complaints and/or aimed at improving the internal control system.

With specific reference to the Grievance Procedure for reporting violations of the Policy on Sustainable Natural Rubber Management, no reports were received in 2024.

These reporting mechanisms allow Pirelli to monitor the effectiveness of its policies and actions aimed at sharing and disseminating the Company's rules and principles with internal and external stakeholders.

Actions

During 2024, the company continued to provide training and communication activities on the current Organisational Model to the population of the Group's Italian companies. More specifically, in 2024, the on-line training course was flanked by specific training sessions aimed at investigating specific topics in greater detail, including in regard to staff operating at various plants. In addition, in 2024 the Company also launched a communication campaign in connection with the Whistleblowing mechanism, aimed at all employees of the countries in which it operates.

Projects for the enhancement of the company's historical heritage and its corporate culture

To spread its business culture, Pirelli undertakes to optimise the historic, cultural and document heritage through specific projects implemented by the Pirelli Foundation.

In particular, in 2024, the work of the Pirelli Foundation, which had begun back in 2008, continued with the aim of preserving documentation on the company's history since its foundation, in 1872, through today.

The Pirelli Foundation implements numerous activities to optimise the company heritage, such as the curating of publications, the organisation of exhibitions and conferences, as well as guided tours involving thousands of people each year, also availing itself of the collaboration of other cultural institutions. The Foundation carries out research, in support of the company management and scholars at a national and international level, in areas that range from economic and industrial history, through to architecture, from the history of work and industrial relations through to graphics and design.

In 2024, the Foundation further strengthened the digital tools and communication activities already adopted. The Pirelli Foundation website has been optimised with the implementation of assistive technologies and activities that improve access for users with disabilities and, together with the other digital hubs of the ecosystem, it has recorded significant growth in visits. The monthly newsletter "Fondazione Pirelli e-news" has continued to reach an ample public, becoming a consolidated, effective communication tool. The "Fondazione Consiglia" (Foundation Suggests) section of the website has been enriched with new book reviews, extending the cultural offer.

In addition, during the year, the Pirelli Foundation made a considerable contribution towards the management of editorial plans for the Pirelli Corporate channels.

Initiatives, events and tours to promote corporate culture

During 2024, activities relating to the Pirelli Group Archives and the enhancement of corporate culture were developed in a programme divided into various work sections. The main initiatives include:

- the “L’officina dello sport” publishing project: in bookshops from June 2024, in both Italian and English, published by Marsilio Arte, the volume, illustrated by unprecedented works by the artist Lorenzo Mattotti, interprets the world of sport as competition, knowledge, competence, community, investigating what is “behind the scenes”.

- the “L’officina dello sport” exhibition: the new exhibition of spaces of the Pirelli Foundation returns to the topics of the volume by the same name – an exhibition path on the world of sport, which accompanies visitors through iconic objects, archived documents and testimonials of the company welfare and visual communication.

- the “Il Premiolino” journalism award: again in 2024, Pirelli supported the historic award given to journalists from print, radio, television and new media as a career prize and for their contribution in the field of press freedom. The Pirelli Prize for School has also been established, intended for journalists who have stood out for the best article or investigation regarding the world of school.

- Stati Generali Cultura Sole 24 Ore event: in 2024, Pirelli hosted the 2nd step of the “Stati Generali della Cultura 2024” event organised by “Il Sole 24 Ore”, at its headquarters.

- Processing of Pirelli Group historical archive materials and asset management: restoration, digitisation and publication on the website fondazionepirelli.org of a selection of documentary, iconographic, audiovisual and photographic materials and company magazines; cataloguing of specialised magazines of the technical-scientific library.

- Loans of materials to the external community, historical and iconographic research and production of editorial content to support the brand. Some of the main items include: loan of historical materials for the celebrations of the hundredth year anniversary of the former Pirelli plant in Manresa (Spain), for the commemorative event of the hundredth year anniversary of the Italian Embassy in Buenos Aires and the competition of elegance for period cars “Total look Rallies – Flower Power 70s”; fitting out of Pirelli sales outlets in Palermo and Pristina (Kosovo), of Driver stores in Switzerland, of Pirelli offices in São Paulo (Brazil) and of the R&D Innovation Center in China; update of the interactive contents of Casa Pirelli.

  For the exhibitions: “Identitalia – The Iconic Italian Brands” and “L’Italia dei Brevetti: Invenzioni e Innovazioni di Successo”, held at Palazzo Piacentini in Rome; “Torino AI Futuro”. La Cultura d’Impresa, la Cultura dell’Innovazione” at the Turin Renaissance Museum; “ATM Manifesto”, at the ADI Design Museum of Milan; “125 volte Fiat. La modernità attraverso l’immaginario FIAT” at the Turin Automobile Museum; “L’Alba dell’Autostrada del Sole” at the National Gallery of Modern and Contemporary Art of Rome.

For the publications: “Questa è la nostra città” (Bompiani/Giunti); “Cose molto italiane” (Ultra editions); “Alessandro Mendini” (Phaidom publisher).

In 2024, a large number of people took part in on-line and in-person activities, including:

- Museocity with “Obiettivo Milano: Pirelli e la città attraverso lo sguardo dei fotografi”;
- “Cosa FAI Oggi”, an initiative organised in collaboration with the FAI Delegation of Milan, with guided tours of the headquarters, the Bicocca degli Arcimboldi and the Pirelli Foundation;
- Open Archives with guided tours of the exhibition “Esercizi di stile: la fotografia sportiva e il mondo editoriale, dagli house-organ Pirelli a L’officina dello sport”;
- the XXIII Business Culture Week, organised by Confindustria and Museimpresa, featuring guided tours of the Pirelli Foundation, activities for families and the event “Il cinema racconta l’impresa”, held at Anteo Spazio Cinema, in collaboration with Muse Factory of Projects. The initiative confirms the Pirelli Foundation’s active role in all the activities of Confindustria’s Culture Group and Museimpresa, of which the Pirelli Foundation is one of the founding members, to enhance the role of history and corporate heritage as an asset of identity, education and competitiveness.

Also in 2024, the Foundation supported the PLunga training course, organised by the Human Resources and Organisation Department, welcoming numerous colleagues. For more information on this course, refer to the section ‘Social Information’, paragraph ‘S1 Own workforce’.

Anti-corruption

The results of the Double Materiality analysis revealed that the topic of active and passive corruption emerged as material whether certain unlawful conduct was implemented in this respect while carrying out business, with annexed risks of non-compliance with anti-corruption regulations and rules and/or criminal corporate regulations (e.g. Italian Legislative Decree no. 231/2001).

Therefore, as regards the corporate liability of companies and entities, envisaged by Italian Legislative Decree no. 231/2001 (hereinafter also the “Decree”), Pirelli has had an Organisation and Management Model (hereinafter the “Model 231”) in place for years now. The Model is structured in a General Section, which includes a review of the regulations contained in the Decree, of the crimes relevant to the Italian companies of the Group and the procedures for adopting and implementing the Model, and in a Special Section, which indicates the corporate processes and the corresponding sensitive activities for the Group’s Italian companies pursuant to the Decree, as well as the principles and internal control plans to supervise these activities.

In addition, as regards anti-corruption, Pirelli has adopted the ISO 37001 management system: in 2024, the certification entity audited the Anti-Corruption Management System and issued ISO 37001 certification of the companies Pirelli & C. S.p.A. and Pirelli Tyre S.p.A. and the Affiliates in Russia and Brazil, which now join those already valid for the Affiliate in Spain.

Again with reference to processes, procedures and mechanisms in place, Pirelli carries out period internal audits that also include a focus on anti-corruption. In particular, the audits carried out by Internal Audit Function at Group subsidiaries include monitoring of crime risks, among which corruption and fraud figure. With reference to the Group's Italian companies, in order to prevent the criminal liability of entities envisaged by Italian Legislative Decree no. 231/2001, specific information flows are in place to identify any anomalous situations.

Finally, the whistleblowing channel, explained in the chapter "Whistleblowing Policy", allows for the identification and investigation of episodes of business conduct, including corruption and concussion, in a timely, independent and objective manner.

Pirelli has envisaged a dedicated channel in the event that the reporting of unlawful conduct should regard a representative of the Internal Audit Department; reports are therefore handled by an autonomous person and/or department within the Company, who/which is independent of the Internal Audit Department.

The next chapter provides details of the policies setting out Pirelli's commitment to anti-corruption matters and the action taken to fulfil these commitments and manage any IROs found to be material.

Group Anti-Corruption Compliance Programme

The topic of anti-corruption is covered not only by the Pirelli Group Code and Code of Conduct, but also by the **Group Anti-Corruption Compliance Programme**, the contents of which set forth Pirelli's commitment to fostering positive impacts in terms of the prevention of corruption and unlawful conduct in Pirelli's business, as well as to mitigating the risks of non-compliance with corporate criminal legislation (e.g. Legislative Decree 231/2001) and anti-corruption rules and regulations.

The Group Anti-Corruption Compliance Programme was adopted with a view to establishing a reference framework, thereby further strengthening the anti-corruption policy that Pirelli has implemented over time, first and foremost with the Code of Ethics and then through specific programmes and models in the various countries in which Pirelli operates, also aiming to mitigate the risk of the perpetration of crime (for example, the 231 Organisational Model, applicable to Italian companies).

In the document, the Pirelli principles already set out in the Code of Ethics and the Code of Conduct, including zero tolerance of any type of corruption in any form or manner, in any jurisdiction, not even where activities of this kind are in practice admitted, tolerated or not judicially pursued are restated.

Specifically, the Anti-Corruption Compliance Programme identifies the areas that Pirelli has considered as being at risk of corruption and, in particular: relations with intermediaries and suppliers; relations with the public administration; management of gifts and entertainment expenses; management of sponsorships and promotional activities; disbursement of contributions to the external community; research and selection of human resources; management of facilitation payments and the related principles and rules that must be applied to avoid the risk of corruption. More specifically, referring to the Pirelli Group's Code of Ethics, the Anti-Corruption Compliance Programme reaffirms that Pirelli does not provide contributions, benefits, or any other advantages to political parties, trade unions, or their representatives or candidates, while ensuring compliance with any applicable regulations.

Lastly, the Compliance Programme recalls the procedures for reporting any corruption and the protections envisaged for whistleblowers, in compliance with the Whistleblowing Policy, the sanctions envisaged in the event of violation of the contents of the document and the training and information activities promoted by Pirelli to oversee anti-corruption topics.

As envisage by the Anti-Corruption Compliance Program, in the event of violation thereof, Pirelli applies the sanctions provided for by the company disciplinary system in compliance with the collective labour agreements, procedures and regulations applicable in the countries where Pirelli operates.

For positions exposed to a risk of corruption classified as higher than “low”, insofar as they operate in the sensitive areas identified in the Anti-corruption programme, and for the compliance department for the prevention of corruption in accordance with ISO 37001, the regular deposit has been envisaged of a declaration confirming their observance of the corruption prevention policy. The company regularly conducts an audit to check that at-risk persons required to make the declaration are correctly identified.

In compliance with the provisions of the company regulations approval process established by Pirelli, the contents of the Policies referred to herein have been shared with all the company departments involved in their implementation and validated by top management before their approval and issue.

In 2024, following the update of the corruption risk assessment, the Group launched the adjustment of the Group Anti-corruption programme, with the support of external consultants. This revision, aimed at guaranteeing a constant efficiency and adequacy of the Programme, will be completed in 2025. Following approval by the Board of Directors, Pirelli will ensure the greatest possible dissemination of the document so that it can continue to represent a guide to identifying the principles and conduct to be adopted in the fight against corruption. The implementation of the updated programme also involves the definition of specific corruption prevention frameworks suited to the needs of the various countries and areas within which Pirelli operates.

In order to ensure the effectiveness of the Group Anti-Corruption Programme, Pirelli delivers mandatory training courses on the subject to employees of companies in the various countries in which it operates. More specifically, the Pirelli Group has developed specific mandatory anti-corruption courses for employees of companies subject to ISO 37001 certification (i.e. Pirelli & C.

S.p.A. and Pirelli Tyre S.p.A., and the Affiliates in Russia, Brazil and Spain). In addition, the Group has provided for the implementation of further anti-corruption courses due to local regulatory specificities or organisational characteristics. Finally, note that the communication process of the Group Anti-corruption Programme involves making the Programme available to all employees, who can consult it via notice boards, the company intranet or the website, where the programme has been published in several languages.

More details on training can be found in the paragraph below entitled “Training on anti-corruption and awareness-raising”.

<u>Targets</u>

Pirelli is committed to promoting ethical and responsible business conduct, in compliance with laws, regulations, standards and guidelines, applicable to business in the countries where it operates and refuses all forms of corruption, whether direct or indirect, in both the public and private sectors.

Pirelli monitors the effectiveness of its policies and actions in relation to material impacts and risks through a structured system that includes, as previously mentioned, training, communication, and monitoring activities. These activities aim to prevent the risks of corruption, promoting ethical, responsible behaviour and guaranteeing the knowledge of applicable regulations and rules of conduct relative to the prevention of corruption and compliance with the applicable laws, regulations, standards and guidelines in the countries in which the Company operates.

To assess progress against these commitments, the company uses qualitative and quantitative indicators such as the number and type of reports received, the results of the audits and risk assessments, participation in training and communication programmes and the progress made on legal proceedings pending in connection with corruption matters. These measures allow for the verification of the adequacy and effectiveness of the Anti-corruption Programme and internal policies, promoting a corporate culture based on ethics and accountability. The system of information flows is designed to promptly identify the most relevant risks in the countries in which Pirelli operates, while risk assessment, the mechanisms for reporting unlawful conduct and audit activities can verify the compliance of corporate operations with the anti-corruption policies and identify any critical issues. In addition, the monitoring of reports received and legal proceedings pending in regard to corruption constitutes a key tool to assess the effectiveness of the action taken.

<u>Actions</u>

<u>Update of the corruption risk analysis</u>

The activity aimed at analysing the profiles of corruption risk continued through the assessment of conformity with local regulations in force in the Countries where the Company is present, the verification of the adequacy of the corporate oversight and, where necessary, the updating of the risk analysis.

More specifically, in 2024, Pirelli updated the risk assessment in respect of corruption in connection with the various countries in which it operates, in order to identify the risks to which it is exposed and define suitable mitigating measures. This was carried out in connection with the specific risk areas identified and following a mapping of the applicable corruption regulations as well as the assessment of the existing control system. The assessment, which was completed during the year with the assistance of external consultants, has made it possible to identify the countries and areas of activity, as well as the departments most exposed to the risk and to define any improvements in terms of preventing potential critical situations.

Training on anti-corruption and awareness-raising

During 2024, training and communication activities on the current Organisational Model were completed for the entire population of the Group's Italian companies. More specifically, in 2024, the on-line training course was flanked by specific training sessions aimed at investigating specific topics in greater detail. This training involved employees of the Group's Italian companies, including some employees who work at the plants, in order to provide the stakeholders involved with a code of conduct, control systems and measures to ensure, insofar as possible, the prevention of the perpetration of crime in accordance with Italian Legislative Decree 231/01 and corruption. Specifically, this is ongoing training aimed at covering the entire Italian corporate population.

As part of the Anti-Corruption Programme implementation process, mandatory country-specific training courses have been made available through an e-learning platform.

A specific anti-corruption training course has been implemented for employees in the UK, given the relevance of the applicable legislation.

In Italy, on-line training on the Organisational Model pursuant to Italian Legislative Decree 231/01 delivered to the population of the Group's Italian companies is flanked by in-person training for the most relevant departments. Finally, training is dedicated to the Group Purchasing Department, which receives a specific course given the relevance and potential riskiness of the activities.

In addition, a Group-wide anti-corruption training course was prepared for the Purchasing Department to raise awareness of the issue so as to make it easier for employees to identify potential critical situations and activate the procedures set out in the internal rules. Specifically, this is ongoing training delivered after hiring to all employees of the countries in which specific training is envisaged in line with regulatory requirements, or who hold a role in the Purchasing Department.

Anti-corruption awareness-raising is extensive given that, under the scope of the ISO 37001 anti-corruption management system, it is directed not only towards key managers but also members of the Board of Directors and Board of Statutory Auditors, who give regular declarations confirming their compliance with the corruption prevention policy.

It should be pointed out that the Group's training activities do not only concern the white-collar employees of the companies but also the blue-collar workers. Specifically, Pirelli has also started training and communication activities for staff working at some of the Group's plants (i.e. Italy and Brazil).

In addition, the awareness process of the Group's Anti-Corruption Programme in the main countries where Pirelli operates also continued. The Programme, available in several different languages on the Pirelli website, is the corporate benchmark for the prevention of corruptive practices and represents a collection of principles and rules aimed at preventing or reducing the risk of corruption. In the document, the Pirelli principles already set out in the Code of Ethics and the Code of Conduct, including zero tolerance of "any type of corruption in any form or manner, in any jurisdiction, not even where activities of this kind are in practice admitted, tolerated or not judicially pursued" are restated.

In 2025, training focussed on corruption topics will continue. More specifically, in addition to on-line training tools, Pirelli has, where necessary, also envisaged in-person training and communication to both dedicated departments and those operating at certain Group production plants.

Due diligence of third parties

Pirelli only entertains business relations with parties of proven integrity and honesty. In this regard, specific procedures have been defined to formalise the roles and responsibilities and operating procedures of the third-party due diligence process through the analysis of the activities, conducted in the main Countries, of gathering and verifying information of ethical, legal and reputational nature relating to counterparties and aimed at identifying potential Compliance risks in advance.

Specifically, in its relationships with various Business Partners, Pirelli constantly verifies the experience and technical requirements and asks that the absence of investigations or judgements related to corruption be declared. In addition, in-depth assessments are conducted on counterparties who provide relevant compliance answers to the questionnaire available on the qualification platform. In this regard, with specific reference to the suppliers with which Pirelli collaborates, in order to ensure an effective assessment of stakeholders, Pirelli conducts periodic analyses aimed at verifying completion of the qualification process at the dedicated platform.

Incidents of corruption or bribery

In 2024, Pirelli was not sentenced for any violation of anti-corruption laws and was not involved in any legal action. Therefore, no **penalties** were imposed for violations.

Management of relations with suppliers

The Double Materiality analysis revealed the following material impact, which can be linked to the issue of business conduct:

- Development of local supply chains

The following paragraphs detail the Company's strategy in sustainable procurement processes, as well as the main safeguards and activities in place to manage Pirelli's relations with its suppliers.

Supply chain sustainable management system

The Supply Chain Management Model adopted by Pirelli fully meets the requirements dictated by the international guidelines for sustainable procurement ISO 20400 - "Sustainable Procurement Guidance", as attested by a third party (SGS Italia S.p.A. in 2018 and again in 2021, next update foreseen for 2025), following an in-depth assessment of the Pirelli Procurement Model, the related corporate policies and strategies and the internal processes applied to implement sustainability requirements in purchasing dynamics and management of suppliers' ethical performance. The assurance on full compliance with the guidelines of ISO 20400 is flanked and complemented by the certification of compliance obtained by the Company with respect to the guidelines on social responsibility dictated by ISO 26000, issued by the auditor of this Report.

The Group's relations with suppliers are based on fairness, impartiality and respect for equal opportunities towards all those involved in the purchasing processes as prescribed by the Group Values and Code of Ethics and in line with the OECD Guidelines on Duty of Care.

The mission of Pirelli's Purchasing Department is to promote best practices and to purchase services and goods for the effective and efficient operation of the Company and to ensure the best supply base in line with the following priorities: best market value, quality, on-time delivery, speed, innovation, compliance with local and international regulations and internal procedures.

The sustainable management of the supply chain at Executive level is headed by the Group Purchasing Director, who works in constant coordination with the Sustainability Department. Starting in 2022, Pirelli's Purchasing Department has also been further structured to manage ESG aspects along the supply chain, with the creation of a dedicated Unit, Sourcing sustainability & risk management. Within the Sourcing Excellence function, the unit is dedicated to monitoring the performance and risks of the supply chain, implementing training and supplier engagement & capacity building initiatives, and supporting suppliers in closing areas for improvement and thus ESG risk mitigation along the supply chain.

Sustainability elements in the purchasing process: Labour, Human Rights, Environment, and Business Ethics

On the basis of the supply chain characteristics, for which reference is made to the section "General Information", paragraph "Business model and value chain", Pirelli builds its own supplier screening model (ESG risk assessment). Screening is the initial analysis step, carried out to identify potential ESG risks in the areas of Labour, Human Rights, Environment, and Business Ethics within the supply chain. The result is a risk assessment that integrates various "desk" analyses relative to the ESG risk associated with the country, sector, specific goods/materials and, therefore, the potential risk of negative ESG impacts that can be associated with the suppliers. Considering the relevance for the business (like the weight of spending and ease of replacement of supplies) and the results of the ESG desk analysis, Pirelli identifies the significant suppliers, which are also the main recipients of development, training and engagement & capacity building initiatives.

In 2024, there are 456 significant suppliers in the above terms, corresponding to **40.5%** of the Group's total spending. The total number of suppliers was **12,773**.

Pirelli uses the same approach to assessing ESG performance throughout the entire process of interactions with a supplier, although in different ways among them, consistently with the intensity of the interactions characterising the specific procedural stages.

During the initial **scouting phase**, which involves evaluating potential suppliers of a good or service, the buyer, who is adequately trained, can form a first impression of whether the potential supplier is likely to meet product or service requirements, as well as compliance with Labour, Human Rights, Environment, and Business Ethics standards. This makes it possible to eliminate potential future suppliers that are clearly in possible violation of Pirelli expectations.

Screening phase goes on with the on boarding. Pirelli asks all potential suppliers who gain access during the on-boarding phase (pre-qualification and qualification) to fill in a questionnaire through which the supplier can view and simultaneously accept Pirelli's requests in terms of economic, social, environmental and business ethics responsibilities. The approach considers country, sector and commodity-specific economic and ESG risks (for example, the specific risks related to natural rubber from the different countries). Among the questions asked of the potential supplier, for example in the area of Human and labour Rights, is the request to certify that its company: checks workers' ages before hiring them and it ascertains that all of its employees satisfy the minimum legal working age; uses workers provided with a written labour contract and who work on a voluntary basis exclusively; abides by workers' rights of freedom of association and participation in trade-union activities; pays wages that meet the minimum legal standards; manages disciplinary practices, if any, abiding by the law; abides by and applies legislative/contract provisions in the matter of work schedules, overtime and rest periods. Further questions are aimed at identifying potential integrity and corruption risks in advance. The EcoVadis is also used to extensively investigate the supplier's sustainability profile, from management systems to environmental performance, human and labour rights, ethics and sustainable procurement.

Considerations of relevance to the business, country, sector and commodity specific risks are also at the origin of the on-site audit approach to potential suppliers of raw materials and high value-added parts. The process of assessing the compliance of the supplier with the principles shared in the Pirelli Code of Conduct proceeds with onboarding. Indeed for all potential new suppliers and/or facilities of raw material and high value-added parts, which by their nature can become development/long-term partners for the Company, and which are also granted much of the spending of purchases, while often coming from countries and sectors presenting specific ESG risks, Pirelli conducts a **third-party preliminary on-site audit during the qualification phase** to verify the level of compliance of the potential supplier with respect to the principal national and international regulations on Labour, Human Rights (including health and safety), Environment, and Business Ethics. Loss prevention information is also analysed as a key element to prevent future cases of business interruption. The non-acceptance of the audit and/or not entering into a reinstatement plan of any non-compliance shall block the qualification of the supplier. The assessment of the potential and actual risk of the supplier constitutes the basis for the selection for supplier development, training and engagement & capacity building initiatives.

With a view to safeguarding the health of workers and the environment, for many years now Pirelli has been carrying out preventive evaluations of new raw materials and process aids before these materials can be used extensively by the Group's operating units.

On the basis of specific documents made available by the Suppliers (the so-called "Safety Data Sheet" and the relative "Technical Data Sheet") and by virtue of the requirements provided not only by the most restrictive European regulations on the management of hazardous substances (see, for example, the "REACH" and "CLP" Regulations), but also in consideration of the highest international technical standards and the most up-to-date scientific knowledge (specific United Nations databases, etc.), these internal assessments provide an up-to-date picture of the potential risks to human health and/or the environment.

Furthermore, independently of and in addition to the requirements provided for by current laws, Pirelli requires suppliers of raw materials and process aids used by the Group to detail and quantify the residual impurities contained in the products sold to the Group, beyond mere compliance with the limits imposed by current regulations (where present).

Finally, of note are the well-established monitoring activities of producers and suppliers of raw materials with regard to compliance with the requirements of Regulation (EU) 2017/821 (as amended by Regulation (EU) 2020/1588) concerning so-called 'conflict minerals' (to which a section is dedicated below). The process of managing 'conflict minerals' activities starts out from the qualification phase of potential new suppliers associated with the issue and continues throughout the duration of the supply as dully described in the dedicated section within this Report.

With regard to **the contractual stage**, for more than a decade the Sustainability and Business Ethics Clauses (including anti-corruption) have been included systematically by Pirelli in contracts and orders for the purchase of goods and/or services and/or works, both with private suppliers and with the Public Administration (or institutes/enterprises under public control) or NGOs, worldwide.

In particular, the clauses require all suppliers to accept the principles of the Pirelli Suppliers' Code of Conduct, the contents of which, as mentioned above, govern Pirelli's requirements in terms of human and labour rights, the environment, decarbonisation, biodiversity, sustainable management of materials and conflict minerals, business ethics and the obligation of due diligence on the supply chain, up to upstream, as well as Pirelli's right to carry out audits and subject to termination in the event of violation. The clause, published in the "Suppliers Area" within the "General Terms and Conditions of Purchase", reads:

- *The Supplier declares to have read and understood the Pirelli Suppliers' Code of Conduct, published and accessible at Supplier_CoC_EN.pdf (amazonaws.com), which sets out the principles by which Pirelli conducts its business and relations with third parties.*

- *In light of the above, the Supplier undertakes, in connection with the performance of each Contract(s) and/or Order(s), to manage its business in compliance with the Pirelli Suppliers' Code of Conduct.*

- *Pirelli has the right to verify, throughout the duration of the Contract, directly or through third parties, the Supplier's compliance with the Pirelli Suppliers' Code of Conduct, subject to confidentiality and reasonable notice.*

- *In case of breach by the Supplier of the obligations set forth in the Pirelli Suppliers' Code of Conduct, or in case of refusal by the Supplier to implement an action plan required by Pirelli or in case of failure to implement an action plan agreed with Pirelli in relation to the Pirelli Suppliers' Code of Conduct, Pirelli may suspend with immediate effect performance of the Contract and/or Order, without prejudice to its right to terminate the Contract(s) and/or Order(s) pursuant to Article 6.2 and exercise any other remedy provided by law.*

- *The Supplier is entitled to report to ethics@pirelli.com any violation or suspected violation of the Pirelli Suppliers' Code of Conduct and/or of any applicable legislation; reports may be made anonymously, but must contain a description of the facts constituting even a suspected violation of the provisions contained in the Pirelli Suppliers' Code of Conduct, including information on the time and place of the facts represented, and the persons involved. Pirelli will not tolerate threats or retaliation of any kind against the whistleblower or anyone who has collaborated in the activities of verifying the validity of the report, and reserves the right to take all appropriate action against anyone who carries out or threatens to carry out such acts of retaliation. Pirelli guarantees the anonymity of the whistleblower in compliance with the law.*

In addition, always in line with the consideration of business relevance, country, sector and commodity specific risks:

- Suppliers associated with the Conflict Minerals issue are required to sign an additional dedicated clause, which is detailed in the "Conflict Minerals" paragraph within the "Social Information" section, under the "S2 Workers in the value chain" paragraph. Specific sustainability clauses are applied to Natural Rubber Suppliers, which implement the requirements of the Policy on

Sustainable Management of Natural Rubber, without prejudice to Pirelli's right to audit and terminate the contract (as set out in the Policy).

At the level of **supplier performance and risk monitoring and evaluation**, Pirelli adopts a vendor rating system to assess performance in the areas of Labour, Human Rights, Environment, and Business Ethics, through the use of the EcoVadis platform. The system, adopted to monitor the sustainability performance of vendors and propose improvement plans on environmental, human rights, ethics and sustainable sourcing, also offers access to ESG benchmarks. Through Scorecard clear it is possible to monitor the company's positioning with respect to the reference industry, manage/prioritise improvement actions, and compare performance within the EcoVadis network.

FOCUS: ESG Assessments, ESG Audits and Corrective Actions

By 2024, 1,208 suppliers underwent sustainability assessments to identify current (versus potential) risk in environmental, social and governance terms through Ecovadis assessments and on-site third-party audits.

Of these, approximately **47%** fall within the scope of "significant suppliers", meaning they are suppliers with potential ESG risk and/or those considered business-critical.

Of the suppliers assessed in the last 3 years, **234** were found to have current ESG non-compliance risks, and 100% of them have been provided with a non-compliance remediation plan including specific actions and timelines, and for all of them Pirelli offers multiple tools to support them in the implementation of their remediation plans. Overall, in 2024, **741** unique suppliers were supported in the implementation of corrective action plans.

The Pirelli management model has been characterised by third-party on-site audits since 2009. Compared to self-assessment or remote assessments, this approach allows for a very high level of reliability of the audit results, as they are carried out on-site and in person by a specialised third party.

The on-site audit, the costs of which are covered by Pirelli, represents an opportunity for the supplier to engage in capacity building, by assessing the compliance of its operations with local and international regulations on environmental standards, human rights and labour rights, and business ethics. In turn, support is provided for the development of a remediation plan in response to any non-compliance, based on dialogue between the auditor and the supplier.

The on-site audit is carried out already in the pre-qualification phase for all potential new suppliers and/or plants of raw materials and high value-added goods that, by their nature, can become development/long-term partners for the company, to which, moreover, a large part of the procurement spending is allocated.

In addition, every year Pirelli conducts an on-site third-party ESG audit campaign at active suppliers' sites to cover all product and geographic areas of purchase.

The annual Audit Campaign covers suppliers considered critical and significant based on the results of economic materiality and ESG risk criteria of the country, sector and commodity.

The parameters considered in assessing critical and significant suppliers, are multiple:

- the supplier is bound to Pirelli by multi-year contracts;
- the replacement of the supplier and/or related product may be complex;
- the supplier holds a high percentage of Pirelli's purchase for the specific product category;
- the economic burden of the purchase is significant;
- the supplier plays a relevant role in terms of impact on innovation;
- the supplier operates in a Country, sector and/or supplies a commodity, good or service considered to be at risk under environmental, human rights and/or labour terms;
- the supplier has not yet undergone an ESG audit by Pirelli or special critical issues have been detected in previous audits;
- there is information, a perception or doubt concerning possible violations by the supplier in the matter of social, environmental and/or business ethics responsibilities.

The ESG risk assessment is performed annually with the engagement of Purchasing Managers in consultation with the relevant departments, involving Enterprise Risk Management and Sustainability Managers.

Each on-site audit has an average duration of two days in the field and includes a factory visit, interviews with workers, management and trade union representatives.

The external auditors carry out the audits on respect for Human and Labour Rights, compliance with environmental regulations, the level of sustainable management of the supply chain by the supplier, and the codes of conduct and policies adopted and implemented, following a checklist of parameters derived from the SA8000® standard (a reference tool officially adopted by the Group for managing social responsibility since 2004), from the Pirelli Suppliers' Code of Conduct (in turn consistent with the areas of social, environmental and governance sustainability dictated by the United Nations Global Compact and underlying based on the findings of the audit and ILO regulations) and from the Pirelli Policies "Global Health, Safety and Environment", "Global Human Rights", "Diversity, Equity and Inclusion", and "Sustainable Natural Rubber Management". Since 2019, KPIs related to loss prevention issues have been added. For natural rubber suppliers, the on-site Audit checklist is enriched with additional and specific parameters, deriving from Pirelli's Policy for the Sustainable Management of Natural Rubber and in line with the expectations of the Global Platform for Sustainable Natural Rubber (a specific section is dedicated to the topic of Natural Rubber Sustainability below).

On the basis of audit findings, and where non-conformities are found, the supplier signs off a corrective action plan suggested by the independent auditor, to be implemented within specific deadlines. The actual return from non-compliance within the prescribed time limit is then verified through follow-up activities followed by the third-party auditor who reports to Pirelli. In the event of refusal by the Supplier to implement an action plan requested by Pirelli or failure to implement an agreed action plan, Pirelli may suspend with immediate effect the execution of the Contract and/or the Order, and/or terminate the contractual relationship. In 2024, no supplier contracts were terminated.

In the last three years, Pirelli has carried out a significant number of ESG audits of third parties, showing its commitment to assessing and continuously monitoring suppliers in order to guarantee compliance with the environmental, social and governance standards.

Suppliers where non-conformities (and Medium or High associated risk) have been found have signed a remedial plan to be implemented within specific deadlines, which, as per the Procedure, entails follow-up by the third-party Auditor to evidence and confirm that remedial action has been taken.

The results of the on-site ESG Audit together with the additional evaluations carried out during the on-boarding of the supplier are integrated into the annual Vendor Rating process whereby a rating is given to the supplier that sums up ESG performance, the qualitative level of supplies, the quality of the commercial relationship and the technical-scientific collaboration.

Finally, the Group Internal Audit function verifies, as part of ESG audits, the adequacy of the management and oversight of the ESG Audit process on suppliers by the designated functions.

Policies for sustainable supply chain management

Sustainable supply chain management is addressed in the “Global Health, Safety and Environment” Policy, the “Global Human Rights” Policy, the “Quality” Policy, the “Product stewardship” Policy, the “Sustainable Natural Rubber Management” Policy, the “Green Sourcing” Policy, the “Social Responsibility for Occupational Health, Safety and Rights, and Environment” Policy, published in several languages on the Company’s website so that they are fully accessible to the general public. The Policies are in turn the source of the details of what Pirelli requires of its Suppliers, expressed in the **Pirelli Suppliers’ Code of Conduct**, also published on the Company’s website, both among the Policies and in the “Suppliers Area”.

The Supplier Code of Conduct is an integral part of relations between Pirelli and its suppliers. In light of the documents mentioned, with reference to the specific social and environmental issues addressed by the individual Policies, Pirelli undertakes to establish and maintain the procedures necessary to evaluate and select its suppliers on the basis of their level of social and environmental responsibility, and to require them to implement a similar management model in order to extend responsible management in the supply chain as far as possible to its origin.

In 2025, Pirelli has planned to update the **Green Sourcing Policy**, also in order to set forth Pirelli's commitment to fostering positive impacts in terms of the development of the local supply chains.

More specifically, the update of the Green Sourcing Policy will explain the responsibility accepted by Pirelli to manage relations with its suppliers in a transparent, impartial and fair manner, prioritising the use of local suppliers wherever possible – so as to make a concrete contribution to the local economy – and to purchase materials, goods and services exclusively from counterparties that make an effort to operate according to the best production processes and the highest standards and regulations of sustainability and that undertake to know, respect and implement the Supplier Code of Conduct adopted by Pirelli and expressly referred to in the Policy.

In addition, this update will aim to highlight Pirelli's commitment to make every effort to ensure fair prices and payment terms in line with market practices.

Purchasing policies and practices are subject to monitoring to ensure alignment with the Supplier Code of Conduct and to prevent any conflicts with ESG expectations and objectives.

<u>Targets</u>

As outlined in the General Information section, Pirelli operates according to a local-for-local supply approach, which is consistently applied across the Group.

The "**Increasing local-for-local sourcing**" commitment, included in the Industrial Plan, reflects the Group's commitment to strengthening local sourcing in the various operative areas, in line with the commitment to optimise supply chain management.

This objective is implemented through the execution of the specific strategy of each goods category and the activities vary according to the specificities of the individual goods categories and local needs.

This approach allows Pirelli to adapt its strategies to the characteristics of the reference markets, guaranteeing flexibility and greater effectiveness in pursuing the commitment to local sourcing.

Moreover, as part of the management of relations with its suppliers, Pirelli, in the March 2024 update of its Strategic Plan, defined a **target of suppliers identified as having medium and high potential ESG risk, to be subjected to an ESG assessment.**

This target foresees that by 2025, 96% of the total expenditure related to suppliers detected materials per spend and classified as medium-high ESG potential risk will undergo an ESG assessment. This percentage will rise to 100% by end 2027, guaranteeing the complete and systematic monitoring of these suppliers.

The Risk Assessment update, described in the following section, enabled the collection of further information which will be integrated into the ESG performance monitoring target of the supply chain in 2025.

These targets also included an intermediate target to **2023, according to the ESG risk assessment completed in 2023 and the materiality of the expenditure of assessed suppliers exceeding 100k,** which consisted of 90% of the total expenditure associated with high-risk suppliers subjected to an ESG assessment and 82% for mid-risk suppliers. The milestones set for 2023 have been achieved, and in 2024, there was a further increase of 93% in spending related to suppliers identified as having high potential ESG risk, and 86% for those with medium potential ESG risk, based on spending materiality. This progress shows the company's commitment to constructing an ever more sustainable and responsible supply chain.

The target was developed to identify and mitigate the risk of violations of the provisions set out in the Supplier Code of Conduct regarding Human Rights and Labour across Pirelli's supply chain. This is achieved through a specific evaluation system for Tier 1 suppliers, based on tools such as EcoVadis Rating or on-site audits.

Monitoring and assessment are carried out in close collaboration by the company Sustainability and Purchasing Departments in order to guarantee strategic and operative alignment.

<u>Actions</u>

ESG RISK ASSESSMENT

In 2024, continuing on from what has been done during previous years, a systematic research desk was carried out of negative supplier ESG impacts and their corporate relevance, considering the data sources available, like ESG risks per country, sector or commodity, the expense, the company relevance, etc., updating the potential and actual risk assessment associated with the whole chain (12,773 tier-1) and further strengthening the due diligence process and underlying risk-based model for the management of ESG aspects. Thanks to the implementation of the Ecovadis IQ+ package, which allows for systematic desk research to be carried out of the potential risk of negative ESG impacts of suppliers and their commercial relevance, overseen by the Purchasing, Enterprise Risk Management, Compliance and Sustainability Departments, Pirelli has assessed the potential risk associated with the chain and each supplier, according to the following 3 risk factors:

- The supplier's sustainability risk is assessed based on four categories, divided into the following 21 criteria: Environment (Energy consumption and greenhouse gas; water, biodiversity; atmospheric pollution; materials, chemical substances and waste; use of products; product end of life; customer health and safety; environmental services and advocacy), Human and labour rights (Health and social; human rights; child labour, forced labour and human trafficking; diversity, equity and inclusion; human rights of external stakeholders; health and safety of employees; working conditions; social dialogue; management of careers and training), Ethics (anti-competitive practices; responsible information management) and Sustainable Management of the supplier's own supply chain (social and environmental practices). For each of these items, the sector risk is measured, according to the materiality analysis carried out by Ecovadis and the statistical analysis of average performance achieved by industry players, and the country risk, measured according to internationally recognised indices;

- Procurement Risk: determined by the level of expense and/or criticality of the partners;
- Scan Risk: verification from public sources of the presence of reports, certifications and policies and assessment on the basis of the validity period and type of document.

The assessment was carried out in line with the Group's Enterprise Risk Management (ERM) model and applies a risk scale from 1 to 4 (where 1 = low risk, 2 = medium risk, 3 = high risk and 4 = very high risk).

Thanks to this analysis, it has been possible to identify the geographic areas and production categories most exposed to risk of violation of the provisions of the Suppliers' Code of Conduct. The assessment made it possible to identify the suppliers that require priority intervention through the most appropriate mitigation and prevention actions.

The results of the analysis indicate that, in general, the category with the highest concentration of potential risk is the Sustainable Management of the supplier's own supply chain, which is also characterised by a uniform risk distribution across different geographical areas. The countries with the highest incidence of suppliers associated with a high/medium-high risk of ESG violations are, instead, mainly concentrated in the regions of MEAI, LATAM and APAC; while in the regions of Europe and North America, as a rule the potential risk was found to be medium. The goods categories with the highest incidence of potentially high/very high risk suppliers are energy, auxiliary materials, indirect, R&D, moulds & off-take and raw materials.

An analysis of the non-conformities revealed by the audits of the last four years shows that the actual risk level of the company's suppliers is significantly lower even in regions with medium-high potential risk, such as MEAI and LATAM, whilst it remains high in APAC.

The Risk Assessment performed will make it possible in 2025 to further strengthen the mitigation and prevention actions adopted with the aim of prioritising verification, monitoring, awareness-raising and training actions to intervene in an increasingly targeted manner on suppliers that might not be in line with Pirelli's provisions, and required in the Suppliers' Code of Conduct, thus reinforcing the Due Diligence process already implemented.

In 2024, on-site audits involved Pirelli suppliers across all product categories operating in Brazil, China, Germany, Indonesia, Malaysia, Mexico, Romania, Thailand, Turkey, the UK, and the US.

The results of audits carried out during 2024 show 27% of audited suppliers without any non-conformities. Suppliers where non-conformities (and Medium or High associated risk) have been found have signed a remedial plan to be implemented within specific deadlines, which, as per the Procedure, entails follow-up by the third-party Auditor to evidence and confirm that remedial action has been taken.

The results of the on-site ESG Audit together with the additional evaluations carried out during the on-boarding of the supplier are integrated into the annual Vendor Rating process whereby a rating is given to the supplier that sums up ESG performance, the qualitative level of supplies, the quality of the commercial relationship and the technical-scientific collaboration.

The results of the risk assessment are fully integrated into the activities that the Company has planned for 2025, which will see the continuation of on-site audits of potential suppliers of raw and high added value materials from the selection phase, periodic on-site audits for active suppliers, Ecovadis assessments and with the provision of training on both human rights and biodiversity. For details on qualitative and quantitative supply chain targets, please refer to 'Social Information', section 'S2 Workers in the value chain' - 'Training along the supply chain' and the paragraph 'Supplier relationship management', 'Targets' of this section.

<u>Supplier award</u>

Every year Pirelli recognises the contribution of its best suppliers, putting sustainability, continuous innovation, quality, impeccable service and competitiveness at the heart of Pirelli Supplier Day.

The 2024 event was held at the company's headquarters in Milan, in the presence of the Executive Vice President and the Chief Executive Officer. It involved a selection of large, medium and small companies from all over the world, most of which were considered 'strategic suppliers'. The seven, who distinguished themselves during the year for sustainability, quality, innovation, service level and performance, were awarded by Pirelli's Chief Purchasing Officer.

Supplier Day 2024 was also an opportunity to reaffirm Pirelli's Open Innovation approach, which envisages the involvement of suppliers, universities and innovation hubs in the continuous process of innovation and the development of new products, making the most of new bio-based, recycled and nanopolymer materials.

A special spotlight was shone on the excellence and commitment of the entire supply chain that helps Pirelli achieve its goals. Sustainability was at the forefront, for example, in the company's 2030 goal of carbon neutrality and reduction of fossil-based materials, thanks to innovation and research on renewable or recycled sources.

Metrics – Payment practices

Payment terms with Group suppliers are defined on the basis of various factors, including the nature of the contract, the relationship with the supplier and market conditions. Once the terms have been set, payments are made according to the agreed deadlines, thereby ensuring transparent and reliable financial management in order to guarantee a good relationship with counterparties and ensure continuity of supply.

With reference to the required disclosure on payment practices, it should be noted that the Group, in the absence of specific guidelines and considering the difficulty in obtaining all the necessary information, considered the invoices recorded in 2024 in the accounting systems through the Group's standard process of the main subsidiaries, including all production companies.

The average actual payment days, calculated as the difference between the payment date and the invoice date, was 93, while the average payment terms resulting from purchase orders based on negotiations with suppliers was 81. The data represents a weighted average over the value of the relevant invoices. It should be noted that the invoices considered are representative of the main goods and services purchased by the Group (purchases of raw materials, logistics services, purchases of tangible fixed assets, indirect purchases and industrial services, such as maintenance and auxiliary materials).

Purchases recognised as above cover about 65% of the sum of purchases from third parties included in the cost items of the Profit and Loss Account and investments in the Group's consolidated financial statements as at 31 December 2024. It should also be noted that, in order to verify the consistency of the above-mentioned results on the sample described with respect to the overall cost population, DPO *(days of payment outstanding*) was calculated on the consolidated data by applying the formula as per market practice, obtaining a value substantially in line with the results deriving from the sample.

It is specified that, as of the date of this document, there are no relevant legal proceedings pending due to late payment.

The Board of Directors

Milan, April 28, 2025

REPORT ON CORPORATE GOVERNANCE

AND SHARE OWNERSHIP OF PIRELLI & C. S.P.A.

PURSUANT TO ART. 123-*BIS* OF THE CONSOLIDATED LAW ON FINANCE (TUF)

(TRADITIONAL MODEL OF ADMINISTRATION AND CONTROL)

(REPORT APPROVED BY THE BOARD OF DIRECTORS OF PIRELLI & C. S.P.A. ON 28 APRIL 2025 IN RELATION TO THE YEAR ENDED ON 31 DECEMBER 2024. THE REPORT IS ALSO AVAILABLE ON THE WEBSITE WWW.PIRELLI.COM)

GLOSSARY

Borsa Italiana: Borsa Italiana S.p.A.

Camfin: Camfin S.p.A., a company established under Italian law indirectly controlled by Marco Tronchetti Provera through MTP&C, with registered offices in Milan, Via Larga no. 2, Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 00795290154.

ChemChina: China National Chemical Corporation Limited, a company established under Chinese law, directly controlled by Sinochem Holdings, with registered offices at 62 Beisihuan Xilu, Haidian district, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 91110000710932515R.

CNRC: China National Tire & Rubber Corporation Ltd., a company established under Chinese law, directly controlled by ChemChina, with registered offices at 62 Beisihuan Xilu, Haidian district, Beijing (People's Republic of China), registered with the State Administration of Industry and Commerce of the People's Republic of China, registration number 91110000100008069M.

Civil Code: the Italian Civil Code approved by Royal Decree no. 262 of 16 March 1942 (as subsequently amended and supplemented).

Corporate Governance Code: refers to the Corporate Governance Code of listed companies prepared and approved in January 2020 by the Corporate Governance Committee and effective from 1 January 2021.

Code of Ethics: the Group's Code of Ethics, of which the current version was most recently adopted in 2023 and which sets out the general principles (transparency, correctness and loyalty) that inspire the conduct and operation of the Group's business. The Code of Ethics is available on the Website.

Corporate Governance Committee: the Italian Corporate Governance Committee for listed companies, promoted by Borsa Italiana, as well as by ABI, Ania, Assogestioni, Assonime and Confindustria.

Board of Directors: the Board of Directors of Pirelli & C. S.p.A.

Consob: the National Commission for Companies and the Stock Exchange.

Report Date: indicates 28 April 2025, the date on which the Board of Directors approved this Report.

CSRD Decree: Italian Legislative Decree no. 125 of 06 September 2024, which incorporates and implements the CSRD Directive into the Italian system.

Golden Power Decree: Italian Decree-Law no. 21 of 15 March 2012, setting out rules governing special powers over corporate structures in the sectors of national security and defence and for activities of strategic relevance in the sectors of energy, transport and communications, and converted into Italian Law no. 56 of 11 May 2012, as subsequently amended and supplemented.

CSRD Directive: Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, the "Corporate Sustainability Reporting Directive", adopted on sustainability reporting.

Key Managers: the persons identified in accordance with Art. 11.12 of the Bylaws, namely Pirelli's managers who, by virtue of the duties and powers assigned to them, directly or indirectly have the power and responsibility for planning, directing and controlling the Company's business and making decisions that can impact its evolution and future prospects.

Golden Power DPCM or the **Decision**: the Decree of the President of the Council of Ministers adopted following conclusion of the Golden Power Proceedings and notified to the Company on 16 June 2023, whereby the special powers were exercised in accordance with the Golden Power Decree.

Year: the financial year to which this Report relates, i.e. the year ending 31 December 2024.

ESRS: indicates the principles of sustainability reporting defined in Delegated Regulation (EU) 2023/2772 of the Commission of 31 July 2023.

Group: collectively Pirelli and its subsidiaries, as defined in art. 2359 of the Civil Code and art. 93 TUF.

Capital Law: indicates Law no. 21 of 5 March 2024 containing measures to support the competitiveness of capital and delegation of powers to the Government for the organic reform of the provisions on capital markets set out in the TUF, and of the provisions on joint stock companies contained in the Civil Code also applicable to issuers.

MPI Italy: Marco Polo International Italy S.r.l., a company established under Italian law indirectly controlled by Sinochem Holdings through ChemChina with registered offices at Piazzetta Umberto Giordano 4, Milan-Monza Brianza-Lodi, Tax Code, VAT and Milan Companies Register number 10449990968.

MTP&C: Marco Tronchetti Provera & C. S.p.A., a company established under Italian law directly controlled by Marco Tronchetti Provera, with registered offices at via Bicocca degli Arcimboldi 3, Milan, with Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 11963760159.

Pirelli or the **Company**: Pirelli & C. S.p.A., a company established under Italian law with registered offices at viale Piero e Alberto Pirelli 25, Milan, with Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 00860340157.

Pirelli Tyre: Pirelli Tyre S.p.A., a company established under Italian law controlled by Pirelli, with registered offices at viale Piero e Alberto Pirelli 25, Milan, with Tax Code, VAT and Milan-Monza Brianza-Lodi Companies Register number 07211330159.

Pirelli International Treasury: Pirelli International Treasury S.p.A., a company established under Italian law, controlled by Pirelli with registered offices at viale Piero e Alberto Pirelli 25, Milan, with Tax code and Milan-Monza Brianza-Lodi Companies Register number 10523850963.

Golden Power Proceedings: the administrative proceedings established by the Golden Power Decree on 6 March 2023 following notification of the indirect shareholder of Pirelli CNRC, in connection with the Shareholders' Agreement Renewal and which concluded with the Company's notification of the Golden Power DPCM.

Regulations of the Board: the Regulations, adopted by the Board of Directors on 3 August 2023, which govern the methods of organisation and internal functioning of the Board of Directors itself, in line with the recommendations of the Corporate Governance Code.

Issuers' Regulation: the Regulation approved by Consob resolution 11971/1999 (as amended and supplemented) on the subject of issuers.

Related Parties Regulation: the Regulation approved by Consob resolution 17221 dated 12 March 2010 (as amended and supplemented) on the subject of related-party transactions.

Report: this Report on the corporate governance and share ownership prepared pursuant to art. 123-*bis* TUF.

Remuneration Report: the report on the Remuneration Policy and compensation paid, approved by the Board of Directors on 28 April 2025, on the proposal of the Remuneration Committee, having consulted with the Board of Statutory Auditors, drafted in accordance with Art. 123-*ter* of the TUF and Art. 84-*quater* of the Issuers' Regulation and published on the Website.

Consolidated Sustainability Reporting: indicates the reporting of sustainability-related information, as regulated by the CSRD Decree, contained in the directors' report on operations, inside the 2024 annual financial report published on the Website.

Shareholders' Agreement Renewal: the shareholders' agreement entered into on 16 May 2022 by ChemChina, CNRC, SPV HK 1, SPV Lux, MPI Italy, Camfin and MTP&C, which came into force on 19 May 2023, the date of publication of the notice convening the Pirelli Shareholders' Meeting for the approval of the financial statements as at 31 December 2022 and the effect of which was suspended from 19 May 2023 to 16 June 2023, the date on which the Government notified the Company and the other parties concerned of the Decision. The essential content of the Shareholders' Agreement Renewal, to which reference is made for further information, is available on the Website.

Sinochem Holdings: Sinochem Holdings Corporation Ltd., a Chinese state-owned enterprise (SOE), under the supervision of the State-owned Assets Supervision and Administrative Commission of the State Council (SASAC) of the People's Republic of China, with its registered office at Xiong'an New Area (People's Republic of China), No. 001, Enterprise Headquarters Area, Start-up Zone, Hebei Province, registered with the State Administration of Industry and Commerce of the People's Republic of China under no. 91133100MA0GBL5F38.

Website: the institutional website of Pirelli containing inter alia information about the Company, can be found at the Internet domain *www.pirelli.com*.

Auditing Firm: PricewaterhouseCoopers S.p.A.

SPV HK1: CNRC International Limited, limited company under Hong Kong law (People's Republic of China), indirectly controlled by Sinochem Holdings through ChemChina, with registered offices at 4611 46/F Office Tower Convention Plaza Wanchai G, Hong Kong (People's Republic of China), Hong Kong Companies Register number 2222516.

SPV Lux: Fourteen Sundew S.à r.l., a limited liability company (société à responsabilité limitée) under Luxembourg law, indirectly controlled by Sinochem Holdings through ChemChina, with registered offices at 15 Boulevard F.W.Raiffeisen 2411, Luxembourg (Grand Duchy of Luxembourg), with Luxembourg Companies and Commerce Register number B195.473.

Bylaws: indicates Pirelli's current Bylaws, available on the Website, most recently amended by the extraordinary Shareholders' Meeting held on 12 December 2024.

TUF: Legislative decree 58 of 24 February 1998, as subsequently amended and integrated (the Consolidated Law on Finance).

Please refer to the Consolidated Sustainability Reporting for any information concerning Pirelli's corporate governance in compliance with ESRS.

PREAMBLE

The Report presents the corporate governance system adopted by the Company. This system is consistent with the principles and the recommendations contained in the Corporate Governance Code. Pirelli is aware that an efficient system of corporate governance is an essential element for achieving the objective of sustainable value creation.

The Report was examined on 20 March 2025 by the Control, Risks and Corporate Governance Committee, which ruled in favour of it and it was approved by the Board of Directors on 28 April 2025.

The information contained in the Report refers, where not expressly indicated, to the Financial Year.

1. COMPANY PROFILE

Pirelli, with its 31 thousand employees and revenues of around 6.8 billion euros in 2024, ranks among the principal global manufacturers of tyres and supplier of ancillary services, being the only operator in the sector exclusively specialised in the Consumer segment (tyres for cars, motorcycles and bicycles), with a globally-recognised brand. The Company has a distinctive positioning with regard to High Value tyres, which are manufactured to achieve the highest levels of performance, safety, quietness and road grip, with significant input from technology and/or customisation (i.e. *≥18”*, Specialities, Super Specialities and Premium Motorcycle tyres). In addition, the Company currently holds a leadership position in the Car Prestige tyres segment, and in the radial segment of the motorcycle tyre replacement market. Pirelli is also a leader in Europe, China and Brazil in the Car ≥18” tyre market in the replacement channel. At the end of the financial year, Pirelli boasts geographically diversified production, with 18 production plants in 12 different countries and a commercial presence in more than 160 countries.

Pirelli also pursues the development of CYBER™ technologies, which, thanks to the sensors that can be installed inside the tyre, will help make essential information available to enhance vehicle driving safety and performance. To this end, under the scope of the Golden Power Proceedings, within the adoption of the Measure, the Council of Minsters also noted that, amongst other aspects, the CYBER™ technology for installation in the tyres constitutes an asset of strategic importance in accordance with and pursuant to the Golden Power Decree. For more details on the Decision and the special government powers under the Golden Power Decree, see section 2.5 of the Report. The CYBER™ sensor can collect data and transmit it to the vehicle, which, through the 5G network and in geolocalised format, makes it available to cloud processing systems and supercalculators for the creation, using artificial intelligence algorithms, of complex digital models that can, amongst others, be used in cutting-edge contexts such as smart cities and digital twins.

The Company has an organisational structure that reflects its business strategy and business model. For more details on Pirelli’s organisational structure, refer to the Website.

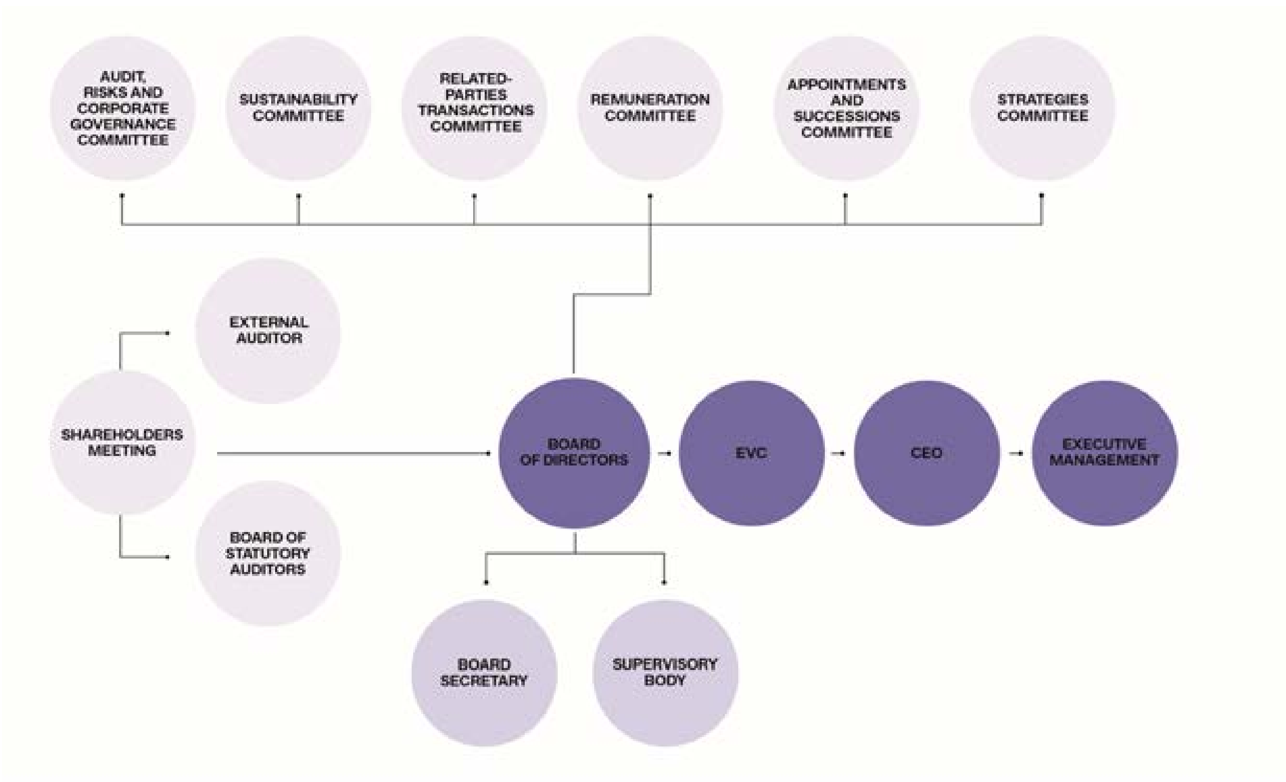
For the sake of completeness, it should be noted that, pursuant to the Corporate Governance Code, the Company falls within the definition of "concentrated ownership company" and "large company". Moreover, the Company did not use any flexibility options admitted by the Corporate Governance Code for such companies.

For more details on Pirelli's profile, also see the Website.

1.1 *MODEL OF CORPORATE GOVERNANCE*

Pirelli's governance structure, hinged on the very best international practices, as ruled by Art. 3.4 of the Bylaws, is structured according to the traditional model of administration and control.

The following diagram summarises the Company's current governance structure.



In compliance with the Corporate Governance Code and the Bylaws, the Board of Directors has established five board Committees appointed to offer support and specifically:

- Strategies Committee;
- Appointments and Successions Committee;
- Remuneration Committee;

- Sustainability Committee;
- Audit, Risks and Corporate Governance Committee.

The Board of Directors has also established the Related-Party Transactions Committee, with duties that include authorising related party transactions.

For further details on board Committees, see section 6 of the Report.

The external audit of the accounts is entrusted to PricewaterhouseCoopers S.p.A.[147], a registered auditing firm (see section 9.5 of the Report for further details). The Company's Governance Structure is completed by a Board of Statutory Auditors (made up of five standing and three alternate members) with the functions of supervising administration and compliance with the law and Bylaws (see section 11 of the Report for further details), and a Supervisory Body (made up of three members, of whom one is also a Standing Auditor) with the functions of supervising the operation of and compliance with the organisation, management and control model adopted pursuant to Italian Legislative Decree 231/2001 (see section 9.8 of the Report for further details).

In fulfilling its duties, the Board of Directors has defined the Group companies' corporate governance rules and system. Moreover, Key Managers and managers with sector and function expertise sit on the Boards of Directors of the subsidiaries in order to pursue the strategies and policies adopted by the Parent Company.

1.2 *SUSTAINABILITY IN PIRELLI*

For Pirelli, sustainability is a factor that is integrated into the Group's growth strategies and business and, with this in mind, Pirelli is constantly committed to promoting, developing and implementing a sustainable business model for all its stakeholders in all aspects of its business.

On the sustainability-related matters, the Board of Directors:

- draws up a sustainability plan which integrates the Company's strategic plans and monitoring of their implementation (for more details, see the Consolidated Sustainability Reporting);
- includes ESG indicators in its Remuneration Policy, consistent with the objectives included in the Company's strategic plans for measuring the management performance in its annual and medium/long-term remuneration plans (for more details see the Remuneration Report);
- chooses a director in charge of sustainability issues (for more details see section 9.2 of the Report);

[147] Following the proposal of the Board of Statutory Auditors, the Shareholders' Meeting held on 28 May 2024 appointed KPMG S.p.A. to perform the statutory audit of Pirelli & C. S.p.A.'s accounts for the period 2026-2034, determining the relative fees.

- establishes a Board Committee offering support in analysing sustainability topics linked to the corporate business, to corporate social responsibility and the analysis of topics relevant to generating value in the long-term (for more details, see section 6.4 of the Report);
- periodically assesses, on an ongoing basis, the risks associated with business activities so as to create long-term value for the benefit of shareholders (for more details see section 9 of the Report);
- adopts a specific policy for dialogue with shareholders and the main stakeholders in the financial market in which the Company operates (for more details see section 14.1 of the Report);
- sets up a board Committee and supports it in evaluating and making decisions in relation to the internal control and risk management system (for further details see section 9.3 of the Report).

The Company's commitment to pursuing sustainable development is further confirmed by the establishing of specific policies and procedures adopted by Pirelli, as better detailed in the Consolidated Sustainability Reporting, to which reference is made for any additional information.

2. INFORMATION ON THE OWNERSHIP STRUCTURE

2.1 *STRUCTURE OF SHARE CAPITAL*

On the Report Date, the issued share capital of Pirelli amounts to 1,904,374,935.66 euros fully paid, and is represented by 1,000,000,000 ordinary shares without nominal value. Each share grants the right to one vote. There are no other categories of shares.

It should be noted that the extraordinary Shareholders' Meeting of Pirelli held on 24 March 2021 resolved to increase the share capital for cash for payment, in a divisible manner, with exclusion of the option rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount, including any premium, of 500,000,000.00 euros, to service the conversion of the "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025", to be paid up in one or more tranches by the issue of ordinary shares of the Company with regular dividend entitlement, for a maximum amount of 500,000,000.00 euros, exclusively to service the bond issued by the Company named "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025", in accordance with the criteria determined by the relevant bond regulations (the "**Regulations**"), without prejudice to the fact that the final deadline for subscription of the newly issued shares is established as 31 December 2025 and that if, as of that date, the share capital increase has not been fully subscribed it will in any case be intended as increased by an amount equal to the subscriptions collected and as of that date, with the specific authorisation for the directors to issue the new shares as they are subscribed. Fractions of shares shall not be issued, transferred or delivered and no payment in cash or adjustment shall be made in lieu thereof.

As of 24 June 2024, the conversion price of the bonds is 5.9522 euros, calculated in accordance with the methods provided for in the Regulations[148].

Additionally, the Bylaws do not provide for the possibility of increased voting rights or the issue of shares with multiple voting rights.

2.2 *SIGNIFICANT SHAREHOLDINGS OF CAPITAL*

Regarding the significant shareholdings of Pirelli's capital, please refer to Table n. 1 attached to this Report.

2.3 *MANAGEMENT AND COORDINATION ACTIVITIES*

The Golden Power DPCM has ruled that CNRC, the indirect parent company of MPI Italy, must specifically respect the commitment, *inter alia*, not to manage and coordinate Pirelli, as better detailed in section 2.5 of the Report.

Conversely, Pirelli exercises direction and coordination of numerous subsidiaries, having made the relevant publication where necessary.

2.4 *RESTRICTIONS ON THE TRANSFER OF SECURITIES: SECURITIES THAT CARRY SPECIAL RIGHTS; EMPLOYEE SHARE OWNERSHIP: THE MECHANISM FOR EXERCISING VOTING RIGHTS; RESTRICTIONS ON VOTING RIGHTS*

The Bylaws do not impose any restrictions on the transferability of the shares issued by the Company nor do they envisage any limitations to possession of Company shares nor any need to obtain approval from the Company or other holders of securities.

No securities have been issued that carry special rights of control nor do the Bylaws envisage any increased voting rights or the issue of multiple vote shares.

With regard to the shares owned by employees, there are no specific procedures or restrictions governing the exercise of their voting rights.

There are no restrictions to shareholders' voting rights.

[148] The conversion price stems from the adjustment made following the resolution of the Company's Shareholders' Meeting of 28 May 2024 to distribute a dividend of 0.198 euros per ordinary share.

It is noted that with the adoption of the Golden Power DPCM, the Council of Ministers has deemed that the Company holds technologies of strategic relevance for national interests, as identified by the Golden Power Decree and the related transposition regulations.

2.5 *SPECIAL GOVERNMENT POWERS*

The Golden Power Decree regulates the special powers that can be exercised by the President of the Council of Ministers in order to safeguard businesses and assets considered as strategic by reference legislation[149].

With the adoption of the Golden Power DPCM, the Council of Ministers deemed that the Company holds technology of strategic relevance to national interests, as identified by the Golden Power Decree and related transposition regulations, and considered that the risks relating to such called for structural measures that went beyond the temporary nature of the Shareholders' Agreement Renewal.

The Decision therefore envisaged, differently in respect of Pirelli and CNRC, a series of rules aiming to set up a network of measures that together act to protect Pirelli's autonomy and that of its management team, as well as the technologies and information of strategic relevance held by the Company. For more details on the provisions, refer to the Company's press release issued on 18 June 2023 and to the Report on the Corporate Governance and Share Ownership for FY 2023.

In compliance with the measures, Pirelli has equipped itself with a series of tools by which to protect the assets of strategic importance, including Strategic Industrial Security Clearance (NOSIS), which envisages limits to the accessibility of information and has established an autonomous security organisational unit.

The Golden Power DPCM also established that any change to Pirelli's corporate governance must be notified in accordance with the Golden Power Decree.

Finally, the Decision envisaged that the implementation of the measures shall be monitored by the Ministry for Enterprises and Made in Italy ("**MIMIT**").

[149] The applicable legislation grants the Presidency of the Council of Ministers intervention powers should it deem that a serious threat to the public interests identified in the Golden Power Decree exists, assessed in light of the principles of proportionality, reasonableness, and non-discrimination. To this end, by decree of the President of the Council of Ministers: (a) a veto may be imposed on the adoption of shareholders' or board resolutions; (b) conditions and requirements may be imposed; (c) opposition to the acquisition of shareholdings may be expressed.

2.6 *SHAREHOLDERS' AGREEMENTS*

With reference to the shareholders' agreements known to the Company in accordance with Art. 122 TUF, we note:

- the Shareholders' Agreement Renewal, which aims, amongst other aspects, to regulate Pirelli's governance, in line with the terms and conditions of the previous shareholders' agreement signed on 1 August 2019 between ChemChina, CNRC, SPV HK1, CNRC International Holding (HK) Limited, SPV Lux, MPI Italy, Silk Road Fund Co., Ltd. ("**SRF**"), MTP&C and Camfin, which had reached expiry of the three-year term on 28 April 2023 (the "**Shareholders' Agreement**"). The Shareholders' Agreement Renewal came into force on 19 May 2023 with the publication of the notice convening the meeting of the Company's shareholders, called to approve the financial statements at 31 December 2022 and its effect was temporarily suspended until the date of the notification to Pirelli and CNRC of the Golden Power DPCM in accordance with the Golden Power Decree, insofar as the Golden Power Proceedings were still ongoing at the date on which it came into effect;

- the shareholders' agreement signed on 28 February 2023 by Brembo N.V. (formerly Brembo S.p.A.) and Next Investment S.r.l., with the parent company Nuova FourB S.r.l., on the one hand, and Camfin, with the parent company MTP&C., on the other hand, concerning prior consultation both with respect to the exercise of voting rights in Shareholders' Meetings and with respect to any purchases of Pirelli ordinary shares.

For more information on the provisions contained in the shareholders' agreements referred to the relevant essential information available on the Site, pursuant to Article 122 of the TUF and Article 130 of the Issuers' Regulation.

2.7 *CHANGE OF CONTROL CLAUSES*

The most significant contracts containing clauses of this type, at the Report Date, are summarised below.

2.7.1 PT EVOLUZIONE TYRES JOINT VENTURE

On 24 April 2012, Pirelli Tyre and PT Astra Otoparts tbk, an Indonesian company, signed a Joint Venture Agreement in relation to PT Evoluzione Tyres, an Indonesian company incorporated on 6 June 2012 and operating in the production of motorcycle tyres in the plant of Subang, West Java.

Pursuant to this contract, in the event of a change in the ownership structure of one of the shareholders that is deemed to be a change of control event, a put&call procedure could be activated that, in the extreme case, might lead to the acquisition by Pirelli Tyre of the entire equity investment held by PT Astra Otoparts tbk in PT Evoluzione Tyres, with the consequent termination of the joint venture agreement.

2.7.2 SUPPLY CONTRACT WITH BEKAERT

The Company, which sold the steelcord business unit to Bekaert in 2014, stipulated a contract with Bekaert for the supply of steelcord, which expired at end 2024. The contract was stipulated also in consideration of the contractual peculiarities connected with the sale transaction.

Said contract envisaged a change of control clause whereby Bekaert had the right, *inter alia*, to withdraw from the contract within 90 days after becoming aware of a situation in which a third party acquires control of Pirelli.

The Company is negotiating a new steelcord supply contract with Bekaert, for which the inclusion of a similar clause is envisaged.

2.7.3 SCHULDSCHEIN: MULTITRANCHE LOAN FOR A TOTAL OF 525,000,000 EUROS

On 26 July 2018 Pirelli concluded a “*schuldschein*” loan - guaranteed by Pirelli Tyre - for an original total of 525 million euros (as subsequently amended, the “**Schuldschein**”), divided as follows: (i) 82 million euros maturing in July 2021 (fully repaid in advance in January 2021); (ii) 423 million euros maturing in July 2023 (fully repaid in advance in several instalments, the last of which in January 2023); and (iii) 20 million euros maturing in July 2025 (fully repaid in advance in July 2024).

The Schuldschein prescribed, *inter alia*, that Pirelli shall repay the loan in advance, if certain events occurred, including the case of a change in the control structures of Pirelli, according to the provisions of the report on corporate governance and share ownership for FY 2023.

2.7.4 CLUB DEAL EUR 800 MLN ESG 2020 5Y

On 31 March 2020, Pirelli signed a new credit line in the amount of 800 million euros, guaranteed by Pirelli Tyre, with a pool of leading Italian and international banks, with a maturity of five years. The new bank facility is entirely sustainable, i.e. it is subject to economic and environmental sustainability targets. The loan was paid back in full and in advance in several instalments, of which the last was paid in October 2024.

The loan agreement stated, *inter alia*, that Pirelli shall be required to make early repayment of the part made available by each lender should certain events occur, including changes in Pirelli’s control structure, as specified in the report on corporate governance and share ownership for FY 2023.

2.7.5 EQUITY-LINKED BOND CALLED "*EUR 500 MILLION SENIOR UNSECURED GUARANTEED EQUITY-LINKED BONDS DUE 2025*"

On 22 December 2020, Pirelli completed the placement reserved for institutional investors of an equity-linked bond with a nominal amount of 500,000,000 euros, maturing on 22 December 2025, called "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025" guaranteed by Pirelli Tyre. The bonds were admitted for trading on the Vienna MTF – a multilateral trading facility managed by the Vienna Stock Exchange.

The bonds, which are non-interest-bearing, can be converted into ordinary shares of Pirelli, following the Pirelli Shareholders' Meeting of 24 March 2021 that approved the capital increase, with the exclusion of option rights pursuant to art. 2441, paragraph 5, of the Italian Civil Code, to be reserved exclusively to service the conversion of said bonds.

The rules of the loan contained in the Regulations provide, inter alia, that during the period of time set out in the Regulations, each bondholder shall be granted, at their choice, if a certified Company change of control should occur or if the free float of the Company's ordinary shares (calculated as specified in the Regulations) should drop below a pre-set threshold and should remain there for a certain number of open market days from the first day on which it has dropped below such level (so called free float event), alternatively: (i) the right to request early reimbursement at the bonds' nominal value, by exercising a put option; or (ii) acknowledgement of a new conversion price (if applicable even regulated based on the so-called cash settlement amount mechanism), lower than the original and based on the time between the event and the bonds expiring; all based on terms and procedures established in the Regulations.

In particular, the change of control can only be triggered (except in specific cases permitted under the Regulation) if any entity, other than ChemChina, Sinochem Group Co., Ltd ("**Sinochem Group**"), SRF, Camfin, MTP&C (or any other company controlled by Mr Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting in concert with some of them, acquires the absolute majority of the shares with voting rights following a public offering to the shareholders, such that they hold or control the absolute majority of the voting rights that can be exercised in Pirelli's Shareholders' Meeting; or if any person or persons acting in concert with any of them, other than ChemChina, Sinochem Group, SRF or Camfin, MTP&C, or any other company controlled by Mr Marco Tronchetti Provera or his family members, and/or by their subsidiaries and/or by any person or persons acting in concert with the latter, holds/controls the absolute majority of the voting rights of Pirelli's Shareholders' Meeting.

For clarification, the Regulation states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

2.7.6 BILATERAL ESG FACILITY EUR 400 MLN 2021 3Y

On 11 November 2021, the Board of Directors authorised Pirelli to enter into a medium-long term variable-rate bilateral loan in the amount of 400 million euros. The new credit line is secured by Pirelli Tyre and subject to predetermined economic and environmental sustainability targets. The loan was paid back in full, early, in July 2024.

The loan agreement - signed on 23 December 2021 - stipulated, *inter alia*, that Pirelli must repay the credit early should certain events occur, including changes in Pirelli's control structure as described in the report on corporate governance and share ownership relative to FY 2023.

2.7.7 CLUB DEAL EUR 1,6 BLN ESG 2022 5Y

On 11 November 2021, the Board of Directors also authorised Pirelli and Pirelli International Treasury to enter into a new medium/long-term unsecured variable-rate loan, divided into two credit lines guaranteed by Pirelli Tyre: one 'Term' (for 600 million euros) and two 'Revolving' (for a total of 1,000 million euros), based on predetermined economic and environmental sustainability objectives, for a total amount no greater than 1.6 billion euros, with a pool of lending banks.

On 21 February 2022, the respective loan agreement was signed with 16 national and international lending banks; the agreement provides – inter alia – that Pirelli and Pirelli International Treasury shall be required to repay in advance the portion of the loan made available by each lender should certain events occur, including a change in Pirelli's control structure.

In particular, the change of control can only be triggered (except in specific cases permitted under the loan agreement) if any entity, other than ChemChina, Sinochem Group, SRF, Camfin, MTP&C (or any other company controlled by Mr. Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting in concert with some of them, becomes the owner, in aggregate, of more than 50% of the voting rights granted by the Company shares.

For clarification, the loan contract states that there will be no change of control if Camfin, MTP&C (or any other company controlled by Marco Tronchetti Provera or by one or more of his family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

2.7.8 EMTN PROGRAMME AND NOTES ISSUED IN 2023

On 23 February 2022, the Board of Directors, in the context of the Company's refinancing strategy, approved an EMTN (Euro Medium Term Note) programme for the issue of non-convertible, senior unsecured bonds for a maximum value of 2 billion euros ("**EMTN Programme**"). In the context of the EMTN Programme, the Board of Directors authorised the issue of one or more bonds - to be performed within 12 months of finalisation of the documentation - to be placed with institutional investors by May 2023, for a maximum total amount of up to 1 billion euros. The newly issued securities may be listed on one or more regulated markets and guaranteed by Pirelli Tyre.

On 11 January 2023, in the context of the EMTN Programme, Pirelli started and successfully completed the placement of its first sustainability-linked bond with international institutional investors, for a total nominal amount of 600 million euros.

Pursuant to the EMTN Programme, bondholders will have the right to request early repayment of securities (the so-called "Put option") in the event of a Change of Control, under the same terms and conditions provided for in the Club Deal Eur 1.6 bln ESG 2022 5y, as per section 2.7.7.

2.7.9 BILATERAL FACILITY EUR 300 MLN ESG 2023 2.5Y

On 11 May 2023, Pirelli's Board of Directors approved the subscription of a bilateral loan for a maximum amount of 400 million euros, maturing in February 2026.

This loan agreement - signed on 30 June 2023 for an amount of 300 million euros - states, *inter alia*, that the facility can be cancelled and that Pirelli is required to repay the relevant drawdowns should certain events occur, including a change in Pirelli's control structure under terms and conditions that are the same as those provided for in the Club Deal Eur 1,6 bln ESG 2022 5y, referred to in section 2.7.7.

2.7.10 RCF EUR 500 MLN 2023 4Y

On 9 November 2023, Pirelli's Board of Directors approved the signing of a revolving committed credit facility with a select pool of international banks, for an amount of 500 million euros, maturing in 4 years.

The agreement, signed on 21 December 2023, was subsequently amended in May 2024 to bring the credit facility into line with the new, more challenging science-based target the Company set itself as part of the 2024-2025 Industrial Plan Update.

The loan agreement stipulates, *inter alia*, that the facility can be cancelled and that Pirelli must repay any drawdowns made against it should certain events occur, including changes in Pirelli's control structure.

In particular, the change of control can only be triggered (except in specific cases permitted under the loan agreement) if any entity, other than Camfin (or any other company controlled by Mr Marco Tronchetti Provera or his family members) and/or their subsidiaries and/or any person or persons acting in concert with some of them, becomes the owner of, or controls, in aggregate, more than 50% of the voting rights granted by the Company shares.

For clarification, the loan contract states that there will be no change of control if Camfin (or any other company controlled by Marco Tronchetti Provera or by one or more of his family members) participate, directly or indirectly, in the control of Pirelli, or is entitled, directly or indirectly, individually or in concert with one or more subjects, to designate the CEO of Pirelli.

2.7.11 EMTN PROGRAMME AND NOTES ISSUED IN 2024

On 11 May 2023, amongst others the Board of Directors approved the update and amendment of the EMTN Programme pursuant to section 2.7.8. The Board of Directors has also authorised the issue, to be executed within 12 months of the date of approval of the annual update by the competent authority (this took place on 30 January 2024), of one or more debenture loans, to be placed with institutional investors, for a maximum total amount of up to 1 billion euros. The new issues may be settled in accordance with English or Italian law and the securities can be listed on one or more regulated markets and will be guaranteed by Pirelli Tyre.

On 25 June 2024, in the context of the updated EMTN Programme, Pirelli started and successfully completed the placement of another sustainability-linked bond with institutional investors, for a total nominal amount of 600 million euros.

Pursuant to the updated EMTN Programme, bondholders will have the right to request early repayment of securities (the so-called “Put option”) in the event of a Change of Control under the same terms and conditions provided for in the RCF EUR 500 MLN 2023 4Y pursuant to section 2.7.10.

2.7.12 EUR 600 MLN 4Y TERM LOAN CREDIT FACILITY

On 6 March 2024, Pirelli’s Board of Directors approved the signing of a term loan credit facility with a select pool of international banks, for an amount of 600 million euros, maturing in October 2028.

The new facility, stipulated on 22 March 2024, is brought into line with the new, more challenging objectives, subject to the Science-Based Targets initiative (SBTi), which Pirelli established in the 2024-2025 Industrial Plan Update.

This loan agreement also envisages, *inter alia*, possible early repayment if certain events should occur, including certain types of change of control in line with those agreed in the context of the RCF EUR 500 MLN 2023 4Y and the updated EMTN Programme, as respectively discussed in sections 2.7.10 and 2.7.11.

* * *

For the sake of completeness, it should be noted that, in addition to the foregoing, as is customary, some companies in the Pirelli Group have entered into contracts in the commercial sector (including contracts for the purchase of goods and services and contracts for the sale of products) that provide for a change of control clause concerning the interest held, directly or indirectly, by Pirelli in them. This clause would therefore only apply if the Pirelli Group company left the Group. It should also be noted that, under the terms of certain local loans, any change of control of Pirelli could potentially trigger, in the absence of appropriate liability management initiatives, the early repayment of the respective amount disbursed locally and – in certain remote circumstances – may have a “cascading” effect on the central loan agreements, entailing the requirement to make early repayment of the respective amounts disbursed at Group level by virtue of the usual cross default/acceleration clauses provided therein. With respect to such scenarios, the Group maintains available committed lines, in the amount of 1.5 billion euros, sufficient to meet any liability management needs.

2.8 *CLAUSES IN THE BYLAWS ABOUT PUBLIC OFFERS*

The Bylaws do not envisage, in the event of a public takeover bid or exchange regarding Pirelli securities, any derogations from the provisions governing the passivity rule envisaged by Art. 104, paragraphs 1 and 1-*bis* of the TUF, nor the application of the rule of neutralisation set forth in Art. 104-*bis*, paragraphs 2 and 3 of the TUF.

It is also noted that with the adoption of the Golden Power DPCM, the Council of Ministers has considered the Company as holding technologies of strategic relevance for national interests, as defined by the Golden Power Decree.

2.9 *MANDATE TO INCREASE SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE OWN SHARES*

Refer to sections 2.1 and 2.7.5 of the Report for details on the capital increase resolved by Pirelli’s Shareholders’ Meeting on 24 March 2021, to serve the conversion of the debenture loan issued by the Company named “*EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025*”.

It is specified that during such Shareholders’ Meeting, a mandate was conferred upon the Board of Directors - and, on its behalf its legal representatives *pro tempore*, including separately - to carry out the resolved share capital increase determining, *inter alia* and each time, in compliance with the provisions of the Regulations (i) the exact issue price of the Pirelli shares, and, (ii) as a consequence of the determination of the issue price, the exact number of Pirelli shares to be issued, and, therefore, the exact exchange ratio, as necessary for the application of the provisions and criteria of the Regulations; it being understood that, should the share capital increase referred to above not be fully subscribed on 31 December 2025, Pirelli’s share capital shall be deemed to be increased by an amount equal to the subscriptions received.

The Shareholders' Meeting of the Company did not authorise any purchases of treasury shares in accordance with Articles 2357 *et seq.* of the Italian Civil Code.

3. COMPLIANCE

Pirelli adheres to the Corporate Governance Code, published on 31 January 2020 and in force since 1 January 2021, which is available to the public on the website of the Corporate Governance Committee, at the following link: https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020eng.en.pdf.

The Company also took into account in the Report the collection of useful Q&As for the application of the Corporate Governance Code; these were published by the Corporate Governance Committee on 4 November 2020.

The corporate governance system implemented by the Company is compliant with the principles and recommendations of the Corporate Governance Code, as was also seen during the financial year, in which the Company, with the support of the Audit, Risks and Corporate Governance Committee, examined and constantly monitored the contents of the Corporate Governance Code itself.

According to the "comply or explain" principle envisaged by the Code of Corporate Governance, the Report provides an account of the recommendations the Company has, presently, decided that there is no need to fully or partially follow.

The Report is also drafted on the basis of the specific format originally proposed by Borsa Italiana and which is now updated by the Corporate Governance Committee Technical Secretariat with the coordination of Borsa Italiana.

On the Report Date, Pirelli is not subject to any non-Italian laws that might influence the corporate governance structure of the Company.

4. BOARD OF DIRECTORS

4.1 *ROLE OF THE BOARD OF DIRECTORS*

In accordance with art. 11 of the Bylaws, the Board of Directors manages and supervises the overall business activity, pursuing its sustainable development, and to this end is assigned powers of administration, except those that the law or Bylaws demand be assigned to the Shareholders' Meeting and without prejudice to the prerogatives granted to the Executive Vice Chairman and Chief Executive Officer, also taking into account the provisions of the Golden Power DPCM.

For more details on the prerogatives granted to the Executive Vice Chairman and Chief Executive Officer, also with regard to outlining the Company and Group's strategies and monitoring their implementation, reference is made to sections 4.5.1 and 4.5.2 of the Report.

For a detailed explanation of the role of the Board of Directors in the management of sustainability matters in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

4.2 *APPOINTMENT AND REPLACEMENT OF DIRECTORS*

The provisions contained in the Bylaws, to which reference is made for more details, regarding the appointment and replacement of Pirelli's Directors are summarised below.

Appointment: 31 July 2023 Expiration date: 2025 Financial Statement approval **Directors**: 15 **Executive director**: 2 **Independent Directors**: 9	**Board committees**: 6 Strategies Committee - Related Parties Transactions Committee - Sustainability Committee - Appointments and Successions Committee - Remuneration Committee - Audit, Risks and Corporate Governance Committee

4.2.1 APPOINTMENT AND REPLACEMENT

Pursuant to art. 10 of the Bylaws, the Company is managed by a Board of Directors made up of a maximum of fifteen members, who remain in office for three years and who may be re-elected.

The Board of Directors is appointed on the basis of slates presented by the shareholders, taking into account, *inter alia*, the provisions of the Golden Power DPCM, in which the candidates are listed by consecutive number. The Bylaws do not allow the outgoing Board of Directors to submit a slate for the appointment of directors.

The slates presented by shareholders, signed by those submitting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Shareholders' Meeting called to resolve in that regard. These slates are made available to the public at the registered offices, on the Website and in other ways prescribed by Consob regulation, at least twenty-one days prior to the date of the Meeting.

Each shareholder may present or take part in the presentation of only one slate and each candidate may appear on only one slate on penalty of losing the right to be elected.

The Bylaws acknowledge that shareholders are only entitled to present slates if, alone or together with other shareholders, they own shares in total representing at least 1% of the share capital entitled to vote at an Ordinary Meeting, or any lower amount specified in the applicable regulations, with the obligation to evidence their ownership of the number of shares needed for the presentation of slates within the deadline envisaged for the publication of such slates by the Company.

Each slate filed must be accompanied by acceptances of nomination and declarations from each candidate confirming, under their own responsibility, that there are no reasons that would make them ineligible for or incompatible with the role, and that they satisfy any requirements established for the role concerned. Together with such statements, a *curriculum vitae* must be filed for each candidate, including their relevant personal and professional data and mentioning the offices held in management and supervisory bodies of other companies and their satisfaction of the requisites of independence prescribed for directors of listed companies by the law or by the governance code endorsed by the Company. In order to ensure gender balance, slates that contain three candidates must include candidates of different genders, whilst slates containing a number of candidates equal to or higher than four must contain a number of candidates of different gender at least matching the minimum laid down in current regulations, in accordance with the content of the notice of the Shareholders' Meeting. Any changes arising prior to the actual date of the Meeting must be promptly notified to the Company.

Any slates presented that do not comply with the above bylaw provisions will be treated as if not presented.

Each party entitled to vote may only vote for one slate.

The Board of Directors is appointed as follows:

a) four-fifths of the directors to be elected are drawn from the slate that obtains the majority of the votes expressed by the shareholders, rounded down to the nearest whole number in the case of a fractional number;

b) the remaining directors are drawn from the other slates, using the quotient method described in the Bylaws.

If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected a director or that has elected the lowest number of directors is elected.

If none of those slates has elected a director yet or all of them have elected the same number of directors, the candidate elected will be drawn from the slate that obtains the largest number of votes. In the event of a voting tie, again with more than one candidate obtaining the same quotient, the Shareholders' Meeting will vote again and the candidate who receives the largest number of votes will be elected.

If only one slate is presented, all the directors will be elected from that slate.

Should application of the slate voting mechanism not ensure the minimum number of directors belonging to the less represented gender set out by applicable law, the candidate belonging to the most represented gender and elected, indicated in the slate that obtained the largest number of votes, shall be replaced by the first candidate belonging to the less represented gender not already elected, drawn from that slate pursuant to the sequential order of presentation and so on, for each slate (solely for slates that contain three or more candidates) until the minimum number of directors belonging to the less represented gender has been obtained. If the above procedure does not ensure the result specified above, the replacement shall be made by resolution of the Shareholders'

Meeting, adopted by the relative majority of the votes expressed, following presentation of the candidacies of persons belonging to the less represented gender.

Should application of the slate voting mechanism not obtain the minimum number of independent directors envisaged by applicable law, the non-independent candidate elected indicated with the highest progressive number in the slate that obtained the largest number of votes shall be replaced by the first independent candidate not already elected from that slate following the sequential order of presentation, and so on for each slate until the minimum number of independent directors has been obtained, in all cases in compliance with the applicable law governing gender balance.

In the event a director ceases to comply with the independence requirements, this does not cause his/her ceasing to be a director provided that the directors in office complying with legal independence requirements are a number at least equal to the minimum number requested by laws and/or regulations.

For the appointment of directors who, for any reason, were not appointed in accordance with the slate voting mechanism, the Shareholders' Meeting shall adopt resolutions with the majorities required by law, without prejudice in all cases to compliance with the independence and gender balance requirements.

Should one or more directors cease to hold office during the financial year, they shall be replaced pursuant to art. 2386 of the Civil Code, without prejudice in any event to respect for the legislation on gender balance and the independence of the directors.

4.3 *COMPOSITION*

The Board of Directors in office at the Report Date was appointed by the Pirelli Shareholders' Meeting held on 31 July 2023. Its term of office will end with the approval of the financial statements as at 31 December 2025.

As of the Report Date, the Board of Directors is composed of 15 Directors, namely:

- Jiao Jian (Chairman), Marco Tronchetti Provera (Executive Vice Chairman), Andrea Casaluci (Chief Executive Officer), Chen Aihua, Zhang Haitao, Chen Qian, Alberto Bradanini, Michele Carpinelli, Domenico De Sole, Fan Xiaohua, Marisa Pappalardo and Grace Tang were appointed based on the slate submitted by MPI Italy, also on behalf of Camfin, which obtained approximately 84% of the share capital votes represented at the Shareholders' Meeting. Four Directors specified on such slate, including the Chief Executive Officer, were designated by Camfin pursuant to the Golden Power DPCM, specifically: Marco Tronchetti Provera (Executive Vice Chairman), Andrea Casaluci (Chief Executive Officer), Domenico De Sole and Michele Carpinelli;
- Directors Giovanni Lo Storto, Roberto Diacetti and Paola Boromei were appointed based on a slate submitted by a group of asset management companies and institutional investors that

gained approximately 16% of the share capital votes represented at the Shareholders' Meeting.

At the Report Date, 40% of the members of the Board of Directors in office were female[150] and the remaining 60% were male. Moreover, 7% are under the age of 50. The average age of the members of the Board of Directors is approximately 61 years of age and the average age of the female members is approximately 56 years of age. The Directors' average time in office as at 31 December 2024 is 4.467 years. The Board of Directors is comprised of executive and non-executive directors. All Directors ensure professional skills and competence that are appropriate to their tasks.

At the Report Date, the majority of the members of the Board of Directors in office are independent directors, ensuring that they have significant weight in the adoption of board resolutions and guaranteeing effective monitoring of operations.

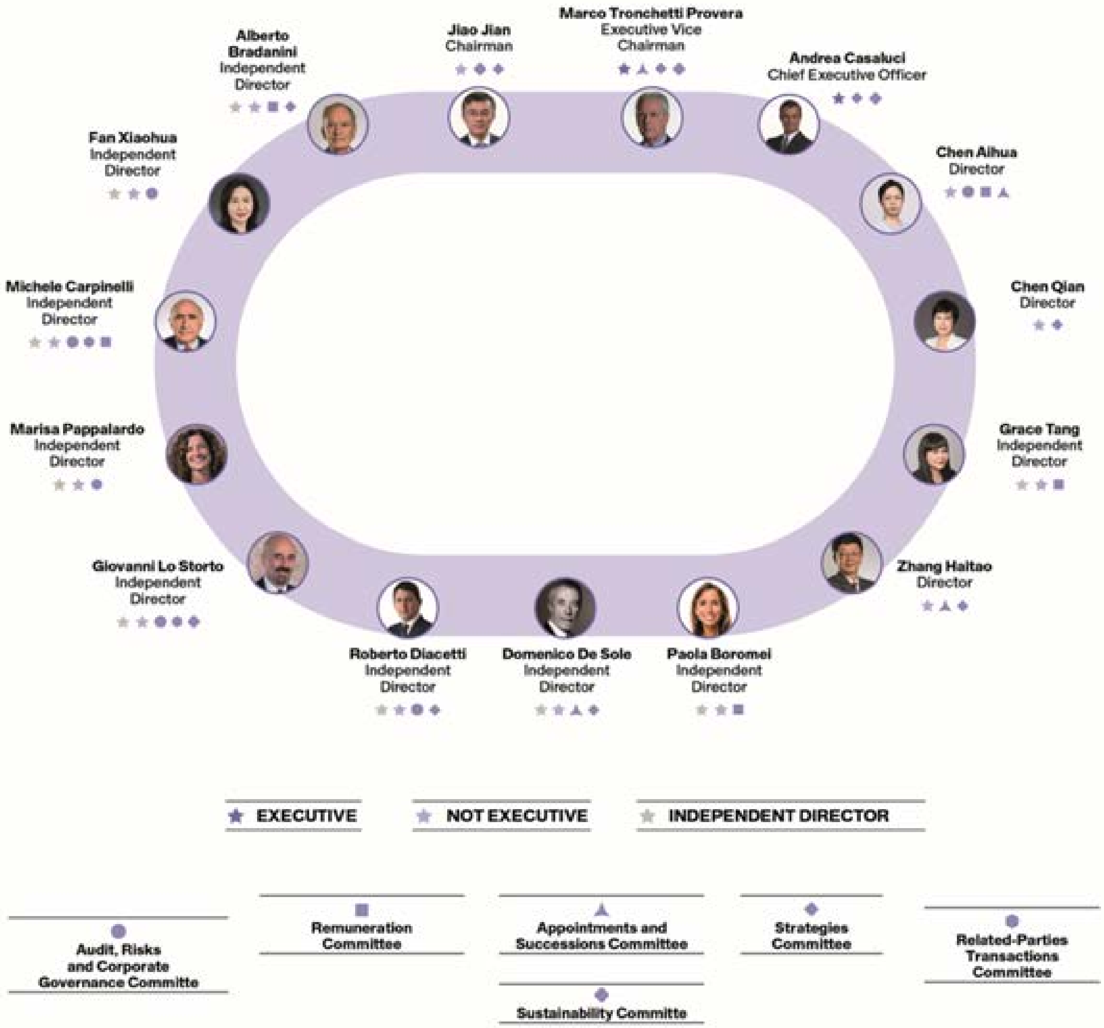
For more details on the composition of the Board of Directors in accordance with the CSRD Decree and ESRS, also refer to the Consolidated Sustainability Reporting.

Table 2, annexed, provides the significant information on the members of the Company's current Board of Directors, with reference to each Director in office at the Report Date. In addition, a summary of their professional profiles, periodically updated, is available on the Website.

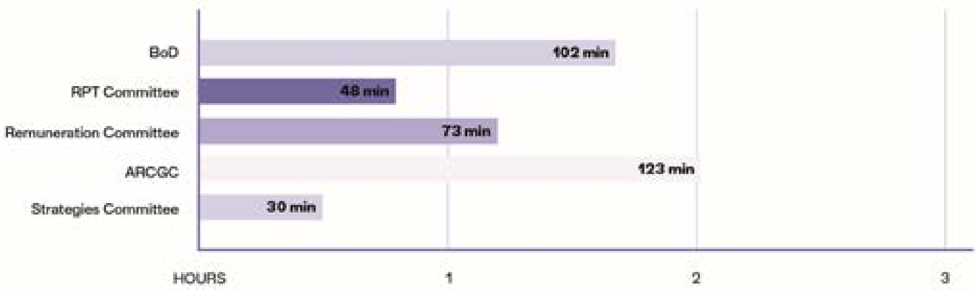
The following charts illustrate (i) the composition of the Board of Directors at the Report Date, as well as (ii) the average duration of the meetings of the Board of Directors and Committees, (iii) the average attendance at the meetings, (iv) the number of meetings of the Board of Directors and Committees held during the Financial Year and (v) the comprehensive competences per sector of the members of the Board of Directors.

For more details on the competences and capacity of the administrative, management and control bodies on matters of sustainability in accordance with the CSRD Decree and ESRS, refer to section 4.3.3 of the Report and the Consolidated Sustainability Reporting.

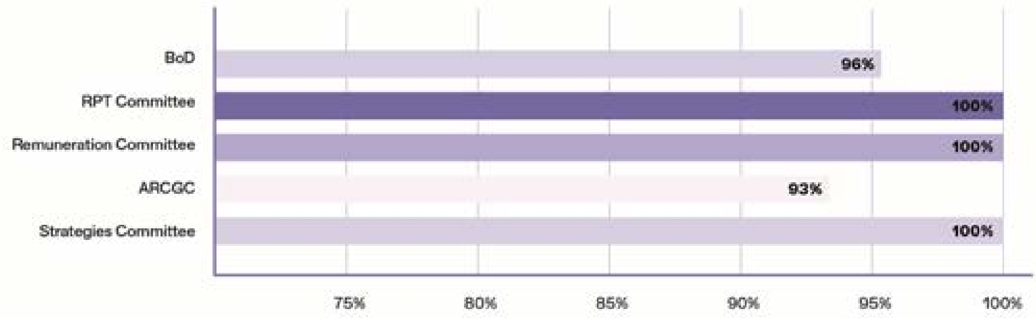
[150] The representation requirement for the least represented gender in the corporate bodies of listed companies in force at the date on which the Board of Directors of Pirelli in office at the Report Date was appointed, is at least two fifths of the least represented gender, in accordance with Art. 147-*ter*, paragraph 1-*ter*, of the TUF, as most recently amened by Art. 1, paragraph 302 of Italian Law no. 160 of 27 December 2019.



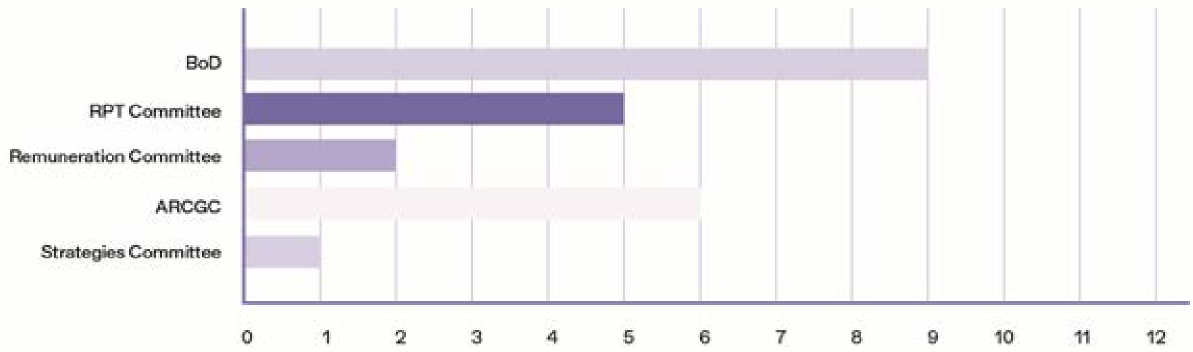
AVERAGE LENGHT OF MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



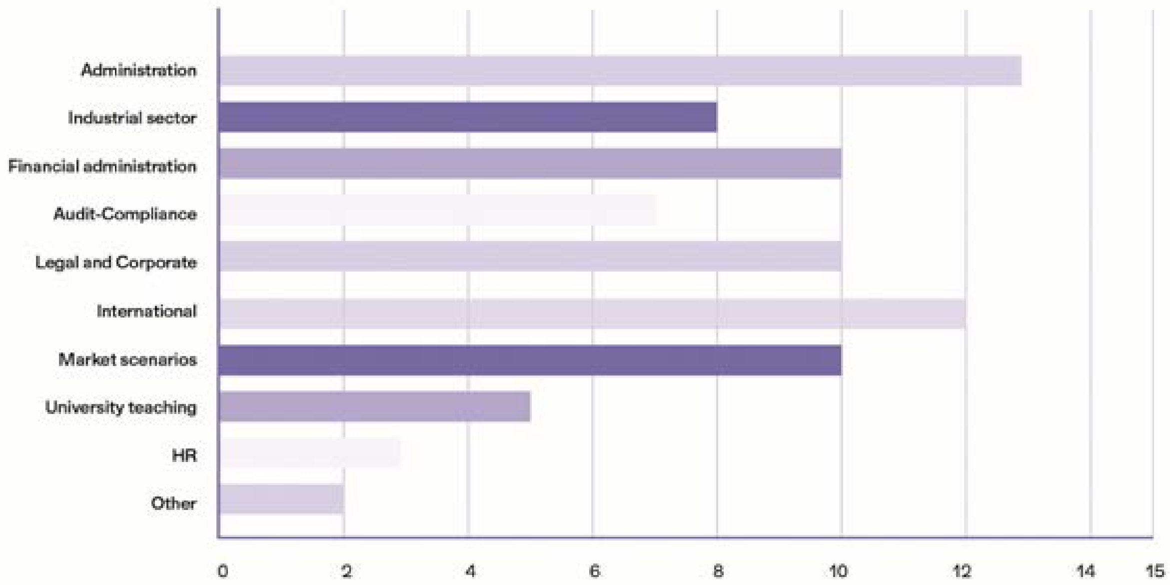
AVERAGE PERCENTAGE OF ATTENDANCE TO THE MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES



OVERALL SKILLS BY SECTOR



4.3.1 DIVERSITY POLICIES

The pursuit and implementation of diversity policies is one of the Pirelli Group's pillars and features heavily in the corporate governance model adopted by the Company.

Pirelli's approach to diversity policies is, in fact, based on the fundamental principles of non-discrimination, equal opportunities and inclusion of all forms of diversity, as well as integration and balancing of work with personal and family needs, with a constant focus on respect for and protection of human rights, as also ruled by the Company's Code of Ethics.

Pirelli is characterised by a multinational context in which people express a huge heritage of diversity. Conscious management of this diversity generates competitive advantages, opportunities for the development and enrichment of the business, and shared corporate values.

The respect of these values has always been guaranteed by the shareholders during the renewal of the Board of Directors - including the renewal with the Shareholders' Meeting held on 31 July 2023 - in terms of age, gender, nationality, seniority in role, education and professional background and experience. This enables the Board to perform its duties in the most effective way, making use of the contributions made from different points of view, and to analyse individual situations from multiple perspectives.

On 3 August 2023, the Board of Directors confirmed the adoption of a statement on diversity and independence, adopted for the first time by the Company's Board of Directors on 14 February 2019 on the proposal of the Audit, Risks, Sustainability and Corporate Governance Committee[151] and following the favourable opinion of the Appointments and Successions Committee. The same statement was updated on 17 March 2022 in connection with the members of the Board itself and the Board of Statutory Auditors (the "**Diversity and Independence Statement**") and is available on the Website.

In line with current regulations, the Diversity and Independence Statement reflects the Company's aim of guaranteeing integration of different professional profiles in the Board of Directors and the Board of Statutory Auditors, which also takes into account the importance of a balanced presence of independent members and a fair representation of genders. This statement lists the criteria that the Board of Directors recommends be observed in the composition of the Board of Directors and the Board of Statutory Auditors:

- age and seniority of office;
- training and professional background;
- nationality and ethnic origin;

[151] It is noted that the Audit, Risks, Sustainability and Corporate Governance Committee has, since 3 August 2023, operated as the "Audit, Risks and Corporate Governance Committee".

- representation of gender and independence.

Having consulted the Audit, Risks and Corporate Governance Committee and the Appointments and Successions Committee, the Board of Directors is responsible for any update and amendment of the Diversity and Independence Statement.

In compliance with the Corporate Governance Code, the Board of Directors, which is also responsible for the qualitative and quantitative assessment of the Board members, and taking into account the results of the self-assessment carried out by the Board during its three-year term of office, draws up a guideline on the size and composition of the administrative body to be submitted to Shareholders in view of the submission of the slates of candidates for the appointment of the Company's new Board of Directors. The board guidelines are published on the Website before the publication of the notice of the Shareholders' Meeting convened for the board's renewal. The outgoing Board of Directors invites the shareholders who intend to submit slates for the renewal of the Board of Directors to take the guidelines into consideration.

In addition to the administration, management and control bodies, the value of diversity is upheld by the entire corporate organisation.

For more details, in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

4.3.2 LIMITATIONS ON THE NUMBER OF OFFICES HELD

The guidelines to the maximum number of offices, confirmed by the Board of Directors on 3 August 2023 and adopted for the first time on 14 February 2019, following the favourable opinion of the Audit, Risks, Sustainability and Corporate Governance Committee[152] and the Appointments and Successions Committee, and subsequently amended on 17 March 2022, states that it is not compatible with the duties of a Company director to be a director or statutory auditor of more than 4 (four) other companies other than those subject to the direction and coordination of the Company, or its subsidiaries or affiliates, in the case of: (i) companies listed on the FTSE/MIB index (or equivalent foreign index); or (ii) Italian or foreign companies, subject to the supervision of the competent authorities, that carry out financial, banking or insurance activities. Furthermore, it is not considered compatible for the same director to hold more than three executive positions in companies of the types indicated in points (i) and (ii) above.

Positions held in several companies belonging to the same group are considered to be a single position and an executive position prevails over a non-executive position.

[152] It is noted that the Audit, Risks, Sustainability and Corporate Governance Committee has, since 3 August 2023, operated as the "Audit, Risks and Corporate Governance Committee".

The Board of Directors is entitled to make a different assessment, properly motivated, to be published in the Report and explained appropriately therein.

Following review by the Audit, Risks and Corporate Governance Committee, at the time of appointment and thereafter once a year during a board meeting (the last being that held on 28 April 2025), the Board of Directors examines the positions held by each Director (based on the information provided by that person and/or on the other information available to the Company). At the Report Date, no Director holds a number of position higher than the number set out in the policy adopted by the Company.

Annex A indicates the principal appointments held by the Directors in companies that do not belong to the Group at the Report Date.

4.3.3 INDUCTION PROGRAMME

The Directors perform their duties autonomously and with competence, pursuing the priority objective of creating sustainable value over the medium-long term. They are aware of the responsibilities pertaining to their role and, like the Statutory Auditors, they are kept periodically informed by the competent business functions about the principal regulatory and self-regulatory changes affecting the Company and the performance of their duties.

Also during the Financial Year, induction sessions were arranged, also with the support of the management, aimed at providing explanations and additional information about the main characteristics of the activities of Pirelli and its Group and (including through the work of the Committees) the reference legislative and regulatory framework and the specific procedures and rules adopted by the Company.

More specifically, it is noted that on 17 October 2024, the Audit, Risks and Corporate Governance Committee took part in an induction meeting organised by the Company, held with the support of an external expert, concerning the recent reforms relating to listed companies and, in particular:

- the new features introduced by the Capital Law, with a particular focus on the following topics: (i) possible holding of Shareholders' Meetings behind "closed doors", i.e. where shareholders would attend and vote through a designated representative only, pursuant to art. 135-*undecies* of the TUF and consequent amendment of the Bylaws, (ii) abrogation of art. 114, paragraph 7 of the TUF and impacts on the market abuse procedure adopted by the Company (the "**Market Abuse Procedure**");

- the new sustainability reporting duties introduced by the CSRD Decree and the possibility of envisaging in the Bylaws that a manager, other than the manager responsible for the preparation of the corporate financial documents for the purpose of attesting sustainability reporting, may be appointed as Attesting Manager.

On 18 December 2024, with a view to guaranteeing that the members of the Board of Directors and the Board of Statutory Auditors have competences in matters of sustainability, related to the impacts, risks and opportunities (IROs) relevant to Pirelli in the environmental, social and governance area, the Audit, Risks and Corporate Governance Committee shared the induction programme addressed to the administrative, management and control bodies. The induction programme was also shared on that same date with the Board of Directors. Training was delivered by the Company's competent managers, supported by one or more external consultants during the first quarter of the year, before approval of the financial statements at 31 December 2024.

Furthermore, during 2024, the Audit, Risks and Corporate Governance Committee received in-depth and constant updates from the Company departments involved in relation to sustainability issues and ongoing projects aimed at ensuring compliance with the new obligations introduced by the CSRD Decree for the preparation of sustainability reporting.

For more details on the competences and capacity of the administrative, management and control bodies on matters of sustainability in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

4.4 *FUNCTIONING OF THE BOARD OF DIRECTORS*

Pursuant to the Bylaws, meetings of the Board of Directors are called by the Chairman or his deputy and held at the registered offices, or in any another location specified in the notice of call, whenever deemed appropriate by the Chairman in the interests of the Company, or when requested in writing by the Chief Executive Officer or by one-fifth of the appointed Directors. Meetings of the Board of Directors may also be called by the Board of Statutory Auditors, or by each Standing Auditor, following notification sent to the Chairman of the Board of Directors.

During the year the Board of Directors met nine times. The average duration of each meeting was approximately 100 minutes, with attendance by around 96% of the Directors and 97% of the Independent Directors. In accordance with the provisions of the Bylaws and regulations, meetings were predominantly conducted in hybrid format, using audio/video links.

For the Financial Year and for the current year, Pirelli disclosed a calendar of the main corporate events to the market suitably in advance (also available on the Website)[153]. For the 2025 financial year, as per the Board Regulations, it is scheduled to meet at least 6 times (at the Date of the Report 5 meetings had already been held).

The means of organisation and the internal functioning of the Board of Directors are governed by the Board Regulations, available on the Website, which, *inter alia*, establish the deadlines for the prior submission of information and procedures for protecting the confidentiality of the data and

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[153] Annually - as a rule by the end of the year - the Company publishes the calendar of principal corporate events for the next financial year and promptly updates this calendar in the event of subsequent amendments.

information provided so as not to compromise the timeliness and completeness of the information flows.

In line with the Board Regulations, the Directors and Statutory Auditors received in advance the documentation and information needed to express an informed opinion on the matters submitted for discussion. In particular, during the Financial Year, the documentation was, as a rule, sent to the Board within 10 days prior to the meeting date. In the exceptional cases in which documentation could not be transmitted so far in advance (also to take into account the work of the Committees), full information on the issue to be considered was provided as soon as possible or directly during the meeting, thus ensuring that the Directors could make informed decisions. Particular attention is paid to ensuring that information remains confidential, by sending the documentation relating to the activities of the Board and its Committees using specific software that guarantees that access is reserved to the Directors and Statutory Auditors only. This is in line with best practice and with the recommendations of the Corporate Governance Committee.

Taking account of the international composition of the Board of Directors, with the presence of multiple nationalities, it is also the Company’s practice to proceed to send the documents to be considered by the Board and its Committees in the three languages (Italian, English and Chinese) commonly spoken by the Directors. Furthermore, for each meeting of the Board of Directors and Committees, participants are able to use a simultaneous translation of interventions made into the languages commonly spoken by the participants.

In order to facilitate minute taking, the Board meetings may be recorded; said recordings shall then be destroyed once the minutes have been transcribed into the applicable corporate register.

If the Chairman is absent or unavailable, upon request by the Chairman, the meeting may be chaired by the Vice Chairman or Chief Exectuive Officer; should the latter also be absent or unavailable, another Director, appointed by the majority of the attendees, may assume the Chair.

For resolutions passed by the Board of Directors to be valid, the majority of members must be in attendance and the majority of votes cast must be in favour, save for the specific matters governed by the Bylaws, for which a qualified majority is required.

The Directors’ growing awareness of the business reality and dynamics of the Company and the Group is enhanced by the attendance of management at their meetings, which allows them to explore the matters on the agenda in appropriate depth.

All the Key Managers always attended all the meetings of the Board of Directors during the Financial Year, thus contributing to periodic and up-to-date reporting to the Board of Directors. The Key Managers do not attend any meetings in which matters relating to them are discussed or that do not require them to be present.

Other managers and persons external to the Company may also be invited to attend the meetings in connection with specific items on the agenda.

It is understood that all such subjects are in any case required to comply with the confidentiality obligations laid down for board meetings.

The Bylaws establish that, until decided differently at a Shareholders' Meeting, the Directors are not bound by the prohibition contained in art. 2390 of the Civil Code.

4.4.1 SECRETARY OF THE BOARD

In line with the recommendations of the Corporate Governance Code, the Board Regulations allow the Board of Directors to appoint, in compliance with the provisions of the Bylaws, the Secretary by assessing that he/she satisfies the necessary professional requirements (the "**Board Secretary**"). The Board Secretary supports the activities of the Chairman and/or Vice Chairman and/or Chief Executive Officer and provides impartial assistance and advice to the Board of Directors on all aspects relevant to the proper functioning of the corporate governance system. More specifically, and in accordance with the Board Regulations, the Board Secretary ensures that:

a) the pre-meeting information is accurate, complete and clear and the additional information provided during the meetings is suitable to allow the Directors to act in an informed manner in compliance with the provisions of the Golden Power DPCM on information of strategic importance;

b) the activities of the Board Committees are coordinated with the activities of the Board of Directors;

c) the top management of the Company and of companies of the same Group may participate in board meetings, as well as the heads of the company departments in order to provide appropriate updates on the items on the agenda;

d) after their appointment and during the mandate of the Board, all Directors may participate in specific induction activities;

e) the board evaluation is adequate and transparent.

The Board Secretary shall provide Directors with independent legal advice and assistance on corporate governance matters and in relation to their rights, powers, duties and obligations to ensure the regular performance of their duties.

The Board Secretary, in performing the duties of this role, shall have an organisational structure and personnel fit to perform the assignment.

It is specified that under the appointment held, in accordance with the Bylaws, the Board Secretary is classified as a Key Manager.

4.4.2 BOARD OF DIRECTORS SELF-ASSESSMENT PROCESS

As a rule, the Board of Directors starts an annual process to evaluate its operation and the operation of its Committees (board performance evaluation) for the reference financial year. The aim of this work - appreciated by the Directors - is to perform a structured survey of the efficiency of the Board of Directors at operational level and to identify, if needed, opportunities for improvement so that it can best perform its role of managing and controlling a complex and continuously evolving company like Pirelli, operating in several geographical areas.

During the Financial Year, the Board of Directors – in its second year of mandate - started the process, assisted, as usual, by a primary consulting firm specialised in this area (SpencerStuart). The self-assessment process was carried out through individual interviews held by the appointed consulting firm, with questions about the effectiveness, size, composition and operation of the Board of Directors. All members of the Board of Directors participated in the self-assessment process.

In 2024 board discussions were gradually enriched and became significantly more intense than in the first year of the term, driven by exchanges of diverse perspectives on key issues for the Group. This dynamic fostered debate and constructive dialogue, ultimately enhancing the Board's effectiveness compared to the previous year of the term.

The analysis of the results confirmed the Directors' satisfaction and appreciation of the size and the composition of the Board of Directors and its Committees, with specific regard to the diversity of gender, age and seniority. The survey revealed a desire to increase opportunities for meetings, including informal ones, in order to solidify interpersonal relationships between directors, an essential element for optimising the effectiveness of board dynamics. The survey also highlighted an interest in a deeper exploration of certain governance issues, in view of their complexity and significant impact on the Company's business. In addition to this, strong sensitivity was shown to issues such as sustainability, the Company's typical management and market scenarios, also taking into account the evolving geopolitical context and the structure of the Group.

The financial year was also influenced by the context outlined in the Golden Power DPCM, through which the Italian Government, recognising the Company as a holder of technologies of strategic importance to the national interests, exercised the special powers envisaged by the Golden Power Decree[154]. Also in 2024, therefore, the Board of Directors found itself facing, a particularly complex governance issue, while at the same time having to ensure the best possible guidance and control of the executive's activities. In this context, some Directors expressed the need to further explore certain aspects, particularly in light of the scenario outlined by the aforementioned Golden Power Decree. In addition to those typically related to governance, namely those concerning business strategies and risk management, along with the related need to enrich the Board with appropriate expertise, while fostering a broader discussion within the relevant committees and the Board.

[154] For further details, see paragraph 2.5 of the Report.

Overall, what emerged, however, is that all the Directors have a clear sense of belonging and a strong interest in being able to participate as best they can in the Group's policy and control activities.

4.4.3 MATTERS WITHIN THE COMPETENCE OF THE BOARD OF DIRECTORS

In accordance with the Bylaws, the Shareholders' Meeting requires a qualified majority (i.e. favourable votes by shareholders representing at least 90% of the share capital of the Company) for the Board of Directors to be authorised to resolve on the following issues:

- transfer of the operational and administrative headquarters outside of the municipality of Milan;
- any transfer and/or act of disposition of Pirelli's Know How, under any form, (including the grant of licences), pursuant to the provision of article 3.2 of the Bylaws.

More specifically, in addition to the matters reserved to the Board of Directors in accordance with the law and the Bylaws, on 3 August 2023, the Board of Directors established that all resolutions regarding the following matters, proposed by Pirelli and/or by any other company subject to direction and coordination by Pirelli (excluding intergroup transactions), must be approved by the Board of Directors of the Company:

(i) assumption or concession of loans worth more than 200,000,000 euros and with a term of more than 12 months;

(ii) issue of financial instruments for listing on a European or non-European stock market for a value in excess of 100,000,000 euros and revocation from listing of such instruments;

(iii) concession of guarantees in favour of third parties for amounts in excess of 100,000,000 euros. For the sake of completeness, please note that the concession of guarantees in the interests of third parties other than the Company, its subsidiaries and joint ventures, must be subject, in any case, to the approval of the Pirelli Board of Directors;

(iv) signing derivative contracts (a) with a notional value higher than 250,000,000, euros and (b) except for those having the sole object and/or effect of hedging corporate risks (e.g. interest-rate risk, exchange-rate risk, commodity market risk). For the sake of completeness, please note that the stipulation of speculative derivative contracts is in any case subject to the approval of the Pirelli Board of Directors;

(v) purchase or sale of equity investments in subsidiary and affiliates for an amount higher than 40,000,000 euros, which involve entering into (or exiting from) geographical and/or commodity markets;

(vi) purchase or sale of equity investments other than those described at point (v) above for an amount higher than 40,000,000 euros;

(vii) purchase or sale of businesses or business units that have strategic importance or, in any case, a value of more than 40,000,000 euros;

(viii) purchase or sale of fixed and other assets that have strategic importance or, in any case, a value of more than 40,000,000 euros;

(ix) investment in fixed assets with a total value of more than 40,000,000 euros;

(x) carrying out transactions of greater significance with related parties, using the term "related party transactions" to mean those satisfying the conditions envisaged in Annex 1 to the Related Party Transactions Procedure ("**RPT procedure**"), available on the Website;

(xi) definition of Pirelli's remuneration policy;

(xii) determination, in compliance with Pirelli's internal policies and the applicable regulations, the remuneration of the managing directors and the directors with specific responsibilities and, where required, allocating the total remuneration authorised by the Shareholders' Meeting among the members of the Board of Directors;

(xiii) approval of the strategic, industrial and financial plans of Pirelli and the group;

(xiv) adoption of corporate governance rules for Pirelli and defining guidelines for the corporate governance of the group;

(xv) definition of guidelines for the internal control system, including the appointment of a Director responsible for overseeing the internal control system, determining the related powers and duties;

(xvi) any other matter deemed to be responsibility of the Board of Directors of a listed company by the Corporate Governance Code, as amended from time to time.

It being understood that the approval of the transactions listed above is reserved solely to the Board of Directors not only if the threshold indicated for each matter has been reached, but also if the matters listed from (i) to (ix) – whether considered a single action or as a series of coordinated actions (carried out in the context of a common executive programme or a strategic project) – exceed the amounts indicated in the annual budget/business plan or (solely for the matters listed from (i) to (viii) above) if they were not included, listed or envisaged in the annual budget/business plan.

Furthermore, in accordance with the Bylaws, as amended following the Golden Power DPCM, the Board of Directors is competent in connection with board resolutions relating to:

(i) the Company's assets of strategic importance, as identified by the Decision[155]; and

[155] Art. 3.3 of the Bylaws.

(ii) the appointment and revocation from office of Key Managers[156].

The proposal relating to such matters is reserved to the Chief Executive Officer and any decision to the contrary can only be made with the vote of at least 4/5 of the Board of Directors (for more information on the powers assigned to the Chief Executive Officer, see section 4.5.2 of the Report).

Decisions relating to Significant Matters (as defined below) and in particular the approval and/or amendment of Pirelli's and the Group's budget and/or business plan are also reserved to the competence of the Board of Directors (and/or Shareholders' Meeting, as applicable), on the proposal of the Chief Executive Officer. With reference to the Significant Matters, any possible decision adopted by the Pirelli Board of Directors against the relative proposal submitted by the Chief Executive Officer must be motivated and, in any case, must consider the best interests of Pirelli.

As required by the Corporate Governance Code[157], the Board of Directors gave a positive assessment of the adequacy of the organisational, administrative and accounting systems and structure of the Company and the Group, with particular reference to the system of internal control and risk management, also referring to the analytical work carried out by the Audit, Risks and Corporate Governance Committee.

The Board of Directors has also evaluated the general results of operations, taking into particular account the information received from delegated bodies and comparing periodically, at least every quarter, the results obtained with those planned.

The Board of Directors – also in light of the considerations set out in the Letter from the Chairman of the Borsa Italiana Corporate Governance Committee (for further details, please refer to paragraph 18 of the Report) – deemed the Company's current Bylaw provisions and practices to be adequate for effective governance of the Company and for achieving the Company's interests.

4.5 *EXECUTIVE DIRECTORS*

The Executive Vice Chairman Marco Tronchetti Provera and the Chief Executive Officer Andrea Casaluci are classified as executive Directors of the Company.

[156] Art. 11.12 of the Bylaws.

[157] See Recommendation 33 (a).

4.5.1 *EXECUTIVE VICE CHAIRMAN*

Also in compliance with the provisions of the Golden Power DPCM, on 3 August 2023, the Board of Directors assigned the Executive Vice Chairman the following powers:

a) legal representation of the Company;

b) powers related to the general strategies of the Company (also referring to the Significant Matters, as defined below);

c) supervisory power over implementation of the business plan, the annual budget, by the Chief Executive Officer of Pirelli, of the General Manager and management;

d) powers related to relations with shareholders, institutions and the media;

e) the power to propose to the Pirelli Board of Directors revocation from the position of Chief Executive Officer designated and his/her replacement with a new CEO (or appointment of a new CEO if the previous CEO should cease to hold office for any reason);

f) the power to appoint and revoke other senior figures in the organisation.

On the same date, in compliance with the provisions of the Golden Power DPCM, the Board of Directors also conferred upon the Executive Vice Chairman the exclusive delegation on the autonomous security organisational unit to manage all Pirelli's assets and businesses considered to be of strategic relevance to the protection of national interests.

4.5.2 CHIEF EXECUTIVE OFFICER

Also in compliance with the provisions of the Golden Power DPCM, on 3 August 2023 the following powers were assigned to the Chief Executive Officer Andrea Casaluci:

a) legal representation of the Company;

b) all the powers necessary to carry out deeds relating to all aspects of corporate activity, without any exceptions aside from those that the law or the Bylaws reserve to the Board of Directors; all with the power to grant special and general powers of attorney that give the representative the right to sign on behalf of the Company, either separately or together with others, and all other powers deemed appropriate by him in the best interests of the Company, including the right to sub-delegate;

c) the power to propose to the Board of Directors, coordinating with the Executive Vice Chairman, adoption of the following resolutions (together, the "**Significant Matters**"):

   (i) approval of the business plan and the annual budget of Pirelli and its Group, as well as all significant changes to those documents. The annual budget and business plan must

(I) regard the operational and financial areas of Pirelli's business, including, merely by way of example, the sources of finance and the decisions on the industrial initiatives underlying the annual budget and business plan; and (II) be complete and supported by suitable, appropriate annexes that explain the items of the annual budget and business plan;

(ii) to carry on monitoring the opportunities offered by the market to create value, in the interest of all Pirelli stakeholders;

(iii) any resolution concerning industrial partnerships or strategic joint ventures of Pirelli and/or any subsidiary, parent company or subject to the joint control of Pirelli, in any case following examination and discussion in the Pirelli Strategies Committee.

d) together with the General Manager of Pirelli the power to (i) implement the business plan and the budget – under Executive Vice Chairman supervision – and (ii) the ordinary management of Pirelli and the Pirelli Group, except for the powers the matters reserved for the Pirelli Board of Directors;

e) the power to appoint and revoke other senior figures in the organisation.

In accordance with Art. 11.12 of the Bylaws, the Chief Executive Officer also has the power to propose the appointment and revocation from office of Key Managers of Pirelli to the Board, and any decision contrary to such a proposal may only be adopted with the approval of at least four-fifths of the Board of Directors.

In accordance with Art. 3.3 of the Bylaws, the Chief Executive Officer also has the power to propose board resolutions relating to the Company's assets of strategic importance, as identified by the Decision.

The Chief Executive Officer regularly reports on the activity carried out during board meetings.

4.5.3 CHAIRMAN OF THE BOARD OF DIRECTORS

In compliance with the Corporate Governance Code, the office of the Chairman of the Board of Directors does not qualify as 'executive' given the governance structure and powers granted to the Executive Vice Chairman and Chief Executive Officer. The Chairman of the Board of Directors is assigned the legal representation of the Company and the other powers envisaged by the Bylaws.

4.5.4 OTHER EXECUTIVE DIRECTORS

At the Report Date, in addition to the Executive Vice Chairman and the Chief Executive Officer, Pirelli classifies as executive directors those directors who at the same time qualify as Key Managers of the Company with strategic responsibilities, if there should be such Directors, or Directors who also hold office as Chief Executive Officer or Executive Chairman of the principal subsidiaries of Pirelli.

At the Report Date, there were no other executive directors apart from the Executive Vice Chairman and the Chief Executive Officer within the Company's Board of Directors.

A list of the Company's Key Managers is available on the Website.

4.6 *INDEPENDENT DIRECTORS*

Since 2006[158], Pirelli's Board of Directors has been characterised by a number of independent directors who usually make up the absolute majority of its members, with a more rigorous approach, not only than the law, but also than the new Corporate Governance Code (and previously the old Corporate Governance Code).

At the Report Date, nine of the fifteen members - and therefore 60% of the Board of Directors - satisfied the requirements to qualify as independent pursuant to the Corporate Governance Code and the TUF, namely: Paola Boromei, Domenico De Sole, Roberto Diacetti, Giovanni Lo Storto, Marisa Pappalardo, Fan Xiaohua, Grace Tang, Michele Carpinelli and Alberto Bradanini. Upon appointment and thereafter on at least an annual basis, the Board evaluates whether or not members meet and/or retain the requirements of independence specified in the Corporate Governance Code and the TUF for non-executive directors who qualify as independent, disclosing the outcome of the assessment through a press release and/or on the occasion of the annual publication of the Report. This check – which takes account not only of the information provided by the directors themselves but also further information that might be available to the Company, referring to the requirements set out in the TUF, as well as to those recommended in the Corporate Governance Code – was most recently carried out during the Board meeting on 28 April 2025.

In making its assessments, the Board did not derogate from any of the independence criteria prescribed by the Corporate Governance Code.

At the same time as the assessments made by the Board of Directors, on 28 April 2025 the Board of Statutory Auditors verified, in line with the recommendations of the Corporate Governance Code, the proper application of the assessment criteria and ascertainment procedures adopted by the Board of Directors to assess the continued validity of independence requirements for directors, pursuant to the "Independence Criteria" disclosing to the market the results of the controls performed under the scope of the Report on the Corporate Governance and Share Ownership of Pirelli pertaining to the relevant financial year or its annual report to the Company's Shareholders' Meeting.

[158] With the exception of the period between the delisting of the Company (in late 2015) and its relisting (on 4 October 2017).

On 25 February 2021, in fact, the Board of Directors – upon the proposal of the Audit, Risks, Sustainability and Corporate Governance Committee[159] – approved the “Independence Criteria” to pre-establish the qualitative and quantitative criteria to be used in assessing the independence of Directors and Statutory Auditors, which was subsequently confirmed by the Board of Directors on 3 August 2023.

Said document, available on the Website: (i) establishes the qualitative and quantitative criteria used to assess the independence of directors for the purposes of the Corporate Governance Code and, in particular, the parameters of significance of any economic, professional or financial relationships pertaining to directors whose independence is being assessed; and (ii) explains in detail certain interpretative criteria relating to the other cases of independence referred to in the Corporate Governance Code, including the notion of “significant additional remuneration”.

In particular, the Company’s Board of Directors has set the following thresholds of significance for the relationships under examination in respect of the independence requirements:

- with reference to the concept of “significant business, financial or professional relationship” as per letter c) of Recommendation no. 7 of the Corporate Governance Code, this includes advisory roles or any other role – with the exception of non-executive corporate offices held within the group, relevant for the significant additional remuneration according to the criteria indicated below – that has led, for the director or statutory auditor whose independence is being examined, or their close family members, to economic compensation in the calendar year greater than (i) 300 thousand euros in the case of relationships held with undertakings or organisations, over which the director, statutory auditor or close family member has control or is a relevant member, or of the professional firm or association or advisory company where such individuals are a partner, shareholder or associate, in the case of a relationship held with these undertakings, organisations, advisory companies or professional firms and associations; (ii) 100 thousand euros for relationships held directly with natural persons. In the case of a partnership in a professional firm or consulting company, the possible impacts on the position and role of the person under examination should be assessed;

- with regard to the concept of “additional significant remuneration” referred to in Recommendation 7(d) of the Corporate Governance Code, this includes all remuneration paid for whatever reason during the calendar year, by the Company, by a (direct or indirect) subsidiary or parent company of the Company, that cumulatively exceeds the total amount of remuneration for the office or remuneration for participation in board committees paid to the director, and of remuneration for the office of member of the Board of Statutory Auditors, whose independence is being assessed.

At the Report Date, no consultancy relationships of any kind were ongoing with directors qualified as independent.

[159] The Audit, Risks, Sustainability and Corporate Governance Committee has, since 3 August 2023, operated as the “Audit, Risks and Corporate Governance Committee”.

None of the directors qualified as independent at the date of their appointment had lost this status during their term of office.

Considering the above, the powers system, the share ownership structure and the provisions on this subject set out in the Corporate Governance Code, independent directors have not yet deemed it necessary to make a proposal to the Board of Directors to appoint a lead independent director.

The independent and non-executive directors contribute to the Board and committee discussions, bringing their specific skills, and, given their number, have a decisive weight in the decision-making process of the Board of Directors and the committees in which they take part.

Independent directors meet at least once a year in the absence of the other directors, in order to analyse issues of particular importance, such as the functioning of the Board of Directors or company management.

During the Financial Year, the members of the Audit, Risks and Corporate Governance Committee, the majority of whom are independent directors, also met in an induction session organised by the Company, as per section 4.3.3 of the Report.

5. PROCESSING OF CORPORATE INFORMATION

Pirelli has adopted and consolidated over time a compendium of rules and procedures for the proper management of corporate information, in compliance with the regulations applicable to the various types of data and information.

With reference to the prevention of market abuses, the Board of Directors of Pirelli has adopted the Market Abuse Procedure for defining the principles and rules for preventing such abuses by Pirelli, Group companies and their related parties.

In particular, the Market Abuse Procedure governs: (a) the management of “relevant information”, thereby meaning information that may become “inside” information in accordance with art. 7 of Regulation EU no. 596/2014 (“**Inside Information**”); (b) the management and disclosure to the public of Inside Information; (c) the establishment, keeping and update of the register of persons who, by virtue of their work or professional activities or role held, have access to Inside Information; (d) the obligations connected with operations on the Company’s shares, the credit securities it issues and derivatives or other financial instruments related to them by certain subjects holding senior positions (referred to as “internal dealing”); (e) the operating procedures and area of application of the ban imposed on the Company and subjects exercising administrative, control or managerial duties at the Company in regard to the execution of operations on Pirelli shares, the credit securities it issues and derivatives or other financial instruments related to them in predetermined periods (“black-out periods”); (f) any conducting or receipt of market surveys in compliance with the provisions of art. 11 of Regulation EU no. 596/2014 and the related implementing rules.

The Market Abuse Procedure envisages a black-out period of 30 calendar days prior to the announcement by the Company of the data contained in the annual financial report, the half-yearly financial report and the other periodic financial reports whose publication is mandatory in accordance with legislation in force at the time[160], during which the relevant persons referred to in the procedure are expressly forbidden from carrying out transactions on such financial instruments.

The Market Abuse Procedure is available on the Website, in the version most recently approved by resolution passed by the Board of Directors on 07 November 2024, in order to standardise its contents with the changes made with the coming into force of the Capital Law, which abrogated certain regulatory provisions.

6. BOARD COMMITTEES

The role of the Board Committees is to offer support to the Board in relation to matters deemed worthy of further investigation, in order to ensure that there is an effective and informed exchange of opinions about them.

Also taking into account the recommendations and principles contained in the Corporate Governance Code, in its meeting held on 3 August 2023, the Company's Board of Directors (i) confirmed the establishing of the following board Committees: Strategies Committee, Related-Party Transactions Committee, Appointments and Successions Committee, Remuneration Committee, Audit, Risks and Corporate Governance Committee and (ii) established the Sustainability Committee.

On that same date, the Board of Directors adopted a regulation defining the functions and rules of operation of its committees, also available on the Website. The main contents of the regulation are summarised in section 6.1 of the Report.

The composition of Committees during the year is detailed in Table 3. When choosing the Committee members, the Board of Directors considered as a priority the skills and experience acquired by each Director in the subjects under discussion, distributing the appointments in order to avoid an excessive concentration of appointments being held by a limited number of people and to encourage the exchange of multiple viewpoints and perspectives.

6.1 *FUNCTIONING OF COMMITTEES*

The Board Committees are appointed by the Board of Directors (which also indicates the relevant Chairman) and remain in office for the entire mandate of the Board, meeting whenever deemed appropriate by the Committee Chairman, or when requested by at least one member, by the

[160] Annually - as a rule by the end of the year - the Company publishes the calendar of principal corporate events for the next financial year and promptly updates this calendar in the event of subsequent amendments.

Chairman of the Board of Directors or, if appointed, the Vice Chairman, the Chief Executive Officer and, in any case, with the frequency necessary in order to properly carry out their functions.

The Secretary of each Committee is the Secretary of the Board.

The meetings of the Committees shall be convened by notice sent to the participants by its Chairman or by the Secretary of the relevant Committee by the relevant Chairman.

The documentation and information available is sent out to all members of the relevant Committee in multiple languages, taking into account the members' nationalities and sufficiently ahead of time to allow them to attend in an informed manner and express opinions in the meeting (as a rule 10 days in advance).

For each Committee meeting participants shall have access to a simultaneous translation of the interventions in the languages commonly used by the members of the Committees.

Committee meetings are quorate when attended by the majority of appointed members and resolutions are adopted by the majority of those present. With regard to meetings of the Appointments and Successions Committee, in the event of a tie, the vote of the Executive Vice Chairman prevails (i.e. the "casting vote").

Committee meetings may be held by conference call; their minutes are taken by the Committee Secretary and recorded in the related minute book.

Committees - which may make use of external advisers in carrying out their functions - are granted adequate financial resources to perform their tasks with spending autonomy.

Committees are entitled to access relevant business information and company departments in the performance of their tasks, with support from the Secretary of the Board for this purpose.

The Committee members' growing awareness of the business reality, dynamics of the Company and the Group and of specific issues relevant to Pirelli is enhanced by the regular attendance of Company management and external experts at their meetings, who may be invited for training and/or in-depth analysis.

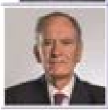
The entire Board of Statutory Auditors is entitled to participate in the activities of the Audit, Risks and Corporate Governance Committee, Remuneration Committee and RPT Committee.

One member of the Board of Statutory Auditors is invited to attend the meetings of the Appointments and Successions Committee, the Sustainability Committee and the Strategies Committee (usually the Chairman). Further information about the number of meetings held by each Committee during the Year and about the attendance of each member at those meetings can be found in Table 3 annexed to the Report.

6.2 STRATEGIES COMMITTEE

At the Report Date, the Strategies Committee is made up of 8 Directors (including 3 independent directors) as follows:

STRATEGIES COMMITTEE
Chairperson of the committee: Marco Tronchetti Provera

	NAME AND SURNAME	OFFICE
	Jiao Jian	Chairman of the Board of Directors
	Marco Tronchetti Provera	Executive Vice Chairman
	Andrea Casaluci	Chief Executive Officer
	Chen Qian	Director
	Zhang Haitao	Director
	Domenico De Sole	Independent Director
	Roberto Diacetti	Independent Director
	Alberto Bradanini	Independent Director

The Strategies Committee supports the Board of Directors in examining the "Significant Matters" (for more information in this regard, see section 4.5.2) and, in particular, in examining:

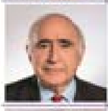
- business plan and annual budget;
- industrial partnerships and strategic JVs of Pirelli and/or any of its subsidiaries.

It is required that the Strategies Committee be the recipient of a specific and continuous flow of information from the Chief Executive Officer, assisted by the Secretary of the Board for such purposes.

6.3 RELATED-PARTY TRANSACTIONS COMMITTEE

At the Report Date, the Related-Party Transactions Committee is made up of 3 independent Directors as follows:

RPT COMMITTEE
Chairperson of the committee: Marisa Pappalardo

	NAME AND SURNAME	OFFICE
	Marisa Pappalardo	Independent Director
	Michele Carpinelli	Independent Director
	Giovanni Lo Storto	Independent Director

The Related-Party Transactions Committee advises and makes recommendations to the Board of Directors on related-party transactions. In accordance with the provisions of the Related Parties Regulation and the RPT Procedure, the Committee expresses reasoned opinions on the Company's interest in carrying out related parties transactions, as well as on the appropriateness and substantive fairness of the related conditions. Additionally, it has the power to request information from and make comments to the delegated bodies and persons authorised to conduct negotiations or the due diligence for related-party transactions of greater significance (see section 10).

During the year, it was noted that management attended the Related-Party Transactions Committee meetings in order to provide adequate information support for the adoption of the relevant resolutions.

The Related-Party Transactions Committee is also entitled to obtain assistance, at the expense of the Company, from one or more independent experts selected by the Committee.

6.4 SUSTAINABILITY COMMITTEE

At the Report Date, the Sustainability Committee is made up of 4 Directors (including 1 independent Director) as follows:

SUSTAINABILITY COMMITTEE
Chairperson of the committee: Marco Tronchetti Provera

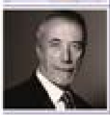
	NAME AND SURNAME	OFFICE
	Jiao Jian	Chairman of the Board of Directors
	Marco Tronchetti Provera	Executive Vice Chairman
	Andrea Casaluci	Chief Executive Officer
	Giovanni Lo Storto	Independent Director

The Sustainability Committee supports the Board of Directors in the analysis of sustainability issues related to business operations, corporate social responsibility and the analysis of issues relevant to the creation of long-term value.

7. APPOINTMENTS AND SUCCESSIONS COMMITTEE

At the Report Date, the Appointments and Successions Committee is made up of 4 members (including 1 independent director) as follows:

APPOINTMENTS AND SUCCESIONS COMMITTEE
Chairperson of the committee: Marco Tronchetti Provera

	NAME AND SURNAME	OFFICE
	Marco Tronchetti Provera	Executive Vice Chairman
	Zhang Haitao	Director
	Chen Aihua	Director
	Domenico De Sole	Independent Director

Taking into account the fact that the Appointments and Successions Committee in question deals not only with aspects relating to appointments but also the succession of company senior management, by way of derogation from the Corporate Governance Code, a majority of non-executive directors (even if not independent) has been appointed as members of such committee.

The Appointments and Successions Committee supports the Board of Directors on appointments and succession matters, and in particular:

- assists the Board of Directors in identifying candidates for the office of director in the event of co-optation;

- provides the Board of Directors with opinions on the adoption and/or amendment by the Board of its orientation towards the number of appointments considered compatible with the effective performance of the role of director.

It should be noted that the oversight of the self-assessment process of the administrative body and control body has been assigned to the Audit, Risks and Corporate Governance Committee, while the Appointments and Successions Committee's duties do not include assisting the outgoing Board of Directors in the possible presentation of its own slate, since this is not envisaged by the Bylaws.

7.1 *SUCCESSION PLANS*

The succession plan for Pirelli's Chief Executive Officer envisaged by the Shareholders' Agreement was carried out and achieved with the appointment to the position of Chief Executive Officer by the Board of Directors on 3 August 2023 of Andrea Casaluci.

Considering the Company's governance structures and the provisions of the Shareholders' Agreement Renewal, as well as the provisions of the Golden Power DPCM, it is noted that the Chief Executive Officer is designated by the shareholder Camfin.

The Executive Vice Chairman also has the power to propose to the Pirelli Board of Directors the revocation of the designated Chief Executive Officer and his/her replacement with a new CEO (or appointment of a new CEO if the previous CEO should cease to hold office for any reason).

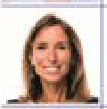
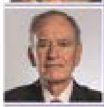
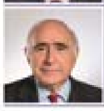
As Executive Vice Chairman, Marco Tronchetti Provera maintains a key role in directing top management and guaranteeing continuity in Pirelli's business culture.

In order to assure complete information, note that the Company has adopted a contingency plan and a method by which to identify successors to Key Managers and senior management positions.

8. REMUNERATION COMMITTEE AND DIRECTORS' REMUNERATION

At the Report Date, the Remuneration Committee is composed of 5 directors (including 4 independent directors) as follows:

REMUNERATION COMMITTEE
Chairperson of the committee: Grace Tang

	NAME AND SURNAME	OFFICE
	Grace Tang	Independent Director
	Chen Aihua	Director
	Paola Boromei	Independent Director
	Alberto Bradanini	Independent Director
	Michele Carpinelli	Independent Director

For information on the 2025 remuneration policy, the compensation paid in 2024 and the duties performed by the Remuneration Committee, reference is made to the Remuneration Report. It should be noted that said document also includes the information required by Article 123-*bis*, paragraph 1, letter i) of the TUF. For a focus on the sustainability targets in the incentive plans adopted by the Company, reference is also made to the Consolidated Sustainability Reporting.

Management - and in particular the EVP & Chief Human Resources Officer, the Head of Compensation & Benefits and the Head of International Mobility and HR Administration - regularly and diligently attended the meetings of the Committee during the Financial Year, thereby contributing to periodic and up-to-date reporting to the Committee.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL, RISK AND *CORPORATE GOVERNANCE* COMMITTEE

In compliance with Recommendation 32 of the Corporate Governance Code, the Company has implemented an internal control and risk management system that envisages the involvement of multiple players with different roles and duties, who act in a coordinated, complementary manner in order to guarantee the adequacy and efficiency of the system.

The Company's internal control and risk management system is designed to contribute to the operation of a healthy and proper business, consistent with its strategies, by identifying, managing and monitoring the main risks that may impact the Company. The internal control and risk management system allows the principal risks, and the reliability, accuracy, trustworthiness and timeliness of financial and sustainability reporting to be identified, measured, managed and monitored.

Responsibility for the adoption of an adequate internal control and risk management system lies with the Board of Directors which, with the support of the Audit, Risks and Corporate Governance Committee, carries out the tasks assigned to it in the Corporate Governance Code. In particular, after consulting with the Audit, Risks and Corporate Governance Committee, the Board of Directors:

(i) analyses and approves the compliance and audit plans scheduled for the following financial year;

(ii) supervises the risk management process to ensure that the risks assumed in the course of business are in line with the Company's strategies; to this end, it establishes a risk appetite and sets guidelines for managing risks that may jeopardise the achievement of the Company's objectives, assessing their adequacy at least once a year;

(iii) takes note of the risk analysis carried out by the Company's offices on a quarterly basis and of the risk assessment at least on the launch of the annual business plans and budgets;

(iv) takes note of the progress of the tax risk monitoring and mitigation activities, as well as (at least annually) the tax operating plan and (every three years) the strategic tax plan.

The implementation of the strategies and guidelines adopted by the Board of Directors is then ensured by a pyramid structure of the departments involved in drafting the plans and activities mentioned above, thanks to constant interaction between the Board itself and the Company's top management which directs its work.

Pirelli's internal control system has been developed in a bid to pursue the values of substantive and procedural fairness, transparency and accountability, assuring: (i) efficiency, transparency and traceability of the transactions and, more in general, of management related activities, (ii) the dependability of the accounting and management data and of the information on finance and sustainability, (iii) compliance with the applicable laws and regulations and (iv) protecting the Company's integrity, also for the purpose of preventing fraud to the detriment of the Company and the financial markets.

During the Financial Year, once every six months and most recently on 26 February 2025, the Company's Board of Directors, with the support of the Audit, Risks and Corporate Governance Committee and in compliance with the Corporate Governance Code[161], acknowledges that the internal control, risk management and corporate governance system of the Company and Group is suitable in respect of the nature, dimension and characteristics of the business, expressing its positive assessment of its effectiveness and effective operation.

It is also reported that, with reference to the other company departments involved in the controls, on 06 March 2024 and most recently on 28 April 2025, the Board of Directors acknowledged that no measures were necessary to guarantee the effectiveness and impartiality of the company departments involved in the internal control and risk management system, notably, the Internal Audit Department, the Compliance & Rules Department, the Information Security, the Enterprise Risk Management and the Tax Risk Officer. For more details on the company departments involved in the internal control and risk management system, refer to paragraphs 9.4 and 9.7 of the Report.

A more complete description of Pirelli's internal control system can be found in the directors' report on operations at 31 December 2024, within the 2024 annual financial report.

For more details on sustainability reporting within the scope of the internal control and risk management system in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

9.1 *ROLE OF THE DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM*

In its meeting of 3 August 2023, the Board of Directors appointed, in continuity with the previous mandate, the Chief Executive Officer as the person in charge of setting up and maintaining the internal control and risk management system.

[161] Recommendation no. 33, lett. a).

The Chief Executive Officer is tasked with supervising the functioning of the system of internal control and risk management and implementing the related guidelines formulated by the Board of Directors, with support from the Audit, Risk and Corporate Governance Committee, ensuring that all actions necessary for the implementation of the system are taken. In particular, in line with the recommendations of the Corporate Governance Code, the Chief Executive Officer:

- ensures that the principal business risks are identified, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, and submits them periodically to the Board of Directors for review;
- authorises execution of the guidelines formulated by the Board of Directors, supervising the design, implementation and management of the internal control and risk management system and constantly monitoring its adequacy and effectiveness;
- ensures that this system is adapted to any changes in operating conditions and the legislative and regulatory framework;
- may ask the Internal Audit Department to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, while simultaneously notifying the Chairman of the Board of Directors, the Executive Vice Chairman, the Chairman of the Audit, Risks and Corporate Governance Committee and the Chairman of the Board of Statutory Auditors; and
- reports promptly to the Audit, Risks and Corporate Governance Committee on issues and critical situations identified during his work or otherwise brought to his attention, so that the Audit, Risks and Corporate Governance Committee can take appropriate action.

9.2 *DIRECTOR RESPONSIBLE FOR SUSTAINABILITY ISSUES*

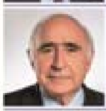
On 3 August 2023, in continuity with the previous mandate, the Board of Directors identified the Chief Executive Officer as being the Director in charge of sustainability issues.

In that role, he will be responsible for supervising sustainability issues associated with the conduct of the activities of the Company, and its dynamics of interaction with all the stakeholders, and for implementing the guidelines defined by the Board of Directors. For more details on the Group's sustainability governance and the internal control and risk management process in respect of sustainability in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

9.3 *AUDIT, RISKS AND CORPORATE GOVERNANCE COMMITTEE*

At the Report Date, the Audit, Risks and Corporate Governance Committee was made up of 5 Directors (four of whom are independent) as follows:

ARCGC
Chairperson of the committee: Fan Xiaohua

	NAME AND SURNAME	OFFICE
	Fan Xiaohua	Independent Director
	Chen Aihua	Director
	Roberto Diacetti	Independent Director
	Giovanni Lo Storto	Independent Director
	Michele Carpinelli	Independent Director

All members have adequate experience in accounting and finance or in risk management.

The Audit, Risks and Corporate Governance Committee, which incorporates the functions of the "control and risks committee" as per the Corporate Governance Code, helps the Board of Directors to assess and make decisions relating to the internal control and risk management system, as well as the approval of periodic financial and sustainability reports.

More specifically, in compliance with the Corporate Governance Code, the Audit, Risk and Corporate Governance Committee:

- assists the Board of Directors with:

  a) defining guidelines for the internal control and risk management system, in keeping with the Company's strategies;

  b) evaluating, at least once a year, the adequacy of the internal control and risk management system with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness;

  c) appointing and removing the head of the Internal Audit department, defining the remuneration of this figure in line with the company's policies, ensuring that the same has adequate resources to perform its duties;

d) approving, at least once a year, the work plan prepared by the head of the Internal Audit department, having consulted the supervisory body and the Chief Executive Officer, and by the head of the Compliance & Rules department;

e) assessing the adoption of measures aimed to ensure the effectiveness and impartiality of judgement of the other company departments involved in the controls, checking that they have adequate professionalism and resources;

f) assessing, having consulted the Board of Statutory Auditors, the results presented by the external auditor in any letter of recommendations and in the additional report addressed to the Board of Statutory Auditors;

g) describing, in the report on corporate governance, the main characteristics of the internal control and risk management system and the methods used to coordinate the various parties involved in said system, indicating the models and best national and international practices of reference, expressing its opinion on the overall adequacy of the same;

- having consulted the manager responsible for the preparation of the corporate financial documents as well as the firm appointed to undertake the external audit of the accounts and the Board of Statutory Auditors, it assesses the proper and consistent application of the accounting standards within the Group when preparing the consolidated financial statements;

- assesses the suitability of the periodic, financial and sustainability information, correctly representing the business model, the Company's strategies, the impact of its activities and the performances achieved in coordination with the Strategies Committee;

- examines the content of the periodic sustainability information relevant for the internal control and risk management system;

- expresses opinions on specific aspects concerning identification of the main company risks and supporting the assessments and decisions of the Board of Directors on the management of risks deriving from adverse facts that have come to the attention of the Committee;

- examines the periodic reports prepared by the Internal Audit manager and the manager of the Compliance & Rules department;

- monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;

- requesting that the Internal Audit department, if deemed appropriate, perform checks in specific operational areas, notifying the Chairman of the Board of Statutory Auditors at the same time;

- reporting to the Board of Directors on the work performed and on the adequacy of the internal control and risk management system, at least at the time of approving the annual financial statements and the half-year report;

- monitoring compliance with and the periodic update of corporate governance rules, as well as compliance with any codes of conduct adopted by the Company and its subsidiaries; in particular, it is responsible for proposing the procedures and timeframes for the Board of Directors' annual self-assessment;

- defines the optimum composition of the Board of Directors and its Committees, providing opinions for the Board of Directors on the size and composition of the Board, and makes recommendations about the professional roles whose presence on the Board of Directors is deemed appropriate.

During the Financial Year, it was noted that the management - and, in particular, the Head of Compliance & Rules, the Manager responsible for the preparation of the corporate financial documents, the Head of Financial Statements and Administration, the Head of Sustainability and Future Mobility, the Head of ESG Rating & Reporting, the Head of Internal Audit, the Executive Vice President Sustainability New Mobility and Motorsport, the Chief Digital Officer, the Head of Information Security, the Head of Finance, M&A and Risk Management and the Risk Manager - assiduously attended the meetings of the Audit, Risks and Corporate Governance Committee, helping ensure that the Committee was regularly kept up-to-date and informed.

For more details on the work of the Audit, Risks and Corporate Governance Committee in drafting the regular sustainability reports, refer to Consolidated Sustainability Reporting.

9.4 *INTERNAL AUDIT DEPARTMENT*

The Company has an Internal Audit Department, which has been assigned functions that are essentially in line with those provided for by the Corporate Governance Code.

More specifically, the Internal Audit Department is tasked with assessing the adequacy and functioning of the audit, risk management and corporate governance processes, by providing independent and objective assurance and advice.

The Internal Audit Department also:

- audits, both on a continuous basis and in relation to specific needs and in accordance with international standards, the effective operation and suitability of the internal control and risk management system - suggesting any corrective actions required - by implementing an audit plan approved by the Board of Directors, based on an ongoing structured process of analysis and prioritisation of the principal risks;

- carries out audits, also at the request of the Audit, Risks and Corporate Governance Committee, of the Board of Statutory Auditors, the Supervisory Body and the Director responsible for the internal control system of specific operating areas, to verify compliance with the internal procedures and rules in the execution of business operations;

- prepares periodic reports on its assessment of the suitability of the internal control and risk management system. These reports are sent, at least quarterly, to the Board of Statutory Auditors, the Control, Risk and Corporate Governance Committee, as well as to the Director in charge of the internal control system and the Board of Directors, which assesses the adequacy of the internal control and risk management system with respect to the characteristics of the Company and the risk profile assumed, as well as its effectiveness;

- receives and analyses incoming reports arriving in line with the Group's Whistleblowing procedure and relating to any corruption/breach of internal control principles and/or precepts set out in the Ethical Code, corporate standards and regulations, or any other acts or omissions that may directly or indirectly lead to an economic-equity or even reputational loss for the Group and/or for its companies;

- provides adequate support to the Supervisory Bodies of the Group companies established pursuant to art. 6 of Decree 231/2001;

- provides advice and support to the relevant Company departments – without exercising any decision-making or authorisation responsibilities – regarding inter alia: (i) the reliability of the systems safeguarding the Company's assets; (ii) the adequacy of the accounting, control and reporting procedures for administrative operations.

As mentioned in section 9.3 of the Report, it should be noted that, in line with the Corporate Governance Code, the Audit, Risks and Corporate Governance Committee expresses an opinion on proposals concerning the appointment, revocation, assignment of duties and determination of the remuneration, consistent with Company policies, of the head of the Internal Audit Department, as well as on the adequacy of the resources allocated to the department in order to carry out the assigned functions.

The Head of the Internal Audit Department reports hierarchically to the Executive Vice President of Corporate Affairs, Compliance, Internal Audit, Corporate Security and Company Secretary and functionally to the Audit, Risks and Corporate Governance Committee and the Board of Statutory Auditors.

During the meeting held on 07 November 2024, after considering the positive assessments of the Audit, Risks and Corporate Governance Committee and of the Board of Statutory Auditors, the Board of Directors approved the internal audit plan for FY 2025.

9.5 *EXTERNAL AUDITOR*

The firm engaged to perform the external audit of the Company accounts is PricewaterhouseCoopers S.p.A., with registered and administrative offices at Piazza Tre Torri 2, Milan, recorded on the Register of Auditors established pursuant to arts. 6 et seq. of Legislative Decree no. 39 of 27 January 2010 ("**Legislative Decree No. 39/2010**").

Pirelli's Ordinary Shareholders' Meeting held on 1 August 2017 confirmed the firm's appointment to perform the external audit of the accounts (originally made for three financial years on 27 April 2017), establishing that, with effect from the admission of Pirelli shares to trading on the MTA (now Euronext Milan), which occurred on 4 October 2017, such appointment would entail: (i) the external audit of the accounts (including verification that the accounting records are properly kept and that the results of operations are properly reflected in the accounting entries) pursuant to articles 13 and 17 of Legislative Decree 39/2010 for the financial years 2017-2025, in relation to the separate financial statements of the Company, the consolidated financial statements of the Group and the additional related activities; and (ii) the limited examination of the condensed half-year consolidated financial statements of Pirelli for the six-month periods ending on 30 June 2018-2025.

In addition to carrying out the statutory audit, the Auditing Firm is also responsible for the limited audit of the Consolidated Sustainability Reporting, which is an integral part of the Directors' Report on Operations, in accordance with the criteria set out in the CSRD Decree and the Principle of Assurance of Sustainability Reporting: *Standard on Sustainability Assurance Engagement* - SSAE (Italy) issued by determination of the State Accountant General on 30 January 2025, which states that it should be used in conjunction with International Standard on Assurance Engagements (ISAE) 3000 (Revised)[162].

For the sake of completeness, it should be noted that the Company has adopted Internal Operating Rules to assign tasks to the Auditing Firm[163] which concerns – among other things – the procedures for assigning tasks other than the statutory audit to PricewaterhouseCoopers S.p.A. and members of its network ("**Other Engagements**"; i.e. other audit services, audit-related services and non-audit services). The Operating Procedure establish a detailed procedure that requires prior approval of the Board of Statutory Auditors for the assignment of Other Engagements. In compliance with the provisions of Article 17 of Legislative Decree No. 39/2010 on the independence of the Auditing Firm, the Company also has a procedure in place to ensure compliance with the thresholds set out in art. 4, paragraph 2 of EU Regulation 537/2014[164]. In that regard, during the meetings of the Board of Statutory Auditors regarding the approval of Other Engagements, specific documentation is provided to certify compliance with said thresholds. Details of the remuneration assigned during the financial year to which the financial statements refer to the auditing firm in charge of the statutory audit and its network are disclosed to the Audit, Risks and Corporate Governance Committee and the Board

[162] International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board. For further information, please refer to the relevant Auditor's Report attached to the Annual Financial Report for the Year.

[163] Operating Procedure "Engagement of Auditing Firms" adopted pursuant to Directive 2006/43/EC, as amended by Directive 2014/56/EU, and EU Regulation 537/2014. Directive No. 2014/56 was transposed by Legislative Decree No. 135/2016, which amended Legislative Decree No. 39/2010.

[164] "*Where the statutory auditor or auditing firm supplies the entity being audited, its parent company or companies it controls – for a period of three or more consecutive financial years – with non-audit services other than those referred to in art. 5, paragraph 1 herein, the total fees for said services shall be limited to 70% of the average fees paid during the preceding three consecutive financial years for the statutory audit of the entity being audited and, where applicable, its parent company, controlled companies and the consolidated financial statements of said group of companies. For the purposes of the limitations set out in the first paragraph of this section, certification of conformity of the sustainability reporting and non-audit services other than those referred to in art. 5, paragraph 1 required by EU or Italian law are excluded".*

of Statutory Auditors at least once a year, and reported in the notes to Pirelli’s annual financial statements.

With the approval of the financial statements relative to FY 2025, the statutory auditing appointment conferred upon the independent auditing firm will reach its end; in order to guarantee a liaison period between the current statutory auditor and the new statutory auditor, in line with the dimensions and complexity of the Group and also taking into account the “cooling-in” period envisaged by European Regulation no. 537/2014, in compliance with national best practices, on 28 May 2024, based on the proposal formulated by the Board of Statutory Auditors, the Shareholders’ Meeting appointed KPMG S.p.A. to act as statutory auditors for the nine-year period 2026-2034.

9.6 *MANAGER RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE FINANCIAL DOCUMENTS*

In its meeting of 3 August 2023, with the favourable opinion of the Board of Statutory Auditors, the Board of Directors confirmed Fabio Bocchio as Executive Vice President and Chief Financial Officer, who is responsible for the Administration, Budget and Control departments, as well as being the Manager responsible for the preparation of the corporate financial documents pursuant to art. 154-*bis* of the TUF (the “**Manager Responsible**”). The appointment of the Manager Responsible has the same term as the mandate of the Board of Directors, which also verified that the Manager Responsible met the requirements of professionalism and integrity that are necessary for the assignment pursuant to Article 11 of the Bylaws.

In regard to this task, the Manager Responsible puts suitable administrative and accounting procedures in place for the preparation of the separate and consolidated financial statements, as well as of all other financial communications. The Board of Directors ensures that the Manager Responsible avails of the proper means and powers to exercise the duties conferred, and ensures effective compliance with administrative and accounting procedures.

The Manager Responsible is endowed with all the organisational and management powers that are essential to exercise the powers attributed by current legislation, the Bylaws and the Board of Directors.

With the coming into force of the CSRD Decree, during the meeting held on 7 November 2024, after obtaining the express favourable opinion, for all intents and purposes, of the Board of Statutory Auditors, the Board of Directors included amongst the tasks of the Manager Responsible, Fabio Bocchio - starting from approval of the financial statements as at 31 December 2024 and without prejudice to the duties assigned him on 3 August 2023 - that of certifying, by means of a specific report prepared in accordance with the model established by Consob regulation, that the consolidated sustainability reporting included in the management report has been prepared in accordance with the reporting standards pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and the legislative decree adopted in implementation of Article 13 of Law no. 15 of 21 February 2024 and with the specifications adopted pursuant to

Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

With reference to this duty, the Manager Responsible:

- is expected to refer without delay to the delegated administrative body and Board of Directors, also via the internal board committee competent on the matter, on any aspects of significant importance which he believes, if not correct, must be stated in the declaration required by art. 154-*bis*, paragraph 5-ter, of the Consolidated Law on Finance;

- has direct access to all the information necessary for the production of relevant sustainability data pursuant to the CSRD Decree, without the need for any authorisation; participates in internal flows pertaining to Consolidated Sustainability Reporting and approves all the corporate procedures that have an impact on the Consolidated Sustainability Reporting.

It is specified that under the appointment held, in accordance with the Bylaws, the Manager Responsible is classified as a Key Manager.

For the sake of offering a complete overview, note that on 12 December 2024, the Shareholders' Meeting approved the proposal to amend Art. 11 of the Bylaws, introducing the provision that the Board of Directors may appoint a manager other than the Manager Responsible to certify the sustainability reporting (the "**Attesting Manager**"), after consulting with the Board of Statutory Auditors. It was also clarified that the term of office of the Attesting Manager expires with the Board of Directors that appointed him/her and that the Attesting Manager must have specific expertise in sustainability reporting and meet the integrity requirements established for directors.

9.7 *OTHER COMPANY DEPARTMENTS AND ROLES INVOLVED*

9.7.1 COMPLIANCE & RULES DEPARTMENT

Operating within the Corporate Affairs, Compliance & Rules, Internal Audit, Corporate Security and Company Secretary Department, the Pirelli Compliance Department works with the Legal departments and other competent company departments to ensure that the company's internal regulations, processes and activities are constantly aligned with the applicable regulatory framework, playing an active role in identifying any non-compliance risks that might give rise to judicial or administrative penalties, resulting in reputational damage.

9.7.2 ENTERPRISE RISK MANAGEMENT & INSURANCE DEPARTMENT

Pirelli adopts a "proactive" risk governance model, which, in a systematic and structured manner, enables the identification, analysis and assessment of the risk areas that may compromise the achievement of strategic objectives and that, at the same time, provides the Board of Directors and top management with the tools they need to make decisions aimed at anticipating and handling the effects of such risks, as well as proactively making the most of business opportunities as they arise.

In this context, the Enterprise Risk Management & Insurance Department is also appointed to: (i) ensure that the policy guidelines of the risk management system are defined in such a way that the principal risks of the Company and its subsidiaries are effectively and efficiently identified, measured, managed and monitored and (ii) make it possible to verify the compatibility of the considered risks with company management that is consistent with the strategic objectives identified during the approval of the Business Plan.

9.7.3 INFORMATION SECURITY FUNCTION

The number of cyber attacks is increasing globally and Pirelli aims to provide suitable levels of protection to safeguard data and continuity of operational processes.

To this end, Pirelli has established an Information Security Department with the task of paying particularly close attention to assessing the risks linked to cybersecurity, including in respect of the supply chain, and of guaranteeing the preparation of adequate, effective organisational and technical measures to mitigate the risks and handle any critical events.

More specifically, the Information Security Department supports the Company in:

- pursuing the corporate strategy by making information security an enabling factor for its business;
- safeguarding the Group’s asset;
- ensuring compliance with internal and external information security regulations;
- responding proactively and effectively to the increase in cyber threats;
- assessing risks, significant events, updating the Information Security strategy of the Group accordingly.

9.7.4 TAX RISK CONTROL SYSTEM

The Group’s management of and approach to the tax risk are defined and indicated in the principles and values of its Global Tax Policy, the document approved by the Board of Directors and made public on the website. The Board of Directors is periodically informed, through the Audit, Risks and Corporate Governance Committee, about the progress of the monitoring, management and mitigation of the tax risks identified as part of the business activities carried out by the Group.

Since 2017, the Company has adopted a Tax Control Framework ("**TCF**") in line with international best practice and the Principles dictated by the OECD, i.e. a system for the detection, management, mitigation and control of tax risks based on rules, principles and processes, which reaffirms the Group's commitment to strict compliance with tax regulations.

The solidity of the Company's TCF has been endorsed by the Italian Revenue Agency and certified with its admission, starting 2017, to the "Cooperative Compliance" system ("**Cooperative Compliance**").

The results of the risk management, control and mitigation activities, and the progress of dialogue with the Italian tax authorities are periodically reported through the Tax Risk Officer – a position provided for under the Collaborative Compliance scheme, who is responsible for implementing and overseeing the TCF for the purpose of controlling and mitigating tax risks – and the Tax Affairs Department to the Audit, Risks and Corporate Governance Committee which, in turn, reports to the Board of Directors.

9.8 *MODEL 231, CODE OF ETHICS AND CODE OF CONDUCT*

The Company has adopted the organisation, management and control model envisaged by Decree 231 of 8 June 2001, as subsequently amended from time to time (the "**Model 231**"), in order to create a system of rules designed to prevent unlawful conduct that might be significant for the purposes of applying the above regulations and, as a consequence, has established a supervisory body (the "**Supervisory Body**").

Model 231 – periodically updated by the Company in light of legislative developments – is made up of: (a) a general part covering topics relating, inter alia, to the applicability and application of Decree 231/2001, the composition and functioning of the Supervisory Body, and the system of penalties applicable in the event of breaches of the standards of conduct specified in Model 231, and (b) a special part containing the general principles of conduct and the control protocols for each type of identified offence deemed significant for the Company.

The Supervisory Body in office was appointed by the Board of Directors on 3 August 2023, in continuity with the previous body. Currently, the Supervisory Body consists of 3 members, specifically: Carlo Secchi (Chairman), Maura Campra (Standing Auditor, appointed by the Board of Directors on 1 August 2024 to replace Antonella Carù, who ceased to be a Standing Auditor following the completion of her term of office) and Alberto Bastanzio (by virtue of the office held as Executive Vice President of Corporate Affairs, Compliance, Internal Audit, Corporate Security and Company Secretary). The Supervisory Body satisfies the autonomy, independence, professionalism and continuity of action requirements specified by law for that body.

The Supervisory Body will remain in office until expiry of the mandate of the Board of Directors and, therefore, until Shareholders' Meeting approval of Pirelli's annual financial statements at 31 December 2025.

Pirelli has adopted a Code of Ethics that sets out principles for the required conduct of directors, statutory auditors, managers and employees of the Group and, in general, all those working in Italy and abroad on behalf or for the benefit of the Group, or engaging in business relations with the Group, each in the context of their own functions and responsibilities. This includes any conduct with reference to the sustainability issues as described in more detail in the Consolidated Sustainability Reporting.

For the sake of completeness, note that the Company has adopted a Code of Conduct governing the operative structure of the Code of Ethics and which represents a guideline to good practices in business conduct, in compliance with the laws and regulations in force in the countries in which Pirelli operates, and in order to avoid the arising of environmental situations favourable to the perpetration of offences. The Code of Conduct applies in reference to three areas: (i) in relations with the Public Administration; (ii) in corporate matters and market disclosures; and (iii) in relations with internal subjects and third parties to the Company.

An extract of Model 231, the Code of Ethics and the Code of Conduct are available on the Website.

9.9 *SYSTEM OF RISK MANAGEMENT AND CONTROL OVER FINANCIAL INFORMATION*

Pirelli has implemented a specific and structured risk management and internal control system supported by a dedicated IT application, in relation to the process to prepare the consolidated half-yearly and annual financial reports. In particular, the financial reporting process is carried out by applying appropriate administrative and accounting procedures created in accordance with the criteria established by the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The administrative/accounting procedures adopted for the preparation of financial statements and all other financial disclosures are created under the responsibility of the Manager Responsible (as defined in section 9.6 of the Report), who – with support from the Compliance & Rules Department – periodically (and in any case, at least when the separate/consolidated financial statements are drawn up) checks their adequacy and proper application.

In order to allow certification by the Manager Responsible, the companies and the significant processes that feed into and generate information of an economic and financial nature have been mapped. These maps are updated on an annual basis taking account of quantitative and qualitative criteria. Quantitative criteria consist in identifying those Group companies which, in relation to the selected processes, represent an aggregate value above a certain materiality threshold. Qualitative criteria, on the other hand, involve reviewing those processes and companies that, according to the Manager Responsible’s final assessment, may present potential areas of risk despite not falling within the quantitative parameters described above.

Risks/control objectives have been identified for each selected process involved in the preparation of the financial statements and related disclosures, as well as with regard to the effectiveness/efficiency of the internal control system in general.

Detailed verification work has been planned, and specific responsibilities have been defined for each control objective.

A half-yearly system for supervising the verification work undertaken has been implemented through a chain-of-certifications mechanism, which is traced back to the Chief Executive Officers or alternative person of equal management responsibility of each Group company identified as "relevant" according to the criteria set out above; any problems emerging during the assessment process are subject to action plans whose implementation is monitored within the following half year.

Moreover, the Chief Executive Officers or alternative person of equal management responsibility and Chief Financial Officers of subsidiaries issue half-yearly statements attesting the reliability and accuracy of the data submitted for the preparation of the Group's consolidated financial statements.

Shortly before the Board meetings held to approve the consolidated data as of 30 June and 31 December, the results of the verification work are shared with the Group's Manager Responsible, who then reports to the Audit, Risks and Corporate Governance Committee and, subsequently, to the Board of Directors.

Finally, the Internal Audit Department periodically verifies the adequacy of the design and the effective operation of the controls carried out on samples of companies and processes, selected applying materiality criteria.

9.10 *COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM*

As part of the internal control and risk management system, the Company provides for and promotes close coordination between the parties involved in the system, scheduling meetings at least once every six months for the Audit, Risks and Corporate Governance Committee, during which Committee members are able to interact directly with the managers of the departments involved (Compliance & Rules, Internal Audit, Enterprise Risk Management, Information Security and Tax Risk Officer). The results of the Committee meetings are reported directly to the meetings of the Board of Directors on a regular basis.

In order to ensure coordination between the Company's control systems, the meetings of the Audit, Risks and Corporate Governance Committee are held periodically jointly with the Supervisory Board and the Board of Statutory Auditors.

For further information, please refer to the dedicated section in the directors' report on operations at 31 December 2024, within the 2024 annual financial report.

10. INTERESTS OF THE DIRECTORS AND RELATED-PARTY TRANSACTIONS

In compliance with the provisions of art. 2391-*bis* of the Italian Civil Code and the Related Parties Regulation, on 09 May 2024, as part of its regular checks on the adequacy of the procedure adopted by the Company and after seeking the opinion of the Related Party Transactions Committee given unanimously, with the participation of all members in office, the Board of Directors updated the RPT Procedure with formal interventions mainly referring to the changes made to the Company's organisational structure since the last revision.

The latest update of the RPT Procedure is available for consultation on the Website.

The RPT Procedure establishes rules for the approval and execution of the related-party transactions arranged directly by Pirelli or by its subsidiaries.

Periodically and at least every three years, the Board of Directors - having received the opinion of the Related-Party Transactions Committee - considers the need to revise the RPT Procedure.

The substantial changes to the RPT Procedure are approved by the Board of Directors after obtaining the favourable opinion from the Related Party Transactions Committee. The Executive Vice Chairman and/or Chief Executive Officer may supplement and/or make changes to the RPT Procedure, informing the Related Party Transactions Committee in advance, if purely formal adjustments should be appropriate, including those to incorporate changes to the Company's organisational structure.

A special section of the financial statements shows the principal transactions with related parties undertaken by the Company.

Every six months, a report on the application of the RPT Procedure, drawn up by the Compliance & Rules Department, is submitted to the Related-Party Transactions Committee and subsequently the Board of Directors. The analyses carried out to date have shown, also for financial year 2024, due compliance with and the correct application of the aforementioned procedure in all cases falling within its scope of application.

For more information on the Related-Party Transactions Committee, see section 6.3 of the Report.

By virtue of the existing measures under the provisions of art. 2391 of the Italian Civil Code and the RPT Procedure, the Board of Directors did not hold it to be necessary to adopt any additional operative solutions to identify and suitably manage situations in which a Director has an interest on his/her own behalf or that of third parties.

11. BOARD OF STATUTORY AUDITORS

11.1 *APPOINTMENT, REPLACEMENT AND DURATION IN OFFICE*

At the Report Date, the Board of Statutory Auditors is composed of five standing auditors and three alternate auditors who all satisfy current legislative and regulatory requirements; in this regard the activities indicated in the corporate purpose, with particular reference to companies or entities operating in the financial, industrial, banking, insurance and real estate fields and services in general, are qualified as subjects and sectors of activity closely related to those of the company.

In accordance with Art. 16, paragraph 2 of the Bylaws, the Ordinary Shareholders' Meeting appoints the Board of Statutory Auditors and determines its remuneration.

The statutory auditors act with autonomy and independence, also with regard to the shareholders that elected them.

In order to enable the minority to elect a standing auditor (who will be the Chairman of the Board of Statutory Auditors) and an Alternate Auditor, the Board of Statutory Auditors is appointed on the basis of slates presented by the shareholders, in which each candidate is listed with a sequence number. Each slate contains a number of candidates that does not exceed the number of members to be elected.

Shareholders are only entitled to present a slate if, alone or together with other shareholders, they hold at least 1% of the shares entitled to vote at an Ordinary Shareholders' Meeting, or any lower amount required by a regulation issued by Consob for the presentation of slates of candidates for appointment to the Board of Directors. Each shareholder may present or contribute to the presentation of just one slate.

The slates of candidates, signed by those presenting them, must be filed at the registered offices of the Company at least twenty-five days prior to the date fixed for the Meeting called to appoint the members of the Board of Statutory Auditors, without prejudice to any extension in the cases envisaged by the applicable legislation. These slates are made available to the public at the registered offices, on the Website and in other ways prescribed by Consob regulation, at least twenty-one days prior to the date of the Meeting.

Each candidate may be included on just one slate, subject otherwise to becoming ineligible.

Each slate comprises two sections: one for candidates for the office of standing auditor and the other for candidates to the position of alternate auditor. The first candidate in each section shall be selected from among those registered in the Register of Chartered Accountants who has worked on external audits for a period of not less than three years. In order to ensure gender balance, slates that - taking account of both sections - present a number of candidates equal to or exceeding three, must include candidates of each gender at least to the minimum extent required by law and / or *pro tempore* regulations in force, as specified in the notice of call of the Shareholders' Meeting, both in the section for standing auditors and in the section for alternates.

Each party entitled to vote may only vote for one slate. The members of the Board of Statutory Auditors are elected as follows:

1) four standing auditors and two alternate auditors are drawn, in the sequence listed, from the slate that obtained the largest number of votes (the majority slate);

2) the remaining standing auditor and alternate auditor are drawn, in the sequence listed, from the slate that obtained the second largest number of votes (the minority slate); should several slates obtain the same number of votes, a new vote limited to just those slates is held by all those entitled to vote that are present at the Shareholders' Meeting, and the candidates on the slate which obtains the simple majority of the votes will be elected.

Should application of the slate voting mechanism not obtain, considering the standing and alternate auditors separately, the minimum number of statutory auditors belonging to the less represented gender envisaged by the regulations in force at the time, the candidate belonging to the most represented gender and elected, indicated with the highest sequential number of each section from the slate that obtained the largest number of votes, will be replaced by the candidate belonging to the less represented gender not already elected from the same section of that slate, according to the sequential order of presentation.

An auditor is replaced, in the event of death, resignation or forfeiture, by the first alternate auditor drawn from the same slate. If this replacement does not allow the Board of Statutory Auditors to be reconstructed in compliance with current regulations, including those governing gender balance, recourse is made to the second alternate auditor drawn from the same slate. If, subsequently, it becomes necessary to replace another Auditor drawn from the slate that obtained the largest number of votes, recourse is made to the other alternate auditor drawn from the same slate. Should it be necessary to replace the Chairman of the Board of Statutory Auditors, the chair is taken by the second auditor on the same slate as the Chairman to be replaced, following the order of that slate, always provided that the replacement satisfies the requirements for the position established by law and/or the Bylaws and complies with the gender balance requirements envisaged by the regulations in force; if it is not possible to make replacements in accordance with the above criteria, a Shareholders' Meeting will be called to supplement the Board of Statutory Auditors with resolutions adopted by a relative majority of the votes cast.

When the Shareholders' Meeting must appoint the standing and/or alternate auditors necessary for the supplementing of the Board of Statutory Auditors, the procedure is the following: if it is necessary to replace auditors elected from the majority slate, the appointment is made by a relative majority of the votes cast, without any slate requirements and without prejudice, in all cases, to compliance with the gender balance requirements envisaged by the regulations in force; if, on the other hand, it is necessary to replace auditors elected from the minority slate, the Shareholders' Meeting replaces them by a relative majority of the votes cast, choosing them - where possible - from among the candidates indicated on the slate from which the auditor to be replaced was drawn and, in all cases, in compliance with the principle guaranteeing representation for the minorities that, pursuant to the Bylaws, are entitled to participate in the appointment of the Board of Statutory Auditors, without prejudice in all cases to compliance with the gender balance requirements envisaged by the regulations in force. The principle guaranteeing representation for the minorities is respected if the auditors elected were previously candidates on the minority slate or on slates other than that which, at the time of appointing the Board of Statutory Auditors, obtained the largest number of votes.

If only one slate is presented, the Shareholders' Meeting votes on it; if the slate obtains a relative majority of the votes cast, the candidates named in the respective sections of the slate are elected as standing auditors and alternate auditors; the person named first on the above slate becomes the Chairman of the Board of Statutory Auditors.

For the appointment of statutory auditors who, for any reason, were not appointed in accordance with the above procedure, the Shareholders' Meeting adopts resolutions with the majorities required by law, without prejudice in all cases to compliance with the gender balance requirements envisaged by the regulations in force. Outgoing Statutory Auditors may be re-elected.

11.2 *COMPOSITION*

The Board of Statutory Auditors in office at the Report Date was appointed by the Ordinary Shareholders' Meeting on 28 May 2024 - and until the date of the Shareholders' Meeting convened to approve the financial statements for the financial year ended at 31 December 2026 - with the following members: Riccardo Foglia Taverna (Chairman of the Board of Statutory Auditors, appointed by the minorities), Maura Campra, Francesca Meneghel, Teresa Naddeo and Riccardo Perotta as standing auditors and Franca Brusco (appointed by the minorities), Roberta Pirola and Enrico Holzmiller as alternate auditors.

In compliance with rule Q.1.5 of the Rules of Conduct of the Board of Statutory Auditors of Listed Companies published by the Italian national association of chartered accountants and auditors, most recently updated in December 2024 (the "**Rules of Conduct**"), the outgoing Board of Statutory Auditors makes available to the Company's shareholders, with reasonable notice and in advance of the Shareholders' Meeting, a complete picture of the activities that the next Pirelli Board of Statutory Auditors will be required to perform and, in addition to this, a summary of its assessments regarding the optimum qualitative/quantitative composition of the control body (in addition to the regulatory or statutory requirements) for the purposes of the effective operation of that same Boar and in sufficient time to allow the shareholders to take it into account when selecting the candidates to be included in the lists for the Board of Statutory Auditors' renewal to be presented to the Shareholders' Meeting.

The professional profiles of the members of the incumbent Board of Statutory Auditors are summarised on the Website.

The Ordinary Shareholders' Meeting also determined the gross annual fees due to Statutory Auditors, in respect of which reference is made to the Report on Remuneration for further details.

All Statutory Auditors may be qualified as independent based on the criteria specified for Directors as set out in the Corporate Governance Code and regulations in force at the time, as expressly ascertained by the Board of Statutory Auditors based on the information provided by the Statutory

Auditors and the information available thereto. This verification was performed at the time of appointment (as on 27 June 2024) and is carried out once a year and most recently during the meeting held on 18 March 2025 of the Board of Statutory Auditors, during which compliance to the independence requirements, in accordance with the TUF and the Corporate Governance Code, has been verified, also taking into account the "Diversity and Independence Statement" and the "Independence Criteria" adopted by the Board of Directors.

As concerns the limit to appointments held by members of the Board of Statutory Auditors, the Company checked that such limit was respected both at the time of appointment by the Pirelli Shareholders' Meeting and once a year, on the basis of the declarations made by the individual members of the Board of Statutory Auditors, in accordance with Annex 5-*bis* of the Issuers' Regulation. The results of the check for the Financial Year are given in Table 4 of the Report.

During the Year, the Board of Statutory Auditors of Pirelli met 17 times[165], with each meeting having an average duration of about 90 minutes and attendance being 94% of Standing Auditors. The percentage attendance by Auditors of the meetings of the Board of Directors and Shareholders during the Financial Year was, respectively, 96% and 80%. For more information on the activities of the Board of Statutory Auditors during the FY, please refer to the report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 TUF and Article 2429, Paragraph 2 of the Italian Civil Code, within the 2024 Annual Financial Report.

The members of the Board of Statutory Auditors present such characteristics as to ensure an adequate level of diversity with regard to aspects such as age, gender composition and educational and professional background. In particular, at the Report Date, in compliance with "gender equality" regulations, of the eight members of the Board of Statutory Auditors (five standing auditors and three alternate auditors), approximately 63% were female (the percentage is 60% of the standing Auditors only). The average age of the current members of the Board of Statutory Auditors is approximately 65 years. For more details on the competences and capacity of the administrative, management and control bodies on matters of sustainability in accordance with the CSRD Decree and ESRS, refer to section 4.3.3 of the Report and the Consolidated Sustainability Reporting.

During the course of the Year, the Board of Statutory Auditors, like the Board of Directors, has again carried out the process for assessing its performance, with assistance from the independent consulting firm SpencerStuart, in line with what was done in the previous year and in compliance with the Rules of Conduct. That self-assessment process, like the process in place for the Board of Directors, is carried out through individual interviews, with questions about the suitability, size, composition and functioning of the Board of Statutory Auditors itself, in order to verify suitability, fairness and effectiveness in its functioning. Positive outcomes of the Board of Statutory Auditors' self-assessment process are included in the Statutory Auditors' report at 31 December 2024.

[165] The Board of Statutory Auditors met 11 times in its previous composition.

The relevant information about each member of the Board of Statutory Auditors - also in respect of the members in office until 28 May 2024 - is summarised in Table 4 of the Report.

11.3 ROLE OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors monitors compliance with the law and the Bylaws, as well as adherence to the principles of proper management and, in particular, the adequacy of the organisational structure, the internal control and risk management system and the administrative-accounting system adopted by the Company and their actual functioning. In addition, it verifies the procedures to implement effectively the corporate governance rules envisaged by the rules of conduct to which the Company adheres. The Board of Statutory Auditors also monitors the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of the TUF and compliance with the applicable regulations on transactions with related parties.

The Board of Statutory Auditors also acts as "internal control and accounts auditing committee" in accordance with Directive 2006/43 EC and EU Regulation No. 537/2014.

In accordance with Italian Legislative Decree 39/2010, the Board of Statutory Auditors monitors the statutory auditing process of the annual financial statements and the consolidated financial statements, the results of which it then discloses to the Board of Directors, to which it also submits the report by the independent auditor pursuant to Art. 11 of EU Regulation No. 537/2014 and also verifies the independence of the independent auditing firm, also with reference to non-audit services.

In addition, in accordance with the CSRD Decree, the Board of Statutory Auditors monitors to ensure that the consolidated sustainability reporting is drafted and published in compliance with the provisions of reference legislation. It also oversees the adequacy of the organisational, administrative, reporting and control system adopted to ensure a correct, complete representation in the sustainability reporting of all information necessary to understanding both the business impact on sustainability matters and the manner in which sustainability aspects impact the company's performance, its results and position. A detailed description of the supervisory activities of the Board of Statutory Auditors in regard to consolidated sustainability reporting is included in its report to the Shareholders' Meeting.

Finally, one Auditor is called to be part of the Supervisory Body, as detailed in section 9.8 of the Report.

The Board of Statutory Auditors carries out its duties by exercising all the powers conferred on it by law and by being able to rely on a constant and detailed information flow from the Company, also outside the periodic meetings of the Board of Directors and the Committees.
In going about its duties, the Board of Statutory Auditors not only attends all meetings of the Board of Directors and Shareholders' Meetings, but also has the faculty to take part in the work of the Audit, Risks and Corporate Governance Committee, the Related-Party Transactions Committee and the Remuneration Committee. One member of the Board of Statutory Auditors is invited to attend the

meetings of the Appointments and Successions Committee, the Strategies Committee and the Sustainability Committee, (usually the Chairman).

As part of the monitoring of compliance with the provisions of the Golden Power DPCM by the Company, it is envisaged that the Board of Statutory Auditors shall draft an explanatory report of the measures adopted in compliance with the Decision and any other relevant corporate or business measure in relation to such, to be sent to the MIMIT.

During the Financial Year, the Board of Statutory Auditors performed its supervisory duties in accordance with the terms set forth above (for more details, refer to the report by the Board of Statutory Auditors to the Shareholders' Meeting pursuant to article 153 TUF and article 2429, subsection 2 of the Italian Civil Code, within the 2024 annual financial report).

For a detailed explanation of the role of the Board of Statutory Auditors in the management of sustainability matters in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

12. CORPORATE GENERAL MANAGEMENT

It is noted that, also in compliance with the provisions of the Golden Power DPCM, on 3 August 2023 the Corporate General Management was established, entrusted to Mr Francesco Tanzi, who, as a result, the Bylaws have also classified as Key Manager. The Board of Directors conferred appropriate responsibilities and operational powers to perform the assignment on the Corporate General Manager.

13. INFORMATION FLOWS TO THE DIRECTORS AND STATUTORY AUDITORS

The Board of Directors of Pirelli adopted a procedure for information flows to the Directors and Statutory Auditors, in order to (i) guarantee the transparent management of the business, (ii) establish conditions for the effective and efficient management and control of the activities of the Company and the operations of the business by the Board of Directors, and (iii) provide the Board of Statutory Auditors with the sources of information needed for the efficient performance of its supervisory role.

The flow of information to the Directors and Statutory Auditors is assured, preferably, by the transmission of documents on a timely basis and, in any case, with sufficient frequency to ensure compliance with the disclosure requirements, and in accordance with deadlines consistent with the timetables set for each board meeting. These documents may be supplemented by explanations provided in the context of the board meetings, or at specific informal meetings organised to examine topics of interest relating to the management of the company.

When the information flows relate to Inside Information and/or Significant Information, they must take place in accordance and compliance with the procedures indicated in the Market Abuse Procedure.

The procedure on information flows, in the version most recently confirmed by the Board of Directors on 03 August 2023, is available on the Website, to which reference is made for any additional information.

14. RELATIONS WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Pirelli attributes strategic importance to financial reporting. In accordance with the Group's values and Code of Ethics, Pirelli maintains constant dialogue with Shareholders, Bondholders, Institutional and Individual Investors and Analysts from major investment banks through the Investor Relations department and the Group's top management in order to promote fair, transparent, timely and accurate reporting.

In line with international best practice, the "Investors" section of the website is constantly updated with content of interest to the financial market, including: strategy ("Equity Story"), economic-financial data on previous years, analysts' opinions of Pirelli, and their estimates for the principal economic-financial indicators ("Consensus"), monthly developments in the principal automotive tyre market ("Tyre Market Watch"). The Investor Relations Department also promotes periodic meetings with Shareholders and Investors in Italy and abroad.

For more details on relevant stakeholder relations in respect of sustainability topics in accordance with the CSRD Decree and ESRS, refer to the Consolidated Sustainability Reporting.

14.1 *POLICY FOR MANAGING DIALOGUE WITH SHAREHOLDERS AND THE MAIN FINANCIAL MARKET STAKEHOLDERS*

On 3 August 2023, the Board of Directors confirmed a policy[166] which governs the rules for managing the dialogue held by the Board of Directors, through the Executive Vice Chairman and with the assistance of the departments concerned (primarily Investor Relations and Corporate Affairs), with shareholders and with the main Stakeholders of the financial market in which the Company operates ("***Engagement Policy***").

This policy covers – *inter alia* – the following issues:

- business and financial strategies and performance;

[166] Adopted for the first time on 23 February 2022, following the favourable opinion of the Audit, Risks, Sustainability and Corporate Governance Committee, changing the existing practices and in compliance with Recommendation 3 of the Corporate Governance Code.

- corporate governance (e.g. appointment and composition of the administrative body, even in size, professional aspects, respectability, independence and diversity, and of board committees, etc.);
- social and environmental sustainability;
- policies on the remuneration of directors and Key managers and on their implementation; and
- system of internal control and risk management.

The Board of Directors receives a six-monthly update on the requests for meetings or relevant information in accordance with the Engagement Policy.

Please see the Website for more information on the Engagement Policy, including references to the criteria and procedures used by the Board of Directors to promote dialogue with shareholders and other stakeholders.

It should be noted that, during the Financial year, the Investor Relations Department carried out ordinary financial reporting activities, which do not fall within the scope of application of the Engagement Policy. To this end, it is noted that no requests for meetings or information were received from relevant financial market stakeholders, nor did the Company deem it appropriate to organise meetings with them on specific issues within the scope of the policy.

15. SHAREHOLDERS' MEETINGS

Pursuant to art. 7 of the Bylaws, ordinary and extraordinary Shareholders' Meetings of the Company are held in single call. Their resolutions are adopted with the majority required by law, with the sole exception of the authorisation of the Board of Directors to carry out the deeds listed below, which requires a qualified majority (votes in favour of shareholders representing at least 90% of the share capital of the Company):

- transfer of the operational and administrative headquarters outside of the municipality of Milan;
- any transfer and/or act of disposition of Pirelli Know How, under any form, (including the grant of licences), pursuant to the provision of article 3.2 of the Bylaws.

Parties entitled to vote may be represented by proxy, given in accordance with the procedures envisaged by law and the regulations in force and specified in the call notice.

The Company designates, for each Shareholders' Meeting, one person who may be appointed as a proxy holder by those entitled to vote, with voting instructions for all or some of the items on the agenda ("**Designated Representative**"). The proxy has no effect with respect to the items for which no voting instructions have been given. The Designated Representative, the method and time limits for the issue of proxies are set out in the notice of call.

Where allowed by applicable laws and/or regulations, the Board of Directors may specify in the call notice that participation and the exercise of voting rights at the Shareholders' Meeting may occur exclusively through a proxy (or sub-proxy) granted to the Designated Representative. If the Board of Directors opts to exercise this faculty, and where permitted by applicable laws and/or regulations, the Board may also indicate in the call notice that participation in the Shareholders' Meeting by entitled persons may occur exclusively via telecommunications, provided that the conditions set forth in Article 7, paragraph 5 of the Bylaws are met.

The ordinary Shareholders' Meeting must be called in accordance with the law within a maximum of 180 days after the end of the Company's financial year.

In the situations envisaged by law and in accordance with the related procedures, the directors must call a Shareholders' Meeting without delay when requested by shareholders representing at least one-twentieth of share capital.

The shareholders requesting the Meeting must prepare a report on their proposals regarding the matters to be discussed. At the time of publishing the notice of call for the Meeting and in accordance with the procedures envisaged by law, the Board of Directors must make the report prepared by the shareholders available to the public, together with its considerations, if any.

In the cases, in the manner and with the timing envisaged by law, shareholders that, individually or together, represent at least one-fortieth of share capital may request the integration of the items of the agenda, indicating in their request the additional topics proposed by them, or proposing resolutions on matters already on the agenda.

A notice is published about the addition of items to the agenda or the presentation of additional proposed resolutions on matters already on the agenda, by the legal deadlines, in the manner established for publication of the notice of call.

Shareholders requesting additions to the agenda must prepare and send to the Board of Directors, by the final deadline for the presentation of requests for additions, a report explaining their reasons for the proposed resolutions on the matters they wish to discuss, or their reasons for the additional proposed resolutions presented in relation to matters already on the agenda. At the time of publishing the notice about the additions to the agenda and in accordance with the procedures envisaged by law, the Board of Directors must make the report prepared by the shareholders available to the public, together with its considerations, if any.

The right to attend Meetings and vote is governed by the relevant current legislation and is certified by a communication sent to the Company, by an authorised intermediary with reference to its accounting records, on behalf of the party entitled to vote. This certification is based on the evidence existing at the end of the accounting day on the seventh trading day prior to the date fixed for the Meeting. The additions and deductions recorded on those counts subsequent to that deadline are not relevant when determining the legitimacy of the right to vote at the Meeting. The communication must be received by the Company by the end of the third trading day prior to the date fixed for the Meeting, or by any different deadline established by the applicable regulations. Shareholders are still entitled to attend and vote if the communication is received by the Company after the above deadlines, on condition that it is received before business commences at the Meeting.

Ordinary and extraordinary Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors, or, in case the Chairman is absent or unable to perform his/her duties, in turn by the Vice Chairman or by the Chief Executive Officer. If the above persons are absent, the chair is taken by another person appointed by a majority of the share capital represented at the Meeting.

The Chairman of the Meeting is assisted by a Secretary, appointed by a majority of the share capital represented at the Meeting, who does not need to be a shareholder; assistance from the Secretary is not necessary when the minutes of the Meeting are taken by a Notary.

The Chairman of the Shareholders' Meeting shall chair the meeting and govern its proceedings in compliance with the law and the Bylaws. For this purpose, the Chairman - inter alia - verifies that the Meeting has been properly convened, verifies the identity of those attending and their right to attend, directly or by proxy; verifies the legal quorum for voting; directs the proceedings, with the right to change the order of discussion of the items indicated in the notice of call. The Chairman also adopts suitable measures to ensure orderly discussions and voting, determining the related procedures and checking the results.

Meeting resolutions are evidenced by the minutes signed by the Chairman of the Meeting and by the Secretary of the Meeting or the Notary. The minutes of Extraordinary Meetings must be taken by a Notary designated by the Chairman of the Meeting. All copies of and extracts from minutes not prepared by a Notary are certified true by the Chairman of the Board of Directors.

The organisation of Shareholders' Meetings is regulated not only by the law and the Bylaws but also by the Shareholders' Meeting Regulation, of which the latest version was approved by the Shareholders' Meeting on 12 December 2024, in order to govern the orderly, regular conduct of meetings, consequent to the amendments of the Bylaws relating to the possibility that intervention in Shareholders' Meetings and the exercise of voting rights may, following resolution passed by the Board of Directors, happen exclusively through the Designated Representative. Said regulations are available on the Website.

The Board of Directors has taken action to ensure that shareholders receive suitable information about the elements necessary for them to make informed decisions where they come under the Shareholders' Meeting's competence.

During the Financial Year, two shareholders' meetings were held, respectively on 28 May 2024 and 12 December 2024. Reference is made to the minutes of the respective meetings, available on the Website, for more details on attendance by Directors and Statutory Auditors.

For the sake of completeness, it should be noted that, for both Shareholders' Meetings, the Company (in compliance with the provisions of the Bylaws and the law[167]) used the option, *inter alia*, (i) to

[167] Art. 106 of Decree-Law no. 18 of 17 March 2020, converted with Law no. 27 of 24 April 2020, the effects of which were subsequently extended.

conduct the Shareholders' Meeting solely in remote form, without the physical attendance of those entitled to attend, and (ii) to allow those entitled to vote in the Shareholders' Meeting to attend solely through a representative appointed pursuant to art. 135-*undecies* of the TUF.

16. CHANGES SINCE THE END OF THE YEAR

There have not been any changes to the structure of corporate governance since the end of the Year, except as already indicated in the previous sections, if applicable.

17. THE PIRELLI WEBSITE

For Pirelli, the Website - in English and in Italian - represents a fundamental tool to ensure the prompt and total dissemination of information about the Company and the Group to all stakeholders.

Pirelli ensures that it is promptly and thoroughly updated, so as to guarantee the transparency of information and compliance with the current laws and regulations applicable to companies listed on the Italian Stock Exchange.

The Company's objective is to provide simple and clear information for investors and, in general, all its Stakeholders, through the Site, in line with common practice. For this reason, also taking account of the periodic results of assessments by independent agencies and in line with the Stakeholders' expectations, the Company uses its best endeavours to constantly implement the Website.

18. CONSIDERATIONS ON THE LETTER BY THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

With a letter of 17 December 2024 (the "**Chairman's Letter**"), in the context of the usual monitoring of the application of the provisions of the Corporate Governance Code, the Chairman of the Corporate Governance Committee has provided listed companies with further recommendations (the "**Committee Recommendations for 2025**") listed below:

1. in relation to completeness and timeliness of pre-meeting information, to provide any useful information on how Recommendation 11 of the Corporate Governance Code is applied and in particular: (i) terms for the early submission of information to the Board of Directors and board committees, (ii) effective compliance with such terms, (iii) possibility - if envisaged in the regulation of the Board of Directors or adopted in practice - to derogate from the timeliness of pre-board information for confidentiality reasons;

2. in matters of transparency and effectiveness of the remuneration policy, provide all information useful on how Recommendation 27 of the Corporate Governance Code is applied and, in particular, the specific parameters for assessing the sustainability goals envisaged under the

scope of the variable components of remuneration Policy and the nature, objectives and adequate decision-making procedures for any extraordinary one-off disbursements;

3. as regards the executive role of the Chairman of the Board of Directors, provide all information useful on how Recommendation 4 of the Corporate Governance Code is applied and, in particular, explain in detail the choice to assign the Chairman of the Board of Directors significant management delegations;

The Chairman's Letter also envisages that in the event of a lack of application of such Recommendations, the report on corporate governance and share ownership shall expressly explain the reasons for this non-application, how such decision was made within the company and how the company intends to give assurance about the effective functioning of the administrative body, the transparency and effectiveness of the remuneration policy and/or the transparency of the structure of duties between executive and non-executive directors within the administrative body, as well as the effective pursuit of the tasks of the Chairman of the Board of Directors.

The Committee's Recommendations for 2025 were, as usual, brought to the attention of (i) the Audit, Risks and Corporate Governance Committee and Board of Statutory Auditors on 20 February 2025 and (ii) the Board of Directors on 26 February 2025.

The Board of Directors of the Company – having also obtained the favourable opinions of the members of the Audit, Risks and Corporate Governance Committee and of the Board of Statutory Auditors on this subject – believes that, as also accurately detailed in the Report, no specific interventions to its own corporate governance system are needed in relation to the issues highlighted in the Committee's Recommendations for 2025, as the recommendations contained therein are already substantially implemented by the Company.

TABLE 1: SIGNIFICANT SHAREHOLDINGS OF CAPITAL

The subjects which, according to the information published by Consob at the date of publication of this Report and/or according to further information available to the Company, possess shares with voting rights in Ordinary Shareholders' Meetings that represent more than 3% of the ordinary share capital are listed below.

SIGNIFICANT SHAREHOLDINGS OF CAPITAL			
Declaring party	**Direct Shareholder**	**% of ordinary capital**	**% of voting capital**
SINOCHEM HOLDINGS CORPORATION LTD	MARCO POLO INTERNATIONAL ITALY S.R.L.	37.015	37.015
TRONCHETTI PROVERA MARCO	CAMFIN S.P.A.	14.825	14.825
	LONGMARCH HOLDING S.R.L.	3.679	3.679
	CAMFIN ALTERNATIVE ASSETS S.R.L.	7.878	7.878
		26.382	26.382

Note: The data relating to shareholders who, directly or indirectly, hold ordinary shares representing more than 3% of the share capital with voting rights in ordinary meetings of the Company, are also taken from Consob's website. In this regard, it is deemed useful to point out that the information reported herein is taken from the information published by Consob on its website, pursuant to the notifications made by the entities required to comply with the obligations ex Article 120 of the TUF, and from the information published on the issuer's website in relation to the obligations ex Article 122 of the TUF and Article 130 of the Issuers' Regulation and the regulations on market abuse. It should be noted that the information may differ appreciably from the real situation, because the obligations to communicate changes in the percentages of holdings arise not when there is a simple change in this percentage but only when the holdings exceed or fall below predetermined thresholds (3%, 5%, and subsequent multiples of 5% up to a 30% threshold and, beyond this threshold, 50%, 66.6% and 90%). It follows, for example, that a shareholder (i.e. a declaring subject) that has declared ownership of 5.1% of the share capital with voting rights may increase their stake up to 9.9% without thereby having any obligation to notify Consob under Article 120 of the TUF.

Finally, the Bylaws do not provide for the possibility of increased voting rights or the issue of shares with multiple voting rights.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors												
Office	**Components**	**Year of birth**	**Date first appointed (*)**	**In office since**	**In office until**	**Slate (**)**	**Exec.**	**Non exec.**	**Indep. Code**	**Indep. TUF**	**No. other offices (***)**	**(****)**
Chairman	Jiao Jian	1968	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**			Cf. Annex A	**8/9**
Executive Vice Chairman	Marco Tronchetti Provera	1948	7 May 2003[168]	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M(C)**	**X**				Cf. Annex A	**9/9**
CEO •	Andrea Casaluci	1973	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M(C)**	**X**				Cf. Annex A	**9/9**
Director	Chen Qian	1971	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**			Cf. Annex A	**8/9**
Director	Chen Aihua	1972	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**			Cf. Annex A	**9/9**
Director	Zhang Haitao	1971	18 June 2020[169]	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**			Cf. Annex A	**9/9**
Director	Grace Tang	1959	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**	**X**	**X**	Cf. Annex A	**8/9**
Director	Paola Boromei	1976	18 June 2020	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**m**		**X**	**X**	**X**	Cf. Annex A	**9/9**
Director	Domenico De Sole	1944	1 August 2017	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M(C)**		**X**	**X**	**X**	Cf. Annex A	**8/9**
Director	Roberto Diacetti	1973	18 June 2020	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**m**		**X**	**X**	**X**	Cf. Annex A	**9/9**
Director	Giovanni Lo Storto	1970	15 May 2018	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**m**		**X**	**X**	**X**	Cf. Annex A	**8/9**
Director	Marisa Pappalardo	1960	1 August 2017	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**	**X**	**X**	Cf. Annex A	**9/9**
Director	Michele Carpinelli	1948	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M(C)**		**X**	**X**	**X**	Cf. Annex A	**9/9**
Director	Fan Xiaohua	1974	1 August 2017	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**	**X**	**X**	Cf. Annex A	**9/9**
Director	Alberto Bradanini	1950	31 July 2023	31 July 2023	Shareholders' meeting to approve financial statements at 31 Dec. 2025	**M**		**X**	**X**	**X**	Cf. Annex A	**9/9**
Number of meetings of the Board of Directors held during the year: 9												
Indicate the quorum required for minority shareholders to submit a slate for the election of one or more directors (pursuant to art. 147-*ter* TUF): 1% of the share capital with the right to vote in ordinary shareholders' meetings.												

168 Marco Tronchetti Provera assumed the office of General Partner of Pirelli & C. Accomandita per Azioni on 29 April 1986. On 7 May 2003 it was resolved to transform the Company from a "joint stock partnership" to a "limited liability company", and in consequence, there no longer being the role of general partner, directors were appointed.

169 Zhang Haitao was a Director of Pirelli from 15 March 2016 to 31 August 2017.

NOTES

The following symbols must be inserted in the “Office” column:

• This symbol indicates the director responsible for the internal control and risk management system.

○ This symbol indicates the Lead Independent Director (LID).

* The date of first appointment of each director means the date on which the director was appointed for the first time (in absolute terms) to the BoD of the Issuer.

(**) This column indicates whether the slate from which each director was drawn is a majority slate (“M”), or minority slate (“m”). For Directors co-opted or appointed by the Shareholders' Meeting without application of the slate voting mechanism, “-” is indicated.

(***) This column shows the number of offices as director or statutory auditor held by the person in question in other listed companies or companies of significant size. The offices are shown in full in the Report on Corporate Governance.

(****) This column shows the directors' attendance at Board of Director meetings (specify the number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

(C) This symbol indicates the Directors designated by Camfin S.p.A., included on the slate submitted by Marco Polo International Italy S.r.l.

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

BoD		Strategies Committee		RPT Committee		Audit, Risks and Corporate Governance Committee		Remuneration Committee		Appointments and Successions Committee		Sustainability Committee	
Office/Qualification	**Components**	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the BoD non-executive - non-independent	Jiao Jian	1/1	**M**									(-)	**M**
Executive Vice Chairman	Marco Tronchetti Provera	1/1	**C**							(-)	**C**	(-)	**C**
CEO	Andrea Casaluci	1/1	**M**									(-)	**M**
Non-executive director - non-independent	Chen Aihua					6/6	**M**	2/2	**M**	(-)	**M**		
Non-executive director - non-independent	Chen Qian	1/1	**M**										
Non-executive director - non-independent	Zhang Haitao	1/1	**M**							(-)	**M**		
Non-executive Director – independent as per the TUF and Code	Grace Tang							2/2	**C**				
Non-executive Director – independent as per the TUF and Code	Paola Boromei							2/2	**M**				
Non-executive Director – independent as per the TUF and Code	Domenico De Sole	1/1	**M**							(-)	**M**		
Non-executive Director – independent as per the TUF and Code	Roberto Diacetti	1/1	**M**			6/6	**M**						
Non-executive Director – independent as per the TUF and Code	Giovanni Lo Storto			5/5	**M**	5/6	**M**					(-)	**M**
Non-executive Director – independent as per the TUF and Code	Marisa Pappalardo			5/5	**C**								
Non-executive Director – independent as per the TUF and Code	Michele Carpinelli			5/5	**M**	5/6	**M**	2/2	**M**				
Non-executive Director – independent as per the TUF and Code	Fan Xiaohua					6/6	**C**						
Non-executive Director – independent as per the TUF and Code	Alberto Bradanini	1/1	**M**					2/2	**M**				
No. of meetings held:		**1**		**5**		**6**		**2**		**(-)**		**(-)**	

NOTES

(*) This column shows the directors' attendance at committee meetings (specify the number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

(**) The office held by the person on the Committee is indicated in this column: "C": chairman; "M": member.

(-) This symbol indicates that no committee meetings were held during the reporting period.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors																
Office	**Components**	**Year of birth**	**Date first appointed (*)**	**In office since**	**In office until**	**Slate (**)**	**Indep. Code**	**Attendance at meetings of the Board of Statutory Auditors (***)**	**Attendance at meetings of the BoD**	**Attendance at meetings of the ARCGC**	**Attendance at meetings of the Remuneration Committee**	**Attendance at meetings of the Appointments Committee[170]**	**Attendance at meetings of the Strategies Committee**	**Attendance at meetings of the RPT Committee**	**Attendance at meetings of the Sustainability Committee[171]**	**No. other offices (****)**
Chairman	Riccardo Foglia Taverna	1966	15 June 2021	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**m**	**X**	17/17	9/9	6/6	2/2	-	1/1	4/5	-	Cf. Annex A
Standing auditor	Maura Campra	1961	28 May 2024	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**M**	**X**	4/6	3/4	2/3	-	-	-	1/1	-	Cf. Annex A
Standing auditor	Francesca Meneghel	1961	15 June 2021	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**M**	**X**	15/17	9/9	5/6	2/2	-	-	5/5	-	Cf. Annex A
Standing auditor	Teresa Naddeo	1958	15 June 2021	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**M**	**X**	17/17	8/9	6/6	2/2	-	-	4/5	-	Cf. Annex A
Standing auditor	Riccardo Perotta	1949	28 May 2024	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**M**	**X**	6/6	4/4	3/3	-	-	-	1/1	-	Cf. Annex A
Alternate auditor	Franca Brusco	1971	15 May 2018	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**m**	**X**	-	-	-	-	-	-	-	-	Cf. Annex A
Alternate auditor	Roberta Pirola	1971	28 May 2024	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**M**	**X**	-	-	-	-	-	-	-	-	Cf. Annex A
Alternate auditor	Enrico Holzmiller	1968	28 May 2024	28 May 2024	Shareholders' meeting to approve financial statements at 31 December 2026	**M**	**X**	-	-	-	-	-	-	-	-	Cf. Annex A
--------AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR--------																
Standing auditor	Antonella Carù	1961	10 May 2012	15 June 2021	Shareholders' meeting to approve financial statements at 31 December 2023	**M**	**X**[172]	11/11	5/5	3/3	2/2	-	-	2/4	-	Cf. Annex A
Standing auditor	Alberto Villani	1962	05 September 2017	15 June 2021	Shareholders' meeting to approve financial statements at 31 December 2023	**M**	**X**	10/11	5/5	2/3	2/2	-	-	4/4	-	Cf. Annex A
Alternate auditor	Marco Taglioretti	1960	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 December 2023	**M**	**X**	-	-	-	-	-	-	-	-	Cf. Annex A
Alternate auditor	Maria Sardelli	1965	15 June 2021	15 June 2021	Shareholders' meeting to approve financial statements at 31 December 2023	**M**	**X**	-	-	-	-	-	-	-	-	Cf. Annex A
Number of meetings of the Board of Statutory Auditors held during the year: 17[173]																
Indicate the quorum required for minority shareholders to submit a slate for the election of one or more directors (pursuant to art. 148 TUF): 1% of the shares with the right to vote in ordinary shareholders' meetings.																

NOTES

* The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the issuer.

** Slate from which each auditor was elected ("**M**": majority slate; "**m**": minority slate).

*** This column shows the attendance of the auditors at meetings of the Board of Statutory Auditors (number of meetings the person attended out of the total number of meetings he or she could have attended, e.g. 6/8, 8/8, etc.).

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[170] No meetings of the Appointments and Successions Committee were held during the financial year.

[171] No meetings of the Sustainability Committee were held during the financial year.

[172] For more details, please see the Report on the Corporate Governance and Share Ownership for financial years 2023 and 2022.

[173] It should be noted that the Board of Statutory Auditors in its current composition met 6 times during the year (the Board of Statutory Auditors 2021-2023 therefore met 11 times).

**** The number of offices as director or statutory auditor held by the person in question pursuant to art. 148-*bis* TUF and its implementing provisions in the Consob Issuers' Regulation and the Code of Corporate Governance. The complete list of offices is published by Consob on its website, pursuant to art. 144-*quinquiesdecies* of the Consob Issuers' Regulation. The Consob reporting obligation does not apply if the statutory auditor is a member of the control body of only one issuer pursuant to Article 144-*quaterdecies* of the Consob Issuers' Regulation.

ANNEX A

SECTION I: LIST OF PRINCIPAL OFFICES HELD BY DIRECTORS, AT THE REPORT DATE, IN OTHER COMPANIES THAT ARE NOT PART OF THE PIRELLI GROUP

First and last name	Company	Office held in the company
Jiao Jian	• Sinochem Holdings Corporation Ltd • Sinochem Group Co., Ltd. • Sinochem Corporation Ltd. • Syngenta Group Co. Ltd.	Director, President Director, President Director, President Director
Marco Tronchetti Provera	• Marco Tronchetti Provera & C. S.p.A. • Camfin S.p.A. • Camfin Alternative Assets S.r.l. • Longmarch Holding S.r.l. • RCS MediaGroup S.p.A.	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Director
Andrea Casaluci	-	-
Paola Boromei	• Intercos S.p.A.	Director
Domenico De Sole	• Ermenegildo Zegna S.p.A. • TOD'S S.p.A. • Thom Browne Inc.	Director Director Director
Roberto Diacetti	• Banca IFIS S.p.A. • Saipem S.p.A. • Masi Agricola S.p.A.	Director Director Director
Giovanni Lo Storto	• Banca Mediolanum S.p.A.	Director

First and last name	Company	Office held in the company
Zhang Haitao	• Marco Polo International Italy S.r.l. • TP Industrial Holding S.p.A. • Fourteen Sundew S.à.r.l.	Director Director Director
Marisa Pappalardo	-	-
Fan Xiaohua	• Bohai Automotive Systems Co.Ltd. • Beijing PARATERA Technology Co., Ltd.	Director Director
Michele Carpinelli	• Camfin S.p.A. • Fininvest S.p.A.	Director Director
Alberto Bradanini	-	-
Chen Aihua	• Sinochem Group Co., Ltd. • Sinochem Corporation Ltd. • China National Chemical Corporation Ltd. • Sinochem Energy Co., Ltd. • China Jinmao Holdings Group Limited • Sinochem Petroleum Exploration & Production Co., Ltd. • Sinochem International Corporation Ltd • Sinochem Finance Co., Ltd • Sinochem Investment and development Co., Ltd. • Sinochem Investment (Lioacheng) Co., Ltd.	Supervisor Chairman of the Supervisory Committee Supervisor Chairman of the supervisory committee Director Supervisor Chairman of the supervisory committee Chairman of the supervisory committee Supervisor Supervisor
Chen Qian	• -	

First and last name	Company	Office held in the company
Grace Tang	• Netease Inc. • Ecarx Holdings Inc. • Brii Biosciences Limited • Elkem Asa	Director Director Director Director

SECTION II: LIST OF OFFICES HELD BY STATUTORY AUDITORS IN OTHER COMPANIES AT THE DATE OF THE REPORT

First and last name	Company	Office held in the company
Riccardo Foglia Taverna	Arec Neprix S.p.A.	Standing Auditor
	B&C Speakers S.p.A.	Chairman of the Board of Statutory Auditors
	Cabeco S.r.l.	Sole Auditor
	Cedis S.r.l.	Director
	Double R S.r.l.	Standing Auditor
	Gamma Topco S.p.A.	Chairman of the Board of Statutory Auditors
	Gamma Bidco S.p.A.	Chairman of the Board of Statutory Auditors
	Jakil S.p.A.	Standing Auditor
	Lampugnani Farmaceutici S.p.A.	Standing Auditor
	MTW Holding S.p.A.	Standing Auditor
	Mengoni e Nassini S.r.l.	Standing Auditor
	Metalstudio S.r.l.	Standing Auditor
	Metalworks S.p.A.	Standing Auditor
	Ou(R) Group S.r.l.	Sole Auditor
	Ruffini Partecipazioni Holding S.r.l.	Standing Auditor
	Scrigno S.r.l.	Sole Director
	Sella Fiduciaria S.p.A.	Standing Auditor
	Sigla S.r.l.	Chairman of the Board of Statutory Auditors
	Si Collection S.p.A.	Chairman of the Board of Statutory Auditors
Maura Campra	Enel S.p.A.	Standing Auditor
	Cassa di Risparmio di Asti S.p.A.	Chairman of the Board of Statutory Auditors

First and last name	Company	Office held in the company
Francesca Meneghel	Agenzia Libraria Internazionale S.r.l.	Standing Auditor
	Adtech Ventures S.p.A.	Standing Auditor
	Arnoldo Mondadori Editore S.p.A.	Standing Auditor
	Digitalia'08 S.r.l.	Chairman of the Board of Statutory Auditors
	Dolcedrago S.p.A.	Standing Auditor
	Elettronica Industriale S.p.A.	Standing Auditor
	Electa S.p.A.	Standing Auditor
	Fascino S.r.l.	Standing Auditor
	Boing S.p.A.	Standing Auditor
	Medusa Film S.p.A.	Chairman of the Board of Statutory Auditors
	Publitalia'80 S.p.A.	Chairman of the Board of Statutory Auditors
	Immobiliare Idra S.p.A.	Chairman of the Board of Statutory Auditors
	Mediamond S.p.A.	Chairman of the Board of Statutory Auditors
	PBF S.r.l.	Standing Auditor
	Videowall S.r.l.	Standing Auditor
	RTI S.p.A.	Standing Auditor
	Vacanze Italia S.p.A. in liquidation	Standing Auditor
	MFE Advertising S.p.A.	Chairman of the Board of Statutory Auditors
Teresa Naddeo	Webuild S.p.A.	Independent Director
	Banca Mediolanum S.p.A.	Standing Auditor
	Mediolanum Vita S.p.A.	Chairman of the Board of Statutory Auditors
	Mediolanum Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors
Riccardo Perotta	Boing S.p.A.	Standing Auditor
	Cassa Lombarda S.p.A.	Chairman of the Board of Statutory Auditors
	Creset S.p.A.	Chairman of the Board of Statutory Auditors
	Fire S.p.A.	Chairman of the Board of Statutory Auditors
	Fire Group S.p.A.	Chairman of the Board of Statutory Auditors
	FSI Sgr S.p.A.	Chairman of the Board of Statutory Auditors
	Mittel S.p.A.	Independent Director
	Mondadori S.p.A.	Independent Director
	Saipem Offshore Construction S.p.A.	Chairman of the Board of Statutory Auditors
	Servizi Energia Italia S.p.A.	Standing Auditor

First and last name	Company	Office held in the company
Franca Brusco	ENAV S.p.A.	Director
	Ulisse S.p.A	Standing Auditor
	Itaca S.p.A.	Standing Auditor
	Cassa Depositi e Prestiti S.p.A.	Standing Auditor
	Simest S.p.A.	Standing Auditor
	Garofalo Health Care S.p.A.	Director
	Sacal GH S.p.A.	Standing Auditor
	Absolute Energy S.p.A.	Standing Auditor
	Banor SIM S.p.A.	Standing Auditor
	Great Lenghts S.p.A.	Standing Auditor
Enrico Holzmiller	Synergia Consulting Group S.r.l.	Director
	FHP S.r.l.	Chairman of the Board of Directors
Roberta Pirola	AMH Urban Regeneration S.p.A.	Standing Auditor
	Antonello Manuli Holdings S.p.A.	Standing Auditor
	Banca Santa Giulia S.p.A.	Standing Auditor
	Borgo del Sole S.p.A.	Chairman of the Board of Statutory Auditors
	Cordusio Fiduciaria S.p.A.	Standing Auditor
	Esse Immobiliare S.p.A.	Standing Auditor
	Fin Borgo S.p.A.	Chairman of the Board of Statutory Auditors
	Manuli Ryco S.p.A.	Standing Auditor
	Mettler Toledo S.p.A.	Standing Auditor
	Rovagnati S.p.A.	Standing Auditor
	Olon S.p.A.	Standing Auditor
	P. & R. S.p.A.	Standing Auditor
	P. & R. Principi Attivi S.p.A.	Standing Auditor
	Sir Industriale S.p.A.	Standing Auditor
	VHV Italia Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors

REPORT ON THE REMUNERATION POLICY AND COMPENSATION PAID

PREAMBLE

This report on the remuneration policy and the compensation paid (the "**Report**" or the "**Remuneration Report**"), approved by the Board of Directors on 28 April 2025, on a proposal from the Remuneration Committee, subject to the opinion of the Board of Statutory Auditors, is divided into two sections:

- Section I: "Remuneration Policy" for FY 2025 (the "**2025 Policy**" or the "**Policy**") and
- Section II: "Report on Compensation Paid" in FY 2024 (the "**2024 Compensation Report**" or the "**Compensation Report**").

The Report is prepared in accordance with Art. 123-*ter* of the Consolidated Law on Finance ("**TUF**"), as amended and supplemented by Art. 3 of Italian Legislative Decree no. 49 of 10 May 2019 (the "**Decree**"), as well as art. 84-*quater* and Scheme 7-*bis* of Annex 3A to the Consob regulation no. 11971 of 14 May 1999 on issuers, as subsequently amended (the "**Issuers' Regulation**").

For the purposes of the Report, due consideration was given to the European Commission recommendations on the remuneration of directors of listed companies, as well as to the recommendations on remuneration adopted by the Corporate Governance Code, to which Pirelli adheres, as well as the more recent recommendations of the Corporate Governance Committee on remuneration.

The Policy has also been drafted in accordance with and for the effects of Pirelli Related Party Transactions Procedure (the "**RPT Procedure**").

The 2025 Policy submitted for the binding vote to the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2024 pursuant to art. 123-*ter* TUF, paragraph 3-*bis* and 3-*ter*, defines the principles and guidelines for the 2025 financial year:

- for determining the remuneration of the Directors of Pirelli & C., in particular Directors holding specific offices, General Managers and KMs, as well as, without prejudice to the provisions of art. 2402 of the Italian Civil Code, for determining the remuneration of members of the control body;
- to which Pirelli & C. refers in defining the remuneration of Senior Managers and, more generally, Group Executives.

The 2025 Policy: (i) contributes towards the company strategy, the pursuit of long-term interests and the sustainable success of Pirelli & C., understood as the creation of long-term value to the benefit of shareholders, taking into account the other relevant stakeholders of the Company; (ii) also takes account of the need to have, retain and motivate people with the expertise and professional standing required by the role held in the Company; and (iii) indicates the purposes, methods of operation and the beneficiaries of the remuneration, as well as the bodies involved and the procedures used for its adoption and implementation.

The 2024 Report on Compensation Paid, submitted for the advisory and non-binding vote of the Shareholders' Meeting in accordance with art. 123-*ter*, paragraph 6, TUF, provides, by name, for the Directors, Statutory Auditors and General Managers and, in aggregate form, for the KMs:

- adequate information about each component of their remuneration, including payments prescribed in the event of resignation from office or termination of employment, pointing out their compliance with the remuneration policy adopted by the Company for the 2024 financial year;

- an analytical indication of the sums paid in respect of the 2024 financial year for any reason and in any form by the Company and its subsidiaries or affiliates, indicating any components of payments that are referable to activities undertaken in years preceding 2024 (and also highlighting the payments to be made in one or more subsequent years for activity undertaken in the 2024 financial year, providing, if applicable, estimates for the components that cannot be objectively quantified in the 2024 financial year);

- an illustration of how the Company took account of the votes cast by the Shareholders' Meeting in 2024.

The Report is made available to the public at the company's registered office (Viale Piero e Alberto Pirelli, 25, Milan), at the authorised storage mechanism (www.emarketstorage.com) and on the website of Pirelli & C. at www.pirelli.com.

EXECUTIVE SUMMARY

Purposes and principles of the Policy	The Policy aims to achieve long-term interests of Pirelli & C., thereby contributing to the achievement of strategic objectives and sustainable growth of the company as well as bringing the interests of the Management into line with those of the stakeholders.		
	PURPOSE	**HOW IT OPERATES**	**BENEFICIARIES IN OFFICE ON THE DATE OF THE REPORT**
Fixed Remuneration	Rewards managerial and professional competence and experience, and the contribution made to the office held.	It is defined in relation to the characteristics, responsibilities and any powers assigned to the role, taking into account market references (determined on the basis of periodic benchmarks) in order to ensure its competitiveness.	**Chairman:** € 400,000[174] **Executive Vice Chairman:** € 2,400,000 **Chie Executive Officer:** € 1,100,000 **General Manager:** € 750,000 **KM, Senior Manager and Executive:** determined according to the responsibility assigned and the skills required by the role.

[174] At the request of Chairman Jiao Jian, on 13 September 2023, the Board of Directors resolved not to allocate any remuneration for the offices he held during his term of office at Pirelli, specifically Director, Chairman of the Board of Directors and member of the Committees.

Annual variable remuneration (STI)	Motivates Management to achieve the Company's annual objectives, maintaining a strong alignment with the company's medium-long term strategy, KPIs associated with the 2024-2025 Business Plan, medium-long term interests and sustainability of the business, also through ESG objectives and partial corporate deferral/matching mechanisms.	Directly linked to the achievement of performance objectives, assigned to each beneficiary in coherence with the role they cover: • Adjusted EBIT (Group/Region/BU) • Net Cash Flow (before dividends) (Group/Region) • Group Net Income • Three sustainability objectives • Unit/department objectives (for Senior Managers and Executives) In addition to an on-off condition (which determines access to the Plan), represented by a cash indicator (typically Net Cash Flow). There will be a minimum level for each objective, below which the related pro-quota of the incentive is not accrued. There is also a maximum cap to the incentive that can be achieved (if all maximum performance objectives are achieved), equal to twice the incentive that can be achieved at target performance. Finally, for General Manager, KMs and selected Senior Managers, with a view to retention, a portion of the incentive accrued ranging from a minimum of 25% to a maximum of 50% is subject to three-year deferral. The relative payment, together with a corporate matching component, is subject to the continuation of employment at the company at the end of this period. For the rest of the Management, with the exception of the Chairman of the Board of Directors, on the other hand, 25% of the incentive accrued is deferred and its payment, together with any corporate matching, is subject to the achievement of the following year's STI Plan objectives.	**Chairman:** not one of the beneficiaries of the plan. **Executive Vice Chairman:** • *target*: 125% • *cap*: 250% **Chief Executive Officer:** • *target*: 110% • *cap*: 220% **General Manager:** • *target*: 75% • *cap*: 150% **KMs:** • *target*: 60% • *cap*: 120% **Senior Managers and Executives:** • *target*: 15% to 40% • *cap*: 30% to 80%

Medium-long term variable remuneration (LTI)	Promotes the creation of long-term sustainable success and the achievement of the objectives of the Company's strategic plans, through business, market and ESG KPIs, while at the same time promoting Management retention and engagement.	**2025-2027 LTI Plan**: an incentive dependent on the achievement of the following, independent long term objectives: • Cumulative Group Net Cash Flow (before dividends) • Relative TSR versus TIER1 peers (Continental, Nokian, Michelin, Goodyear and Bridgestone) • two sustainability objectives: Dow Jones Sustainability World Index ATX Auto Component sector and CO_2 Emissions Reduction. There will be a minimum level for each objective, below which the related pro-quota of the incentive is not accrued. There is also a maximum cap to the incentive that can be achieved, if all maximum performance objectives are achieved. The plan does not have an access gate, is rolling and provides for a 3-year vesting period.	**Chairman:** not one of the beneficiaries of the plan. **Executive Vice Chairman:** • *target*: 70% • *cap*: 200% **Chief Executive Officer:** • *target*: 65% • *cap*: 180% **General Manager:** • *target*: 60% • *cap*: 160% **KMs:** • *target*: 55% • *cap*: 145% **Senior Managers and Executives:** • *target*: 15% to 50% • *cap*: 40% to 130%
Other tools	Assure organisational stability and the contribution made to the implementation of the Company's strategic plans, also for the purpose of promoting sustainable success over the long-term. Safeguard company know-how and protect it from competitors. Promote attractiveness of the Company and loyalty of managerial staff.	• **Non-competition agreements**: restriction applicable to the product sector and the territory in which the Group operates. The extent varies according to the role covered. • **Welcome bonus:** one-off bonuses that can be assigned with a view to attracting managerial resources during the hiring phase. • **Benefit:** non-monetary benefits currently assigned on the basis of market practices. • **Allowance in the event of termination of office:** provided for in specific events of leaving office or termination of employment. • ***Claw-backs***: contractual agreements that enable the Company to recover all or part of the incentives that were accrued and paid, in cases where fraudulent behaviour or significant errors are proven.	**Non-competition agreements** **Executive Vice Chairman:** not one of the beneficiaries of the non-competition agreements. Compensation for the two-year term of the restriction, based on the role held, technical skills, specialised know-how and the reason for leaving. • **Chief Executive Officer**: 170% if good leaver, 70% if bad leaver • **General Manager:** 170% if good leaver, 70% if bad leaver. • **KM**: 130% to 170% if *good leaver,* 50% to 70% if *bad leaver*. **Allowance in case of departure:** • **Executive Vice Chairman:** 24 months of gross remuneration. • **Chief Executive Officer**: 24 months of gross remuneration. • **General Manager, KMs and Group Executives:** amounts determined with reference to the applicable category national collective bargaining agreements.

REMUNERATION POLICY FOR THE 2025 FINANCIAL YEAR

1. STAKEHOLDERS IN THE PROCESS OF POLICY PREPARATION, ADOPTION AND IMPLEMENTATION

Stakeholders in the process

The definition of the remuneration policy and any amendments made thereto are the result of a clear and transparent process in which the Remuneration Committee and the Board of Directors play a central role. It is adopted and approved by the Board of Directors annually – based on a proposal by the Remuneration Committee – and the Board then submits it to the Shareholders' Meeting for a vote.

The Board of Statutory Auditors issued its opinion on the policy, including the part regarding the remuneration of Directors holding specific offices.

The Remuneration Committee, the Board of Statutory Auditors and the Board of Directors supervise the application thereof. To this end, at least once per year, when the second section of the report on compensation paid for the respective year is submitted, the Head of the Human Resources & Organisation Department reports on the application of the remuneration policy to the Remuneration Committee, the chairman of which in turn reports to the Board of Directors.

For the sake of completeness, it should be noted that, in accordance with current legislation, it is the role of the Board of Directors to propose to the Shareholders' Meeting the adoption of incentive mechanisms for members of the board of directors, employees or collaborators based on financial instruments, which, if approved, are later made public by the legal deadline (without prejudice to any further transparency requirements laid down in the applicable regulations)[175].

As at the date of this Report, the Company has no incentive plans in place that provide for the allocation of financial instruments or options on financial instruments.

In preparing the 2025 Policy, the Company was assisted by the independent consultancy firms Willis Towers Watson and Korn Ferry for the preparation of national and international benchmarks used to define the structure of the remuneration of the Directors holding specific offices, the General Manager and KMs, in addition to Senior Managers and Executives.

Amongst the measures aimed at avoiding or managing conflicts of interest, in compliance with the recommendations of the Corporate Governance Code, no member of the Board of Directors shall attend meetings of the Remuneration Committee during which proposals are made to the Board of Directors regarding their remuneration.

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[175] Note that the Board of Directors' meeting of 28 April 2025 established the objectives of the 2025-2027 LTI Plan. Such LTI plan will be submitted for approval of the Shareholders' Meeting as regards the part establishing determination of the incentive on the basis of a total shareholder return objective, calculated as the performance of the Pirelli share, compared to the Tier 1 peers. For a more extensive description, reference is made to paragraphs 2, 4, 5 and 6 below.

Below is a list of the activities carried out by the parties involved in the process of devising, adopting and implementing the policy:

BODY	ROLE AND COMPETENCE ACTIVITIES
Shareholders' Meeting	- determines at the time of appointment the gross annual remuneration to be paid to members of the Board of Directors, except for the remuneration to be attributed, by the Board, to Directors holding specific offices; - determines at the time of appointment the gross annual remuneration to be paid to the members of the Board of Statutory Auditors; - approves the first section of the remuneration report; - issues an advisory vote on section 2 of the remuneration report; - decides, upon the proposal of the Board of Directors, on any incentive mechanisms based on the attribution of financial instruments
Board of Director	defines: - the breakdown of the total remuneration defined for Directors by the Shareholders' Meeting; - the policy on remuneration of members of the Board of Directors, General Manager, KM and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, members of the Board of Statutory Auditors; - the remuneration of Directors holding specific offices in accordance with art. 2389, paragraph 3 of the Italian Civil Code, and that of General Manager; - the performance objectives related to the variable part of the remuneration of executive directors, General Manager and KM; - the remuneration of the Head of the Internal Audit department upon a proposal by the Audit, Risk and Corporate Governance Committee.

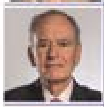
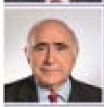
Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors (which also appoints the chairman thereof) and remains in office for the entire duration of the mandate granted by the Board of Directors.

As at the date of this Report, the Committee, consistently with the recommendations of the Corporate Governance Code, is composed of five members, all of whom are non-executive and the majority of whom are independent. The Chairman of the Committee is an independent director.

As at the date of this Report, the Committee members are as follows:

REMUNERATION COMMITTEE
Chairperson of the committee: Grace Tang

	NAME AND SURNAME	OFFICE
	Grace Tang	Independent Director
	Chen Aihua	Director
	Paola Boromei	Independent Director
	Alberto Bradanini	Independent Director
	Michele Carpinelli	Independent Director

Chairman Grace Tang and Director Paola Boromei were by the Board of Directors on 3 August 2023 as having sufficient experience in matters of finance and remuneration policies.

The entire Board of Statutory Auditors is entitled to participate in the work of the Remuneration Committee.

The Secretary to the Board of Directors acts as the Secretary to the Remuneration Committee.

The Committee has support functions to ensure the definition and application within the Group of remuneration policies aimed at, on the one hand, pursuing the sustainable success of the Company/Group in aligning the interests of management with those of the shareholders and, on the other hand, at having, retaining and motivating human resources with the expertise and professional standing required by the role held in the Company.

In particular, the Remuneration Committee:

- assists the Board of Directors with preparing the Group remuneration policy, assessing its overall consistency;
- with regard to the Executive Directors, other Directors holding specific offices and General Managers, it expresses opinions to the Board of Directors:
    - about their remuneration, in compliance with the remuneration policy;
    - about setting performance objectives linked to the variable component of that remuneration;

  - about the definition of any no-competition agreements;
  - about the definition of any agreements for the termination of working relationships, on the basis of the principles established in the remuneration policy;

- monitors the correct application of the remuneration policy and checks the actual achievement of performance objectives;
- checks the conformity of the remuneration of the Executive Directors, other Directors holding specific offices, General Managers and KMs with the remuneration policy and expresses an opinion on this, where required by the relative procedure adopted within the company, also in accordance with the RPT Procedure;
- helps the Board of Directors to examine proposals to the Shareholders' Meeting for the adoption of compensation plans based on financial instruments;
- monitors application of the decisions adopted by the Board of Directors, checking in particular the effective achievement of the established performance objectives;
- examines and submits the remuneration report to the Board of Directors;
- in any case, provides opinions in relation to transactions with related parties on matters concerning the remuneration of Executive Directors, including Directors holding specific offices, General Managers and KMs, within the limits and according to the criteria allowed by the RPT Procedure;
- assesses whether there are exceptional circumstances that allow for a derogation from the remuneration policy.

The cycle of the Remuneration Committee's main activities in 2025 is shown below, along with the relevant events that are relevant to the Policy.

2025	SUBJECT	ACTIVITY
1Q	2025 Policy and Variable Incentive Plans	Presentation of the timetable. Draft 2025 Policy Approval of incentive plans: • 2024 STI finalisation and 2025 STI plan objective setting; • 2022-2024 LTI finalisation and 2025-2027 LTI objective setting. Analysis of market remuneration benchmarks.
2Q	Shareholders' Meeting and publication of 2025 Policy	Approval of 2025 Policy and 2024 Report on Compensation Paid Shareholders' Meeting vote on the 2025-2027 LTI plan.
3Q	Analysis of votes received from Shareholders and review of Governance	Analysis of votes received from Shareholders. Analysis of 2025 Policy and quality benchmark Analysis of 2025 Policy and assessment of potential changes

In relation to the operating methods of the Remuneration Committee, see the Report on the Corporate Governance and Share Ownership.

2. PURPOSES AND PRINCIPLES OF THE 2025 REMUNERATION POLICY

Purposes of the 2025 Policy and contribution to corporate strategies

The purpose of the Policy, established in line with the corporate governance framework adopted by the Company and in accordance with the principles and recommendations of the Corporate Governance Code, is to attract, motivate and retain individuals with the professional qualities necessary to achieve the Company's objectives. In addition, through the medium-long term variable components assigned, in particular, to Directors holding specific offices to whom specific duties are also delegated, the General Manager, KMs, Senior Managers and Executives, it aims to achieve long-term interests and the sustainable success of the company.

As shown below, the Policy seeks to reinforce the "pay for performance" connection by setting clear performance goals – predefined, measurable, and focused on the long-term – that determine the allocation of variable components. It helps drive the achievement of corporate objectives through incentive plans tied to both financial and non-financial targets, all aligned with the Company's strategic goals and designed to foster sustainable success.

The Policy is valid for one year and in any case until the Shareholders' Meeting approves a new remuneration policy.

The Policy is defined taking into account various factors such as remuneration, which in turn is defined on the basis of market benchmarks aiming at a level of attractiveness differentiated according to the company role and skills, the compensation mix and the working conditions of

Company employees. With reference to this last aspect, the 2025 Policy also in fact refers to the remuneration of the Senior Managers and Executives of the Group. Moreover, Pirelli:

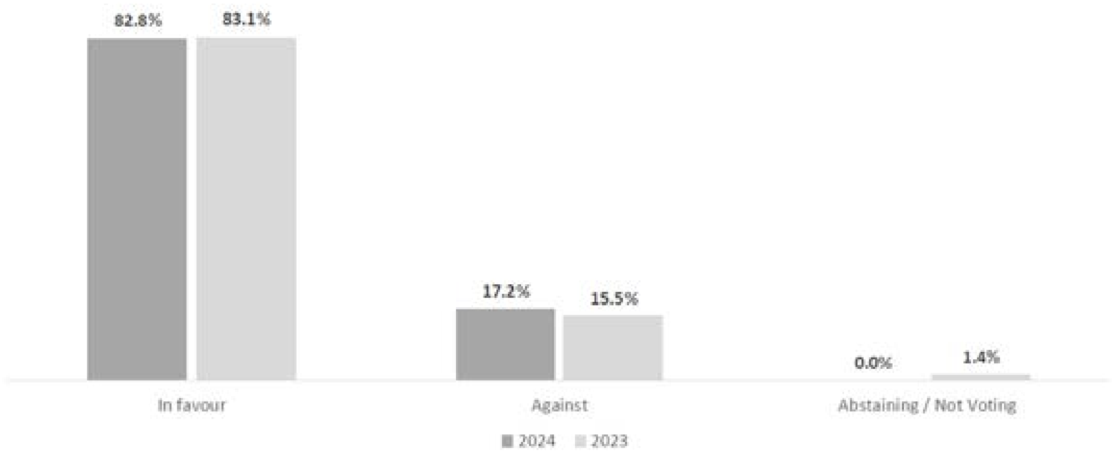
- applies and respects any existing and applicable national collective bargaining agreements to which it adheres;
- adopts for all the Group's managers and the remaining employees meritocratic policies, variable incentive systems, welfare initiatives and services to benefit employees or their families, as well as, in order to protect the company assets, non-competition agreements for specific individuals;
- is committed to ensuring respect for equal opportunities in the work environment, in accordance with the Group's Diversity, Equity & Inclusion Policy, endeavours to manage and reduce potential risks of human rights violations, to avoid producing - or contributing to producing - negative effects on these rights in the international, multi-ethnic, socially and economically diversified context in which it operates, in accordance with the Group's Human Rights Policy;
- is attentive to pay equity, in the context of gender diversity, as highlighted in more detail in the Consolidated Sustainability Report. Specifically, pay gaps between men and women are calculated for each country by considering the value assigned to each organisational position based on various factors, an approach that allows for an analysis that highlights pay disparities for comparable roles and jobs. This method of data collection allows for objective investigation and evaluation while also taking into account the structural differences of the various local markets and their peculiar remuneration logics. For 2024, the pay gap for the Group's white-collar employees is calculated at 0.4% in favour of women based on basic pay. When factoring in Annual Total Direct Compensation, the gap shifts to 2.7% in favour of men. Across the entire Group population, the pay gap stands at 2.3% in favour of men when calculated on base salary, and 4.4% in favour of men when considering Annual Total Direct Compensation. For further details and supporting evidence, please refer to the Consolidated Sustainability Report in the 2024 Annual Report file.

Shareholder Engagement, results of the voting and feedback from investors

Pirelli believes that an ongoing dialogue with shareholders and, more generally, the main Financial Market Stakeholders contributes to creating sustainable value for the Company. The adoption of a specific Engagement Policy, inspired by international best practices, confirms the Company's commitment to ensuring equal, transparent, timely and accurate communication. In particular, the discussion with its Shareholders on remuneration issues allows their involvement in the definition of the remuneration policy, aligning the interests of Management with those of the Shareholders and contributing to the achievement of the Company's strategic objectives and sustainable success.

With this in mind, Pirelli & C. makes available to its stakeholders, Shareholders and investors, in a special section of its website, complete and accurate information on remuneration issues and also examines the results of the Shareholders' Meeting vote as a starting point for the continuous improvement of its remuneration policy.

The 2025 Policy is therefore established taking into account the analysis and investigations made of the results of the Shareholders' Meeting vote and the feedback received from Shareholders and key proxy advisors on the 2024 Policy and the Report on Compensation paid in 2023. The diagram below presents the result of the binding vote expressed by the Shareholders' Meeting on 28 May 2024 compared to the result of the voting in 2023.



Pirelli attaches great importance to analysing this voting result and the feedback received and, following the analysis of the results of the votes cast at the Shareholders' Meeting of 28 May 2024 and the main rationale for the votes against, took the action required to ensure the consistency of the 2025 Policy with the Shareholders' expectations for the future.

Description of the changes compared to the 2024 Remuneration 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 2025 Policy also reflects the appointment of the new Board of Statutory Auditors on 28 May 2024.

Regarding the 2024 Report on Compensation Paid, it is important to highlight that the high level of transparency in Section II of the document 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.

Market references and peer group

With regard to the Annual Total Direct Compensation on-Target, Pirelli defines and applies a policy which, in relation to the reference market, targets the third quartile for the Executive Vice Chairman, the General Manager, the KMs and the Senior Management, the median for the Chairman of the Board of Directors, Chief Executive Officer and Group Executives.

The analysis of the positioning, the make-up and more generally the competitiveness of the remuneration of Directors holding specific offices is conducted by the Remuneration Committee and the Board of Directors with the assistance of companies specialised in executive compensation, on the basis of methodological approaches that allow the full assessment, if within the typical limits of benchmark analyses, of the complexity of their positions from an organisational point of view, any specific duties assigned thereto and the individual's impact on the final business results. In particular, with the assistance of the company Willis Tower Watson, Pirelli defines:

- a sample of 12 companies listed on the Euronext Milan[176] used to analyse competitiveness and potentially revise the remuneration of the Chairman of the Board of Directors of Pirelli & C., consisting of the following:

> **Amplifon; Diasorin; Enel; Eni; Leonardo; Nexi; Poste Italiane; Recordati; Saipem; Snam; Telecom Italia; Terna**

- a sample of reference companies defined by taking into account key recommendations on pay for performance, used to analyse competitiveness and potentially revise the remuneration of the Executive Vice Chairman and Chief Executive Officer of Pirelli & C..

With regard to the comparative market, in defining the panel of reference companies analysed annually by the Remuneration Committee, various components are taken into account and pre-established criteria are applied that are consistent with those considered by investors and proxy advisors.

The table below shows the criteria used to define the panel:

Sector	**Geography**	**Dimension**
The panel includes direct competitors, automotive manufacturers as well as companies from the Auto Components sector.	The panel consists of multinational companies, based in major European countries and North America.	The dimension is assessed in relation to the following criteria: - market capitalisation; - revenues; - number of employees.

Through the review process conducted over the past few years, the panel has gradually included companies from the Auto Components sector while excluding companies that did not meet the

[176] Financial companies are excluded from the sample.

established criteria. The selected companies, listed below, share similar characteristics in terms of production, technology and market orientation.

Vehicles	Aston Martin; Ferrari; Harley-Davidson
Auto Component	Advance Auto Parts; Brembo; CIE Automotive; Hella; Magna International; TI Fluid Systems; OPMobility
Tyre	Goodyear; Michelin; Nokian

Finally, the remuneration structure and related analysis for the General Manager and the KMs, shared with the Remuneration Committee and annually reviewed and disclosed in the report on compensation paid, are also defined for Senior Managers and Executives. These are based on national and European benchmarks, which are prepared annually by Korn Ferry through a survey that includes over 480 companies. The method used is "Job Grading", which compares the roles on the basis of three different components (know-how, problem solving and accountability), whereby the weighting of each role is determined within the company.

Elements of the policy

In keeping with previous remuneration policies, the 2025 Policy provides for the Management remuneration to consist of various elements:

- gross annual base salary;
- an annual variable component (STI);
- medium-long term variable component (LTI);
- non-monetary benefits.

Fixed component

The base salary is established on the basis of the complexity of the position, professional seniority, the skills required to perform in the role, performance over time, and the trend in the comparison remuneration market related to the position held by the individual.

Variable components

The STI and LTI variable components are established - taking account of the benchmarks for each - as a percentage of base salary which increases according to the position held by the beneficiary.

The full cost of the variable incentive plans, both short and medium-long term, is included in the economics of the strategic plans, so that their impact is “self-funded” by achievement of the expected results.

The risk governance process is fully integrated into the strategic planning process in order to ensure that the objectives envisaged for achieving the variable incentive do not expose Pirelli to managerial behaviour inconsistent with an acceptable level of risk (“risk appetite”) as defined by the Board of Directors when approving the plans.

Annual variable component (STI)

The STI component, except for specific cases, is extended to all the Management - except for the Chairman of the Board of Directors - and is intended to reward the beneficiaries’ short term performance; moreover, it can be extended to managers who joined the Group during the year. The 2025 STI Plan objectives for Directors holding specific offices to whom specific duties are also delegated, for the General Manager and for KMs are established by the Board of Directors upon a proposal by the Remuneration Committee (see §4 and §5).

The objectives underlying the STI Plan represent performance consistent with the corresponding objectives disclosed to the market, in particular the objectives for achieving the incentive at “target” level are set as equal to the value disclosed to the market.

The objectives assigned to Directors holding specific offices to whom specific duties are also delegated, to the General Manager and KMs in the context of the 2025 STI Plan are the following:

2025 STI Plan	Objective	Description	Weight
ON/OFF condition	**Group Net Cash Flow (before dividends)**		
Business Objectives	**Group adjusted EBIT**	This is the acronym for Earnings Before Interests and Taxes and is an interim result of the profit and loss. This indicator does not consider the financial structure of the company (i.e. how the company is financed, as it is independent of financial management).	**35%**
	Group Net Cash Flow (before dividends)	It represents the cash flow available to the company and is the difference between cash flow from operating activities and cash flow from investments in fixed assets.	**30%**
	Net income	It represents the total profit made by the company, as reported in its financial statements.	**20%**
Sustainability Objectives	**Eco & Safety Volumes**	Volumes of Eco & Safety Performance tyres out of the Group's total car tyre sales volumes. Eco & Safety Performance products identify car tyres that Pirelli produces worldwide and that fall within the rolling resistance and wet grip classes A, B, measured according to the labelling parameters established by European standards.	**5%**
	Women in Management positions	The index measures the number of women in managerial positions out of the total number of managerial positions in the company.	**5%**
	Frequency Index	The index measures the incidence of accidents at work in relation to the hours worked in the year.	**5%**

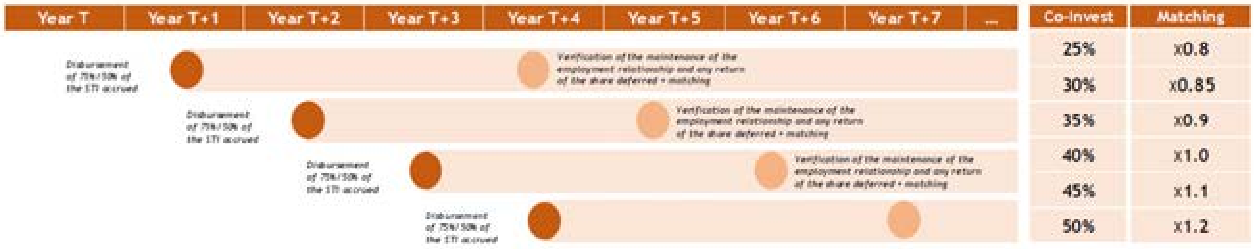
The 2025 STI Plan objectives of the Senior Managers and Executives are, instead, defined by the hierarchical manager in accordance with the Human Resources & Organisation and Administration, Planning & Controlling departments and envisage, amongst others, also objectives connected with the economic performance of the relevant business unit/geography/department (cf. §6).

At the end of the year and based on the finalised performance figures (and included in the draft financial statements approved by the Board of Directors), the Department of Human Resources & Organization, with the assistance of the Administration, Planning & Controlling Department, checks the level to which the objectives have been achieved, on which basis the Board of Directors then resolves, after examination by the Remuneration Committee, having obtained the opinion of the Board of Statutory Auditors, on the amount of the variable compensation to be disbursed.

In the event of extraordinary transactions affecting the scope of the Group and/or major changes in the macroeconomic and geopolitical scenario, the Remuneration Committee may adjust the targets in the 2025 STI plan, in order to protect the Plan's value and aims and ensure that the objectives of the company and the objectives that underpin the Management incentive systems are constantly aligned, or close the plan early.

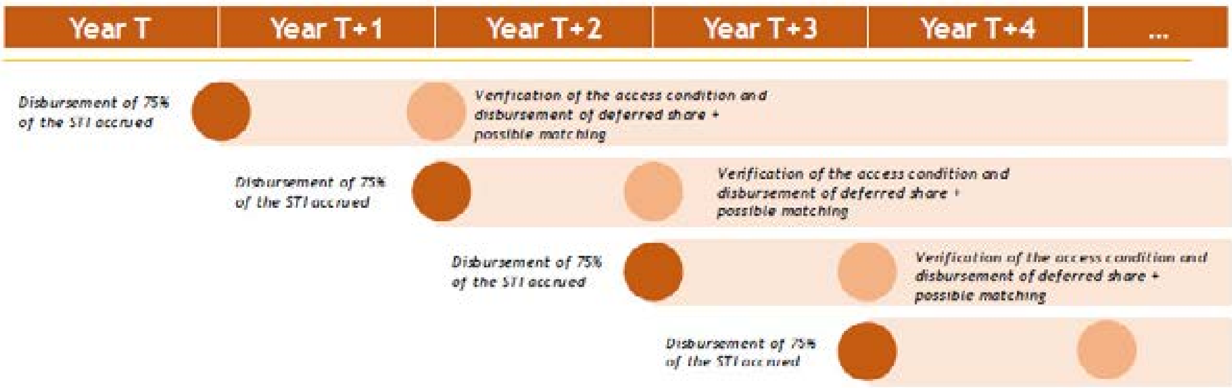
Achievement of the individual objectives will be assessed by the Remuneration Committee, neutralising the effects of any extraordinary decisions that could have impacted the results (either positively or negatively). The Board of Directors resolves on any review proposal submitted for its examination.

The 2025 STI plan provides that for the General Manager, KMs and selected Senior Managers, part of the remuneration accrued as a STI, from a minimum of 25% to a maximum of 50%, is deferred, 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 0.8 times to a maximum of 1.2 times the amount of the deferred STI (see the diagram below).



For the rest of the Management, on the other hand, part of the variable remuneration accrued as STI is deferred to the benefit of continued results over time and thereby the creation of sustainable value for Shareholders in the medium-long term. Indeed, 75% of any STI accrued is paid, since the remaining 25% is deferred by 12 months and subject to achievement of the STI objectives for the following year. More specifically (see diagrams below):

STI Year T+1	
No incentive is accrued	The Year T deferred share will be definitively lost
Accrued with a final performance below target	The Year T deferred share will be fully returned
Accrued with a final performance equal to or greater than target	The Year T deferred share will be fully returned along with an additional amount of equal value (*matching*)



Medium-long term variable component (LTI)

As for the medium to long term variable remuneration (LTI), it is assigned to Top Management – except for the Chairman of the Board of Directors – and extended, except in specific cases, to all Executives whose Grade, determined with the Korn Ferry method, is equal to or above 20.

The medium-long term incentive plans (LTI) are intended to:

- link Management remuneration with the medium-long term performance of the Group;
- promote the creation of shareholder value and sustainable success for the Company;
- align the interests of shareholders with those of the Management;
- promote Management retention.

The LTI plans are structured with a “rolling” mechanism which guarantees flexibility by ensuring that, for each new three-year period, the performance indicators are aligned with the evolution of the market and the company and, therefore, the Company’s strategic plans.

Below is an explanatory diagram showing how it works:

The LTI plans assign each beneficiary an incentive opportunity (the "**LTI Bonus**"), equal to a percentage of the gross annual fixed component in place in the first year of the plan. This incentive percentage increases in relation to the position held and takes into account the benchmarks for each role.

The objectives set in the LTI plans represent a performance consistent with the corresponding objectives in the business plans disclosed to the market. In particular, the objectives for obtaining the incentive at "target" level will be in line with what will be disclosed to the market.

The objectives assigned to the Directors holding specific offices to whom specific duties are also delegated, to the General Manager and KMs in the context of the 2025-2027 LTI Plan are the following:

2025-2027 LTI Plan	Objectives	Description	Weight
Business Objectives	**Cumulative Group Net Cash Flow (before dividends)**	It represents the accumulated cash flow available to the company and is the difference between cash flow from operating activities and cash flow from investments in fixed assets.	**35%**
	Related TSR vs TIER 1	It is a measure of Pirelli's share performance over time. It combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage. This indicator is then compared with the average of Tier1 peers (Continental, Michelin, Nokian, Goodyear and Bridgestone).	**40%**
Sustainability Objectives	**DJS Index**	It represents Pirelli's positioning in the Dow Jones Sustainability World (ATX Auto Components) index, which includes global sustainability leaders identified by S&P Global through the Corporate Sustainability Assessment.	**10%**
	CO_2 Emissions	It represents the reduction of direct (Scope 1+2) greenhouse gas emissions from plants, vehicles and other activities managed directly by Pirelli.	**15%**

In the event of extraordinary transactions affecting the Group's perimeter and/or profound changes in the macroeconomic and geopolitical scenario, the Board of Directors, on a proposal from the Remuneration Committee, subject to the opinion of the Board of Statutory Auditors, may decide:

- any adjustment of the targets (both upward or downward) of the 2025-2027 LTI Plans, so as to protect their value and relative targets, thus ensuring constant alignment between the company's objectives and the objectives underlying the Management incentive schemes;

- a potential early termination of the 2025-2027 LTI Plan.

The 2024-2025 Business Plan confirms the core elements at the basis of Pirelli's business model; the graph below shows the link between the corporate strategy and the KPIs of the incentive systems.

<table>
<tr><th>Pillars of the 2024-2025 Business Plan</th><th>STI</th><th>LTI</th></tr>
<tr><td rowspan="2">High-end, specialties and EV focus</td><td>Net income</td><td rowspan="3">Relative TSR</td></tr>
<tr><td rowspan="4">Group adjusted EBIT</td></tr>
<tr><td rowspan="2">Innovation and connectivity</td></tr>
<tr><td rowspan="3">Cumulative Group Net Cash Flow (before dividends)</td></tr>
<tr><td rowspan="2">Cost Transformation & Digitalization</td></tr>
<tr><td>Group Net Cash Flow (before dividends)</td></tr>
<tr><td>Sustainability</td><td>Eco & Safety Volumes
DE&I: Women in Management positions
HSE: Frequency Index</td><td>CO_2 Emissions Reduction
DJS Index</td></tr>
</table>

Each pillar will be undertaken with an approach based on:

- centrality of environmental sustainability; and
- an increasing push towards innovation and digitisation.

More specifically, through innovation and connectivity, new technologies will be introduced into products inspired by eco-safety design and efforts will continue on connected tyres capable of generating data that can be used to strengthen data-driven product development and process optimisation. Digitisation and sustainability will be the key drivers for increasing efficiency and quality levels thanks to programmes such as electrification and the Industrial IoT. The electrification of the presses, part of the technological transition that will phase out steam generation boilers, combined with specific recirculation programs, will help achieve the targets for reducing water consumption, aiming for a 43% reduction by 2025 and 60% by 2030, compared to 2015 consumption levels.

The cost transformation programme, which includes automation, predictive maintenance through Industrial IoT, optimisation of the logistics network, and modular product design, among other initiatives, will serve as a comprehensive plan to enhance competitiveness across all company departments.

Insights into the Company's strategy, governance and target, if sustainable management model, along with the materiality of impacts, risks and opportunities, as well as projects and recorded sustainability performance, can be found in the Consolidated Sustainability Report.

Non-monetary benefits

Non-monetary elements of remuneration are benefits provided to beneficiaries, depending on the position held, as a result of contractual provisions/company policies or aimed at reinforcing attraction during the recruitment phase (e.g. accommodation and student grants for limited periods of time).

Furthermore, when a new General Manager or a KM is hired, the Company reserves the right to define, in line with market practice, the experience gained and the conventional seniority that may be due to such person.

3. REMUNERATION OF THE BOARD OF DIRECTORS, THE SUPERVISORY BODY AND THE BOARD OF STATUTORY AUDITORS

The Board of Directors

Within the Board of Directors, a distinction can be made between:

i. Directors holding specific offices to further specific duties are also delegated;

ii. Directors holding no specific offices.

The attribution to directors of powers in respect of specific matters not included in the duties assigned to them under art. 2381 of the Italian Civil Code, does not per se make them Directors to whom specific duties are also attributed.

The total gross annual remuneration established by the Shareholders' Meeting[177] was allocated by the Board of Directors on 3 August 2023 for the years 2023, 2024 and 2025:

DIRECTORS' REMUNERATION		
BODY	OFFICE	REMUNERATION
Board of Directors	Director	75,000 Euro
Audit, Risks and Corporate Governance Committee	Chairman	40,000 Euro
	Member	35,000 Euro
Remuneration Committee	Chairman	40,000 Euro
	Member	35,000 Euro
Strategies Committee	Chairman	50,000 Euro
	Member	35,000 Euro
Appointments and Successions Committee	Chairman	35,000 Euro
	Member	25,000 Euro
Related-Party Transactions Committee	Chairman	65,000 Euro
	Member	45,000 Euro
Sustainability Committee	Chairman	50,000 Euro
	Member	35,000 Euro

In line with best practice, Directors holding no specific offices do not receive a variable component of their remuneration. Expenses incurred for official reasons are also reimbursed to the Directors.

In any case, the remuneration paid to Directors, other than those holding specific offices with delegated powers, is set to ensure it reflects the skills, professionalism and commitment required by their role. In deciding said allocation, the Board of Directors takes into account the effort required for the Directors' attendance of the individual Board Committees, on the basis of the previous mandate.

In the event that the Board of Directors is called on to resolve again on the allocation of the remuneration established by the Shareholders' Meeting, and unless the Shareholders' Meeting provides otherwise, an allocation of said remuneration that envisages the attribution (i) of a remuneration that is at most +25% of the Directors' remuneration attributed during the previous term of office and (ii) +25% of the remuneration for the office held in the previous term of office for Board Committee members, should be considered compliant with the policy. If new Board Committees should be established, the maximum limit is that of the highest remuneration envisaged for the corresponding office in other Board Committees.

In line with best practices, a Directors & Officers Liability (D&O) insurance policy is in place to cover the third-party liability of members of corporate bodies, i.e. Directors and Statutory Auditors. Consequent to the rules governing mandates, this policy aims to indemnify Pirelli & C. from any

[177] On 31 July 2023, the Pirelli & C. Shareholders' Meeting resolved to establish, for the years 2023, 2024, 2025 and until cessation of office with the approval of the financial statements as at 31 December 2025, a maximum of 2.5 million euros as the total annual remuneration of the Board of Directors in accordance with Art. 2389, paragraph 1 of the Italian Civil Code, excluding the remuneration to be assigned, by the Board of Directors, to Directors holding specific offices, as envisaged by Art. 2389 of the Italian Civil Code.

expenses deriving from the related compensation, excluding cases of wilful misconduct or gross negligence.

Lastly, for Directors who do not hold specific offices with delegated powers, no additional insurance coverage, social security, or pension benefits beyond compulsory coverage are provided.

The Supervisory Body

On 3 August 2023, the Board of Directors confirmed, in continuity with the previous term of office, the members of the Supervisory Body[178] and resolved to pay the Chairman and the other members of the Supervisory Body the following remuneration for the financial years 2023, 2024 and 2025:

Supervisory Body	Chairman	70,000 Euro
	Member	50,000 Euro

For completeness, it is reported that the remuneration assigned to members of the Supervisory Body is not included in the total gross annual remuneration established by the Shareholders' Meeting.

The Board of Statutory Auditors

The remuneration of members of the control body is determined by the Shareholders' Meeting as a fixed annual amount, appropriate to the competence, professionalism and commitment required by the importance of the position held and the size and sector characteristics of the company.

The Shareholders' Meeting of 28 May 2024 approved the renewal of the Board of Statutory Auditors for the three-year period 2024-2026 and until the approval of the financial statements as at 31 December 2026, following the expiry of its term with the approval of the financial statements as of 31 December 2023. The Shareholders' Meeting also determined, in accordance with Article 2402 of the Italian Civil Code, a fixed annual gross remuneration of 135,000 euros for the Chairman of the Board of Statutory Auditors and 95,000 euros for the other standing members.

Expenses incurred for official reasons are also reimbursed to the Statutory Auditors.

The Shareholders' Meeting of 28 May 2024 also resolved to allocate to the members of the Board of Statutory Auditors, who may be called upon to join the Supervisory Body, the remuneration due to the members of this body, as determined by the Board of Directors. In line with best practices, a

[178] On 1 August 2024, the Board of Directors resolved to appoint Ms Maura Campra, in her capacity as a member of the Board of Statutory Auditors (appointed by the Shareholders' Meeting of 28 May 2024), to the Supervisory Board, replacing Ms Antonella Carù, who ceased to be a member of the Board of Statutory Auditors following the completion of her term of office.

D&O insurance policy is envisaged to cover the third party liability of the corporate bodies, including the members of the Board of Statutory Auditors.

4. REMUNERATION OF DIRECTORS HOLDING SPECIFIC OFFICES

The remuneration of Directors holding specific offices is proposed by the Remuneration Committee to the Board of Directors when they are appointed, or at the first useful meeting thereafter, following consultation with the Board of Statutory Auditors.

Chairman of the Board of Directors

If a Director has been appointed to a specific office or offices, but no specific duties have been assigned to them (at the date of this Report, this applies to Chairman of the Board of Directors Jiao Jian) the remuneration consists solely of a fixed gross annual component, as well as the compensation for the office of Director and any participation in Committees.

At the time of appointment, the Board of Directors determines the remuneration for the Chairman of the Board of Directors, considering the remuneration assigned during the previous mandate (if the same holder) and the market benchmark.

The Chairman of the Board of Directors, who receives a gross annual remuneration of 400,000 euros for his office, has expressed his wish not to receive any remuneration from the Company for the offices held. Therefore, the Board of Directors' meeting of 13 September 2023 resolved not to allocate any remuneration under the 2023 Policy for the offices held by him[179].

In the event that the Board of Directors is called on to resolve again on the remuneration of the Chairman of the Board of Directors during the current term of office, a remuneration that is at most equal to +10% of the remuneration payable during the previous term of office (in the case of the same holder) or consistent with the market benchmark median (in the case of a different person), is considered compliant with the Policy. No non-monetary benefits are provided for the Chairman of the Board of Directors.

[179] On 13 September 2023, the Board of Directors, at the request of Chairman Jiao Jian, resolved not to allocate any remuneration for the offices held by him during his term at Pirelli & C., specifically Chairman of the Board of Directors, Director (75,000 euros), member of the Strategies Committee (35,000 euros), and member of the Sustainability Committee (35,000 euros).

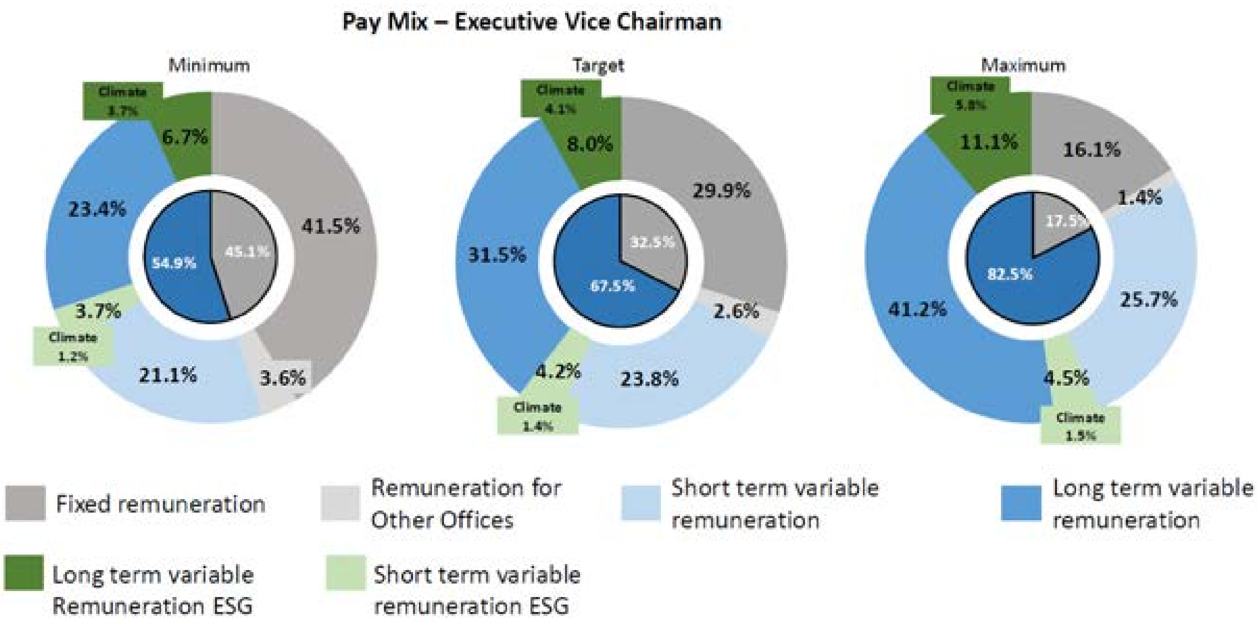
Directors holding specific offices to whom specific duties are also delegated

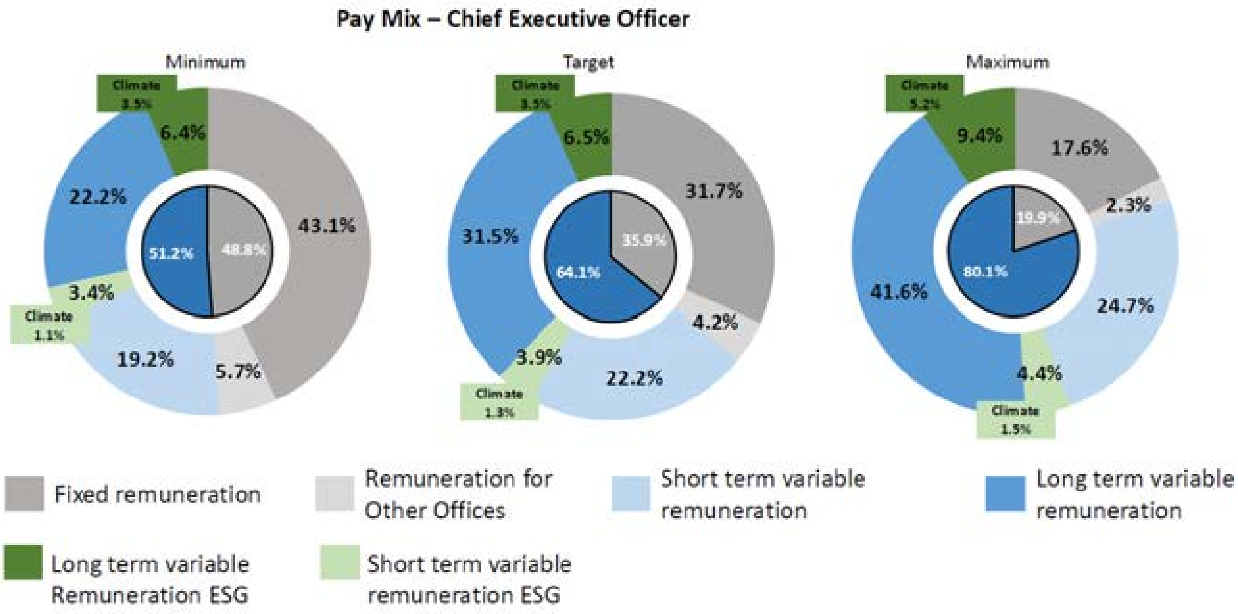
The remuneration of Directors holding specific offices to whom specific duties are also delegated (as of the date of this Report this applies to the Executive Vice Chairman Marco Tronchetti Provera and the Chief Executive Officer Andrea Casaluci) consists of the following elements:

Directors holding specific offices to whom specific duties are also delegated, shall also be due the compensation for the office of Director and any participation in Board Committees[180].

With regard to the incidence of the various components, the structure of the compensation package for the Executive Vice Chairman and the Chief Executive Officer, in the event that the objectives of the 2025 STI Plan and the 2025-2027 LTI Plan are achieved at the minimum, target and maximum levels, is shown below, with a particular focus on the impact of the ESG objectives on the pay mix.

[180] The Executive Vice Chairman is also entitled to the remuneration for serving as a Director (75,000 euros) and as Chairman of the Strategies Committee (50,000 euros), the Appointments and Successions Committee (35,000 euros) and the Sustainability Committee (50,000 euros). The Chief Executive Officer is entitled to remuneration for serving as Director (75,000 euros) and for his role as a member of the Strategies Committee (35,000 euros) and the Sustainability Committee (35,000 euros).





As illustrated in the graphs above, as regards the ESG objectives within the incentive schemes, it is important to note that if the performance reaches the target level, the corresponding payout will account for 12.2% of the compensation package for the Executive Vice Chairman (with 5.8% related to climate change KPIs) and 10.4% for the Chief Executive Officer (with 4.8% related to climate change KPIs).

Fixed Remuneration

Remuneration for Directors holding specific offices to whom specific duties are also delegated is determined at the time of appointment, taking into account the market benchmark in an amount that ensures a balance between the fixed component and the variable component that is adequate and consistent with the strategic objectives and the risk management policy of the Company, taking into account the characteristics of the business and the sector in which the Company operates, in any case establishing that the variable component represents a significant part of the total remuneration.

The gross annual fixed remuneration for the financial years 2023, 2024 and 2025 and until the approval of the financial statements as at 31 December 2025 assigned to (i) the Executive Vice Chairman is 2,400,000 euros and (ii) the Chief Executive Officer is 1,100,000 euros.

In the event that the Board of Directors is again called upon to resolve on the gross annual fixed remuneration of Directors holding specific offices to whom specific duties are also delegated, the following shall comply with the Policy:

- for the Executive Vice Chairman, a fixed gross annual remuneration or a review thereof which, taking into account the annual and medium to long-term incentive percentages, determines an Annual Total Direct Compensation on-Target equal to a maximum of +5% respectively of the value awarded in the previous term of office (if the same holder) or of the market benchmark (third quartile);

- for the Chief Executive Officer, a fixed gross annual remuneration or a review thereof which, taking into account the annual and medium-long term incentive percentages, determines an Annual Total Direct Compensation on-Target equal to a maximum of +10% respectively of the value awarded in the previous term of office (if the same holder) or of the market benchmark (median).

Annual variable component (STI)

The Directors holding specific offices to whom specific duties are also delegated receive an annual variable component (STI) equal to a percentage of the fixed remuneration determined at the time of appointment and thereafter when the individual annual plans are launched.

If the Board of Directors is again called to resolve on the STI incentive percentages for Directors holding specific offices to whom specific duties are also delegated, the Policy allows the allocation of an STI incentive percentage of no more than 125% on target and 250% maximum.

For each objective there is a minimum and a maximum (cap) to the amount of the incentive that can be achieved; for performance below the minimum level, no payment is envisaged.

The on/off condition is the Group’s Net Cash Flow (before dividends) and failure to achieve it results in the cancellation of the STI incentive, regardless of the level of achievement of the other objectives.

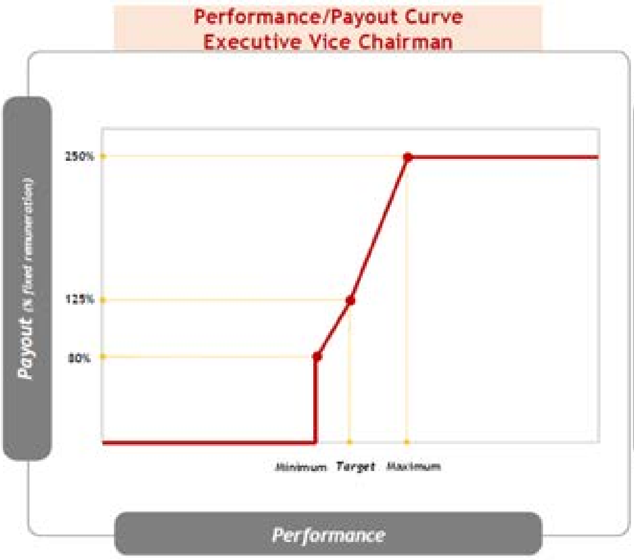
The finalisation of the bonus between the minimum value and target and between the target and maximum is carried out by linear interpolation.

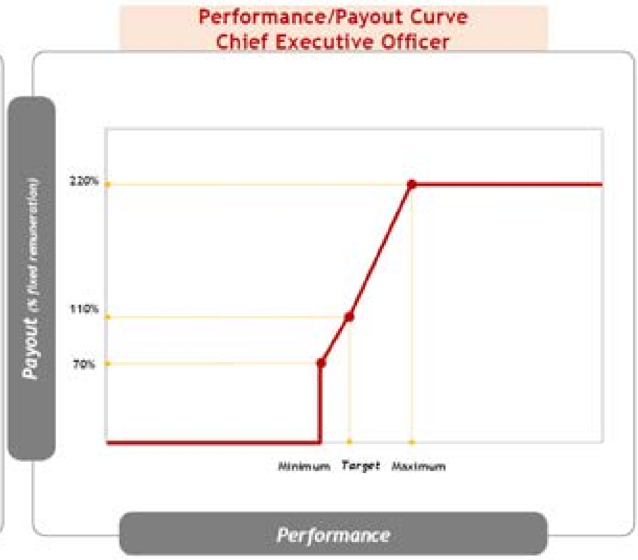
Depending on the level of performance achieved, the Executive Vice Chairman will be paid an incentive of 80% of fixed remuneration for minimum level performance, amounting to 125% of the fixed remuneration in the event of on-target performance and 250% for maximum level performance.

Depending on the level of performance achieved, the Chief Executive Officer will be paid an incentive of 70% of fixed remuneration for minimum level performance, amounting to 110% of the fixed remuneration in the event of on-target performance and 220% for maximum level performance.

Once the on/off condition has been achieved, all the objectives envisaged on the STI scorecard shall apply independently, according to the incentive curve shown below. Therefore, according to the performance achieved, each objective will go towards calculating the total payout, on the basis of the weighting shown on the scorecard.

Example curve if all objectives are achieved at minimum, target and maximum level by the Executive Vice Chairman and Chief Executive Officer.





Part of the variable component accrued by the Executive Vice Chairman and Chief Executive Officer as STI is deferred to support the continuity of results over time and, therefore, the creation of sustainable value in the medium to long term for the Shareholders, as stated in paragraph 2 of this Policy. In the event that the payout percentage of the STI accrued in the following year is equal to or higher than target value, the STI share deferred from the previous year is paid, together with an additional amount equal to the portion deferred (matching).

In the event of termination of office, the STI Bonus is paid on a pro-quota basis for the effective months of tenure in office[181].

Medium-long term variable component (LTI)

In order to contribute to the corporate strategy, the pursuit of the long-term interests and the sustainability of the Company, the Directors holding specific offices to whom specific duties are also delegated receive a medium-long term variable component (LTI) equal to a percentage of the fixed remuneration determined at the time of appointment and thereafter when the individual annual plans are launched.

For 2025, the Executive Vice Chairman and Chief Executive Officer are beneficiaries of the 2025-2027 LTI Plans and the 2023-2025 and 2024-2026 LTI Plans.

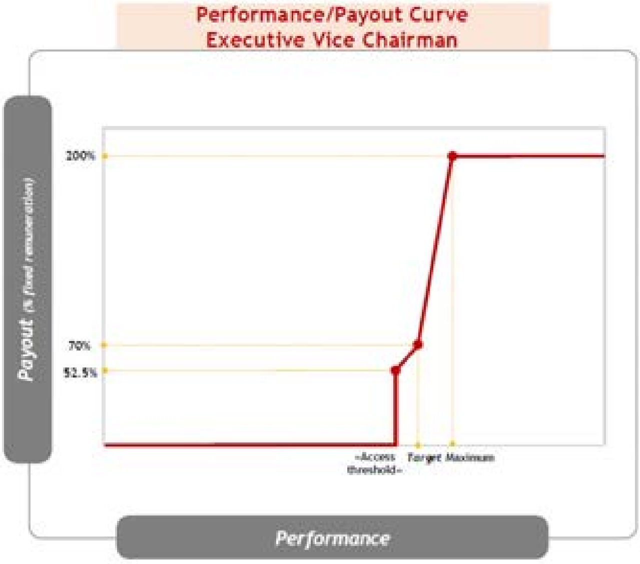
If the Board of Directors is again called to resolve on the LTI incentive percentages for Directors holding specific offices to whom specific duties are also delegated, the Policy allows the allocation of an LTI incentive percentage of no more than 70% on target and 200% maximum.

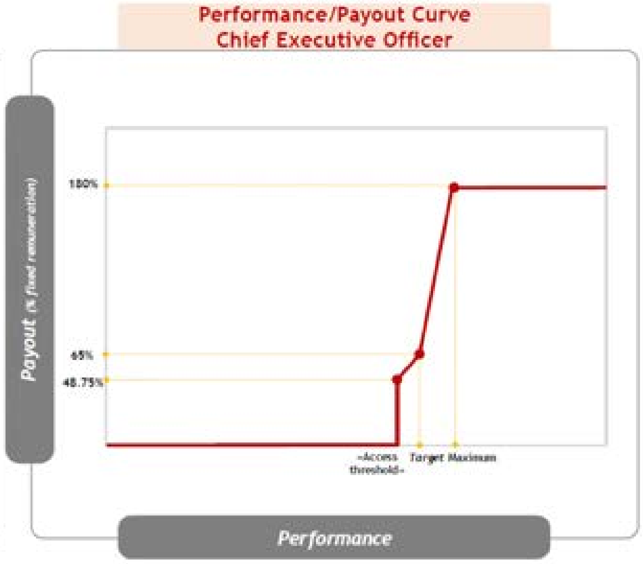
A minimum level – associated with payment of 75% of the bonus achievable on-target – and a maximum (cap) are envisaged for each objective of the LTI plans.

The performance range for the economic-financial objectives is defined as the more challenging of the target and maximum level with respect to that envisaged between the minimum and target levels. In order to offer an incentive to achieving results above target, the incentive curve is fixed in such a way that the incentive opportunities grow faster between the target and the maximum than in the range between the minimum and the target (see diagram below). All the objectives envisaged on the LTI scorecard shall apply independently, according to the incentive curve shown below. Therefore, according to the performance achieved, each objective will go towards calculating the total payout, on the basis of the weighting shown on the scorecard.

Example curve if all objectives are achieved at minimum, target and maximum level by the Executive Vice Chairman and Chief Executive Officer.

[181] Note that Andrea Casaluci was appointed Chief Executive Officer of the Company by the Board of Directors on 3 August 2023. For the periods prior to him taking on this role, the pro-rata payment of the STI is based on the incentive percentages and calculation basis set for the General Manager Operations, pursuant to the 2023 Policy.





For the TSR (Total Shareholder Return), cumulative Group Net Cash Flow (before dividends) and CO_2 Emissions objectives, for results falling between the minimum and the target, or between the target and the maximum, performance will be calculated by linear interpolation.

For the Dow Jones Sustainability Index sustainability target, there will be a three-step reporting: minimum, target and maximum, without considering intermediate performance levels.

Within the scope of the 2025-2027 LTI Plan, depending on the level of performance achieved, the Executive Vice Chairman is granted a bonus opportunity of 70% of fixed remuneration for on-target performance, 52.5% of fixed remuneration if the minimum performance is achieved (75% of the on-target bonus), and 200% of the fixed remuneration (cap) in the event of maximum performance.

Depending on the level of performance achieved, the Chief Executive Officer is granted an annual bonus opportunity of 65% of fixed remuneration for on-target performance, 48.75% if the minimum performance is achieved (75% of the on-target bonus), and 180% (cap) in the event of maximum performance. These incentive opportunities are applicable to the 2025-2027 LTI Plan, the 2024-2026 LTI Plan and, pro-rata, to the 2023-2025 LTI Plan.

In the event of termination of office, the LTI Bonus is paid on a pro-quota basis for the effective months of tenure in office[182].

[182] Note that Andrea Casaluci was appointed Chief Executive Officer of the Company by the Board of Directors on 3 August 2023. For the periods prior to him taking on this role, the pro-rata payment of the LTI Bonus is based on the incentive percentages and calculation basis set for the General Manager Operations, pursuant to the 2023 Policy.

Office Termination Payment and non-monetary benefits

In addition, the Board of Directors has made the following provision for Directors holding specific offices to whom specific duties are also delegated, in the event that said duties are not related to their executive employment relationship (on the date of this Report, the Executive Vice Chairman Marco Tronchetti Provera and Chief Executive Officer Andrea Casaluci), analogously to the treatment guaranteed pursuant to the law and/or national collective employment agreement for the Group's Italian managers:

- an Office Termination Payment (T.F.M.) pursuant to Art. 17, paragraph 1, letter c) of the TUIR (Italian consolidated law on income tax) no. 917/1986, with similar characteristics to those typical of Severance Indemnity Payment (TFR) pursuant to Art. 2120 of the Italian Civil Code, comprising:

  a) an amount equal to the amount that would be due as manager by way of TFR; the basis for calculation consists of the gross annual fixed remuneration received for the specific role held in the Company;

  b) an amount equal to the contributions paid by the employer that would be due to social security and welfare institutes or funds in the event of a contract of employment as manager *ex lege* and/or National Collective Bargaining Agreement for the Italian Managers of the Group with the same degree of seniority of employment; the basis for calculation consists of the gross annual fixed remuneration received for the specific role held in the Company, in addition to any other payments due by way of medium/long-term annual variable component.

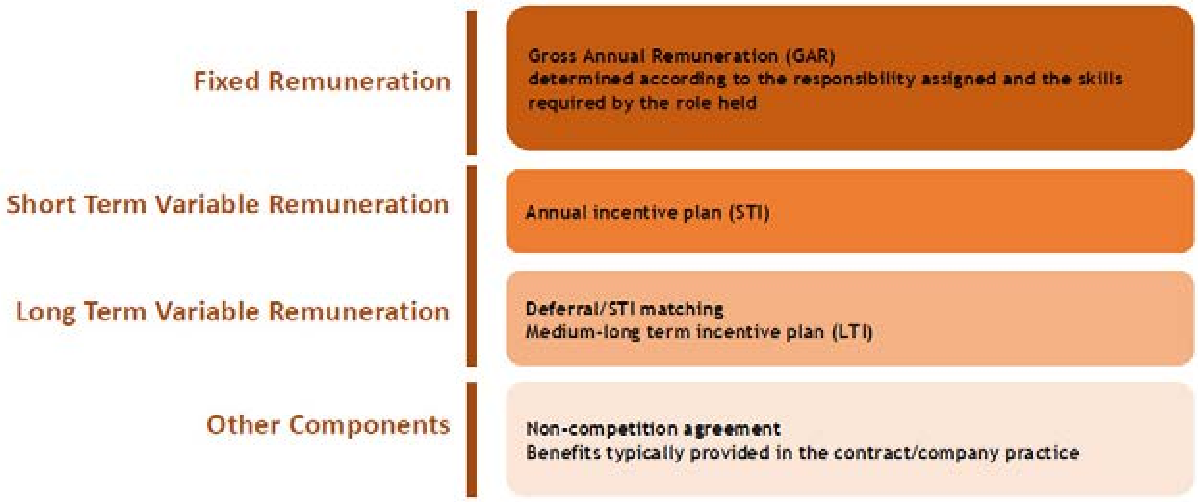
  The T.F.M., including the relevant value adjustment of such amounts, will be due as a lump sum at the request of the beneficiary at any time after expiry of each mandate or, in the event of premature death, of his/her assignees. It is understood that in the event that the T.F.M. relates to several expired mandates, the beneficiary shall be entitled to request its disbursement even for only one or some of the expired mandates; for the amounts or the mandates for which disbursement has not been requested, the right to the relevant sums shall accrue in the year in which disbursement is requested by the beneficiary or his/her assignees.

- a compensation allowance for death from any cause and permanent invalidity following illness as well as a compensation allowance for death from any cause and permanent invalidity following accidents, the terms, limits and conditions of which are in line with what was guaranteed for the previous mandate for the Executive Vice Chairman and with Pirelli policies for managers for the Chief Executive Officer. With regard to the Chief Executive Officer, the Policy allows the definition by the Board of Directors of a new compensation allowances framework consistent in structure but still not exceeding what is provided for the Executive Vice Chairman;

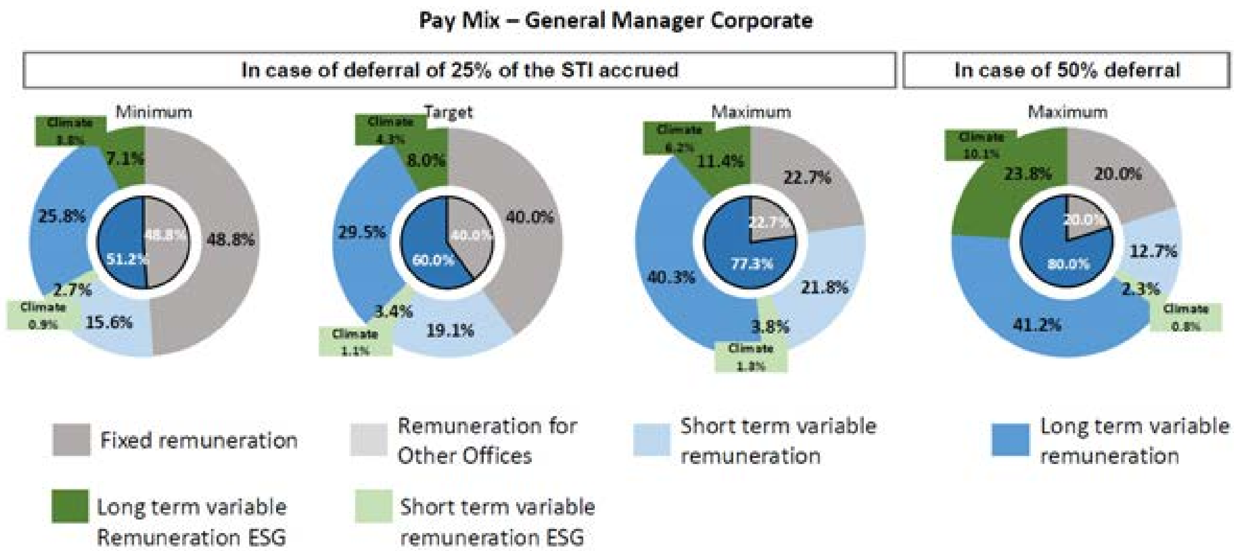
- further benefits typical of the role and currently paid within the Group to the General Manager, KMs and Executives (e.g. company car).

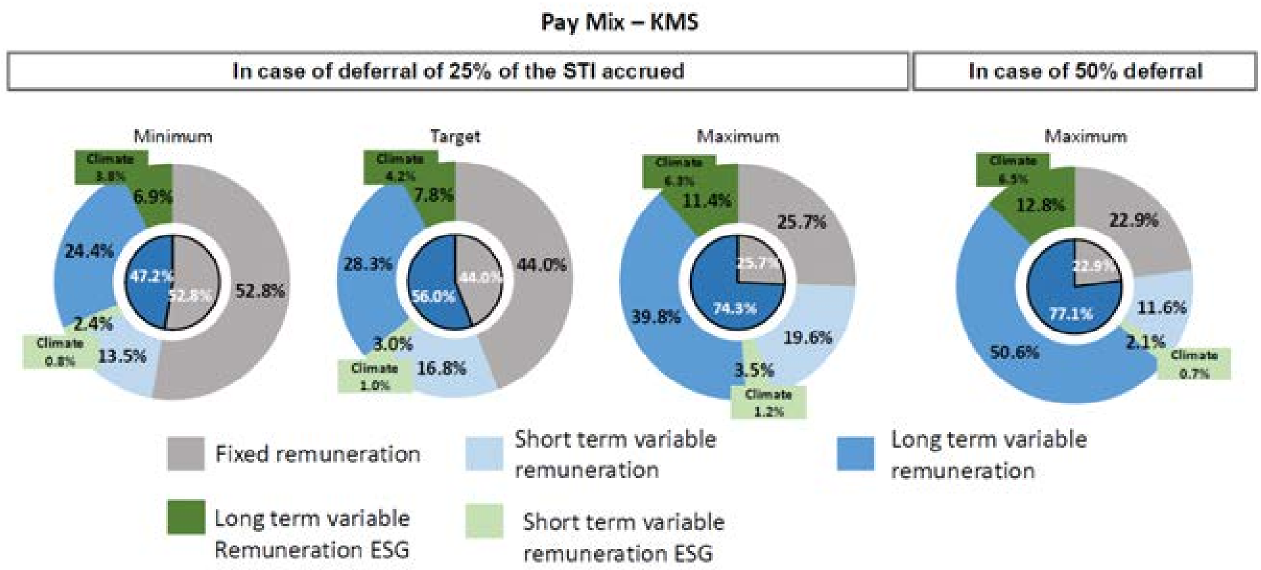
5. REMUNERATION OF THE GENERAL MANAGER AND KEY MANAGERS

The remuneration of the General Manager (at the date of this Report the Corporate General Manager is Francesco Tanzi) and the other KMs has the following elements:



With regard to the incidence of the various components, the structure of the remuneration package for the Corporate General Manager and the KMs, in the event of achieving the objectives of the 2025 STI Plan and the 2025-2027 LTI Plan at the minimum, target and maximum levels, is shown below, with a particular emphasis on the impact of the ESG objectives on the pay mix.





In the case of hiring a new General Manager, in addition to the companies mentioned in paragraph 2, Pirelli may also use the services of other leading companies specialised in executive compensation with the relative methodology and comparison market in view of the complexity and specific nature of the role, after obtaining the agreement of the Remuneration Committee.

In line with best practices, a D&O insurance policy is in place to cover third-party liability for the General Manager and the KMs in the performance of their duties. Consequent to the provisions established on the matter by the applicable National Collective Bargaining Agreement, this policy aims to indemnify Pirelli & C. from any expenses deriving from the related compensation, excluding cases of wilful misconduct or gross negligence.

Fixed remuneration of the General Manager and KMs

The fixed remuneration of the General Manager is determined at the time of appointment by the Board of Directors, based on an opinion provided by the Remuneration Committee, in line with the Policy.

The fixed remuneration of KMs is determined by top management, also in accordance with the Policy, assessed by the Remuneration Committee.

If a new General Manager or a new KM is appointed, the Remuneration Committee determines the Grade and benchmark of reference based on their role and responsibilities, with the support of selected external partners.

For a new General Manager, a fixed remuneration not exceeding 85% of that of the Chief Executive Officer and an Annual Total Direct Compensation on-Target which, taking into account the annual and medium-long term percentages, does not exceed 80% of the Annual Total Direct Compensation on-Target of the Chief Executive Officer.

If KMs are hired, the Policy allows a fixed remuneration not exceeding that of the Corporate General Manager and an Annual Total Direct Compensation on-Target not exceeding +20% of the market benchmark (third quartile).

The proposed revisions of the fixed remuneration are carried out with reference to the purpose of the Policy to attract, retain and motivate key resources to achieve the company's objectives. Subject to the above, a review that, considering the annual and medium/long-term incentive percentages, determines an Annual Total Direct Compensation on-Target equal to at most + 10% of the market benchmark (third quartile), is compliant with the Policy. Otherwise, in the event of non-compliance, the RPT Procedure is applicable.

Annual variable component (STI)

The General Manager and KMs are beneficiaries of the 2025 STI plan defined according to the same objectives as those set for the Directors holding specific offices to whom specific duties are also delegated.

Depending on the level of performance achieved, the table below shows the percentage of the incentive on the gross annual salary:

	Performance	***Payout***	***ESG component***
Corporate General Manager	***Target***	**75% of the GAR**	**11% of payout (climate 4%)**
	Maximum	**150% of the GAR**	**23% of payout (climate 8%)**
KMs	***Target***	**60% of the GAR**	**9% of payout (climate 3%)**
	Maximum	**120% of the GAR**	**18% of payout (climate 6%)**

In the event of hiring a new General Manager, the Remuneration Committee, having as reference the purpose of the Policy to attract key resources for the achievement of corporate objectives, may set incentive percentages higher than those indicated above, provided that they are not higher than those of the Chief Executive Officer. In that case, the RPT Procedure is applicable.

For the General Manager and KMs a percentage of the STI accrued, from a minimum of 25% to a maximum of 50%, is deferred at the end of the three-year period, as stated in paragraph 2 of this 2025 Policy.

Medium-long term variable component (LTI)

In order to contribute to the Company's strategy, the pursuit of long-term interests and the sustainability of the Company, also the General Manager and KMs are beneficiaries of medium/long-term incentive plans and, in particular, of the 2023-2025, 2024-2026 and 2025-2027 LTI Plans. The

LTI plans have the same structure, mechanism and objectives as those set for Directors holding specific offices to whom specific duties are also delegated.

Within the scope of the LTI Plan for the period 2025-2027, depending on the level of performance achieved, the table below shows the percentage of the incentive on the gross annual salary.

	Performance	***Payout***	***ESG component***
Corporate General Manager	***Target***	**60% of the GAR**	**15% of payout (climate 9%)**
	Maximum	**160% of the GAR**	**40% of payout (climate 24%)**
KMs	***Target***	**55% of the GAR**	**14% of payout (climate 8%)**
	Maximum	**145% of the GAR**	**36% of payout (climate 22%)**

In the event of the appointment of a new General Manager, the Remuneration Committee may set incentive percentages higher than those indicated above, provided that they are not higher than those of the Chief Executive Officer. In that case, the RPT Procedure is applicable.

The General Manager and KMs shall cease their participation in the LTI plans and consequently shall not accrue the right to receive 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 resignation without just cause or dismissal for just cause (Bad Leaver) occurring before the payment date.

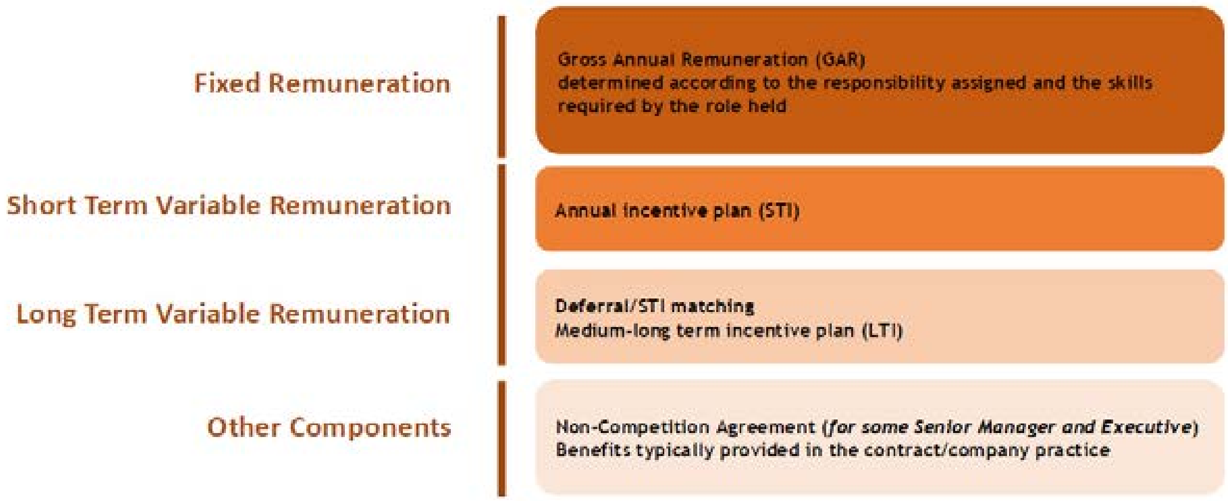
Non-monetary benefits, conventional seniority and welcome bonus

Non-monetary elements of remuneration are benefits provided to the General Manager and KMs as a result of contractual provisions/company policies or aimed at reinforcing attraction during the recruitment phase (e.g. accommodation and student grants for limited periods of time).

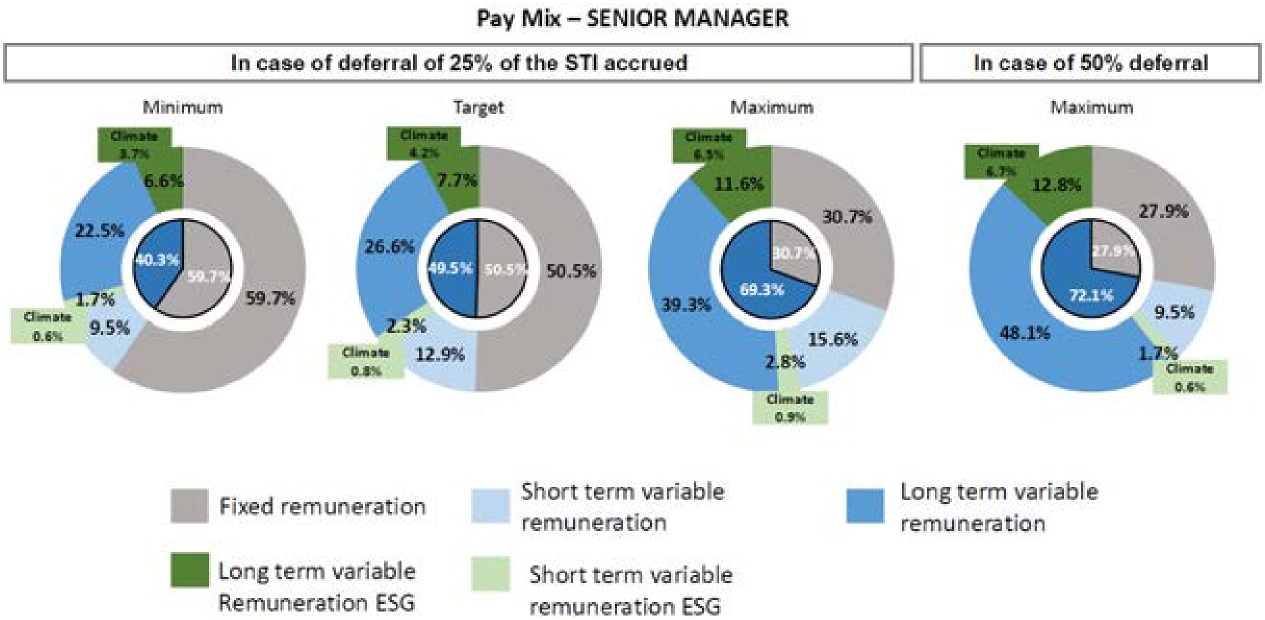
Moreover, if a new General Manager or KM is hired, the Remuneration Committee may establish (i) an agreed seniority recognised on the basis of previous experience in similar roles, (ii) the allocation of a one-off bonus not exceeding the beneficiary’s fixed gross annual remuneration.

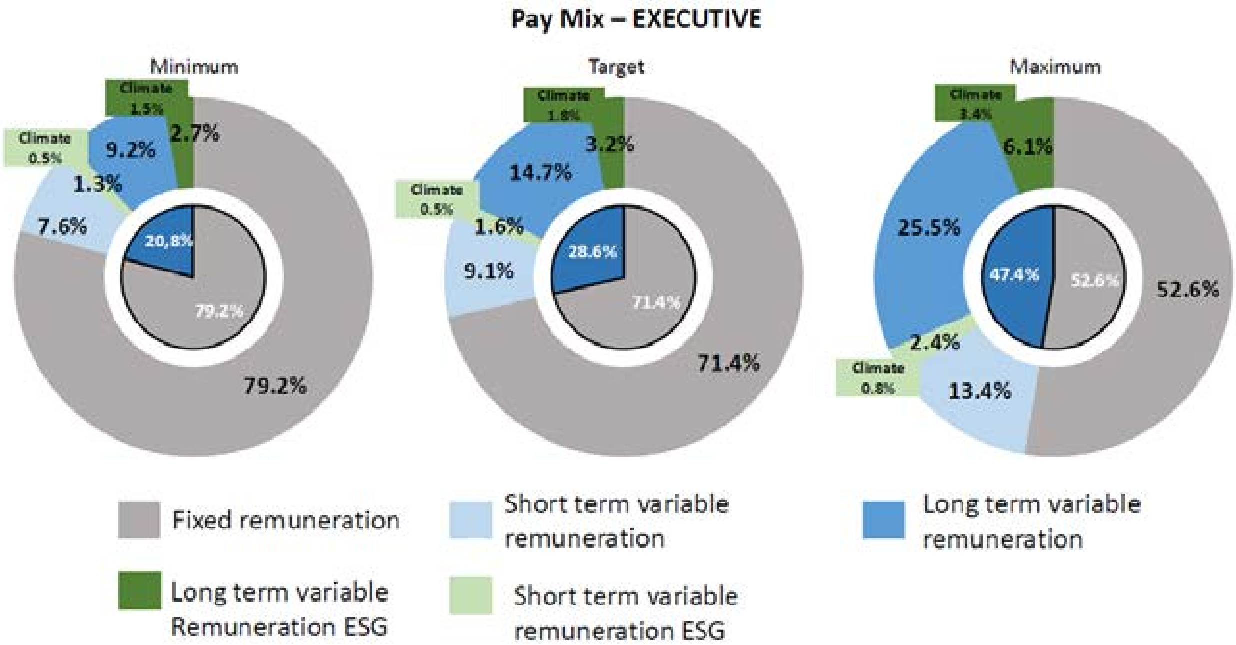
6. REMUNERATION OF SENIOR MANAGERS AND EXECUTIVES

The remuneration of Senior Managers and Executives consists of the following elements:



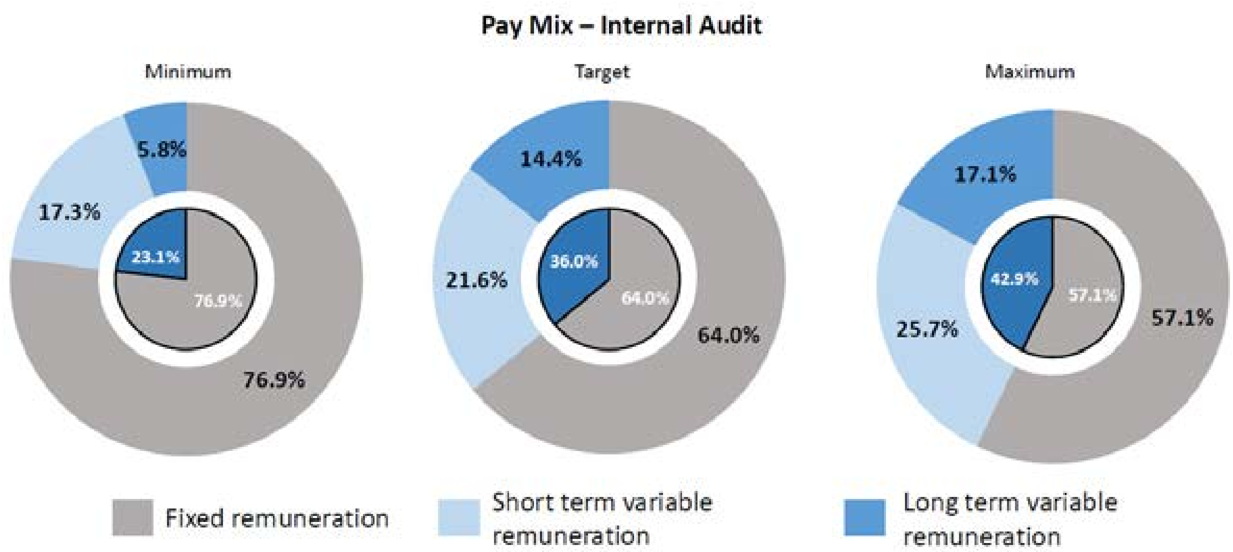
The remuneration structure for Senior Managers and Executives (as a whole) with evidence of the incidence of the various parts of their compensation packages, in the event that they achieve the minimum, target and maximum levels of the objectives of the 2025 STI Plan and those of the 2025-2027 LTI Plan, together with evidence of the incidence of ESG objectives on the pay mix, is shown below.





In line with best practice, a D&O insurance policy is also in place to cover the third-party liability of Senior Managers and Executives in the performance of their duties. Consequent to the provisions established on the matter by the applicable National Collective Bargaining Agreement, this policy aims to indemnify Pirelli & C. from any expenses deriving from the related compensation, excluding cases of wilful misconduct or gross negligence.

For the managers of the Internal Audit department, there is a higher incidence of the fixed component than of the variable component.



Annual variable component (STI)

Senior Managers and Executives are beneficiaries of the 2025 STI Plan, defined according to the same structure as for the Executive Vice Chairman, the Chief Executive Officer, the General Manager and the KMs. For the year 2025, the objectives assigned to Senior Managers and Executives are as shown in the table below:

Senior Manager/ Executive Headquarter

2025 STI Plan	Objective	Weight
ON/OFF Condition	Group Net Cash Flow (before dividends)	
Business Objectives	Group EBIT Adj. Group Net Cash Flow (before dividends)	25% 20%
Functional Objectives	Functional Objectives with Group Scope	40%
Sustainability Objectives**	Eco & Safety Volumes DE&I: Women in Management positions HSE: Frequency Index	15%

Senior Manager/ Executive of Region/ BU

2025 STI Plan	Objective	Weight
ON/OFF Condition	Group Net Cash Flow/ Region	
	Region DSO for Commercial Resp.*	
Business Objectives	KPI with Group Scope	10-35%
	EBIT Adjusted of Region / BU	25%
	Net Cash Flow of Region	10- 25%
Functional Objectives	Functional Objectives	Up to 40%
Sustainability Objectives**	Eco & Safety Volumes DE&I: Women in Management positions HSE: Frequency Index	15%

* If the on/off NCF Region or DSO condition is not met, the on/off Group condition will apply with a 25% reduction of the payout accrued.

** The Senior Managers and Heads of Region have all three sustainability objectives, each with a 5% weighting. The other Executives can have between one and three sustainability objectives still guaranteeing at least 15 points, depending on the professional family they belong to.

According to the performance level achieved, the Senior Managers and Executives are assigned the following incentive percentages:

	Range	*ESG component*
% at target	**15% - 40%**	**2% - 6% (climate 1% - 2%)**
% at maximum	**30% - 80%**	**5% - 12% (climate 2% - 4%)**

For selected Senior Managers, as for General Manager and KMs, a percentage of the STI accrued is deferred as stated in paragraph 2 of this 2025 Policy.

For the remaining Senior Managers and Executives, 75% of the accrued bonus is paid, and the remaining 25% is deferred for 12 months and subject to achievement of the STI Plan objectives for the following year, according to the same mechanism envisaged for the Directors holding specific offices to whom specific duties are also delegated.

Medium-long term variable component (LTI)

Senior Managers and Executives (with a Korn Ferry Grade of 20 or more) are beneficiaries of the medium/long-term incentive plan so as to contribute to the Company’s strategy and sustainability, and the pursuit of its long-term interests. The 2023-2025, 2024-2026 and 2025-2027 LTI Plans are defined according to the same structure, mechanisms and objectives as envisaged for the Directors holding specific offices to whom specific duties are also delegated, General Manager and KMs.

Within the scope of the LTI Plan for the period 2025-2027, on the basis of the performance level achieved, Senior Managers and Executives are paid the following incentive percentages:

	Range	*ESG component*
% at target	**15% - 50%**	**4% - 13% (climate 2% - 8%)**
% at maximum	**40% - 130%**	**10% - 33% (climate 6% - 20%)**

Senior Managers and Executives shall cease their participation in the LTI plans and consequently shall not accrue the right to receive 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 resignation without just cause or dismissal for just cause (Bad Leaver) occurring before the payment date.

Non-monetary benefits

Non-monetary elements of remuneration are benefits provided to Senior Managers and Executives as a result of contractual provisions/company policies or aimed at reinforcing attraction during the recruitment phase (e.g. accommodation and student grants for limited periods of time).

7. CLAWBACK CLAUSES

The annual STI and medium-long term (LTI) incentive plans for Directors holding specific offices to whom specific duties are also delegated, the General Manager and KMs provide inter alia for clawback mechanisms.

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

- proven significant errors resulting in non-compliance with the accounting standards applied by Pirelli, or;

- proven fraudulent conduct aimed at obtaining a specific representation of Pirelli's financial and equity situation, economic result, or cash flow.

8. COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL OR TERMINATION OF RELATIONS

It is Pirelli Group policy not to enter into with Directors, General Managers, KMs, Senior Managers or Executives agreements regulating economic aspects related to any early termination of relations in retrospect at the initiative of the Company or the individual.

Pirelli aims at agreements to "terminate" relations in a consensual manner. Without prejudice to any legal and/or contractual obligations, agreements to end relations with the Pirelli Group are inspired by the benchmarks in the matter and are within the limits laid down in case law and by the practices in the country in which the agreement was signed.

The company sets its owns internal criteria, with which the other Group companies also comply, for managing early termination agreements of relations with managers and/or those of Directors holding specific offices. If Directors holding special offices with delegated powers or a General Manager should cease to hold office and/or their employment be terminated, the Company will, upon completion of the internal processes that lead to the attribution or award of indemnities and/or other benefits, provide detailed information on the issue, by means of a press release disseminated to the market.

As regards Directors holding specific offices to whom specific duties are also delegated, and who are not bound by executive employment contracts, Pirelli provides for the payment of a specific benefit, following evaluation by the competent corporate bodies, in the cases described below.

Regarding the Executive Vice Chairman:

- early termination of office by the Company for other than just cause;
- early termination by the director for just cause, including but not limited to substantial changes to the role or duties attributed and/or cases of a "hostile" takeover bid.

In such cases, the indemnity amounts to 24 months of gross salary, i.e. the sum of (i) the base remuneration for the duties performed in the Group, (ii) the average variable remuneration (STI) accrued in the previous three years and (iii) severance pay on the aforementioned amounts.

With regard to the Chief Executive Officer Andrea Casaluci, a benefit is payable in the following cases:

- early termination of office by the Company for other than just cause;

- early termination by the director for just cause, including but not limited to substantial changes to the role or duties attributed and/or cases of a "hostile" takeover bid;

- termination of office due to completion of term of office without a subsequent re-appointment proposal.

This benefit amounts to 24 months of the gross remuneration, meaning the sum of (i) the fixed remuneration for the main office and (ii) the STI variable remuneration at target.

As regards the General Manager and KMs, agreements for consensual termination of employment are submitted to the Remuneration Committee (also acting as the Related-Party Transactions Committee on remuneration) which, after assessing compliance with the Policy, authorises the negotiation and determines the maximum amount payable, including the potential retention of non-monetary benefits for a predetermined period of time.

The closure amounts are determined with reference to the applicable category national collective bargaining agreements. In particular, reference is made to the contract for Industry managers in Italy and the incentive to take voluntary redundancy is determined with reference to the number of months of notice reimbursable by entities and supplementary indemnity in the event of arbitration, depending on the employee's length of service in the Group. Below is an explanatory table:

No. months

		Arbitration Panel	
Years of seniority at Pirelli	**Notice**	**Min**	**Max**
more than 15 years	12	18	24
up to 15 years	10	12	18
up to 10 years	8	8	12
up to 6 years	6	4	8
up to 2 years	6	4	4

Subject to the review, evaluation and approval of the Remuneration Committee (also acting as the Related-Party Transactions Committee on remuneration), the General Manager and the KMs may also be granted:

- an additional amount by way of general and novative transaction, within the limits of the low thresholds established for related party transactions;

- a period of paid leave or equivalent substitute indemnity between the stipulation of the exit agreement and the effective date of termination of employment.

A consultancy (or collaboration) contract may be entered into between Directors holding specific offices to whom specific powers are also delegated, the General Manager and the KMs and a Group company, for a predefined period following the termination of their office and/or employment relationship and subject, also in this case, to evaluation and approval by the Remuneration Committee (also acting as Related-Party Transactions Committee on remuneration).

The remuneration due to the General Manager and the KMs for any positions held on the Board of Directors is not included in the calculation of severance pay.

Finally, as regards the short term incentive (STI) and medium-long term (LTI) incentive system:

- for Directors holding specific offices to whom specific duties are also delegated and who cease to hold office a pro-rata payment of the STI Bonus, and LTI Bonus for the actual months of tenure of the office is provided for;

- for the General Manager, the KMs, Senior Managers and Executives, in the event of termination of employment, the STI Bonus will be paid pro-rata, for the actual months of employment, subject to a minimum period of 9 months in the year, except in the case of dismissal for just cause, where no amount will be paid. There is no payment of the LTI bonus, not even pro rata, in the event of termination for any reason before the end of the three-year period; there is also no payment in the event of voluntary resignation without just cause or dismissal for just cause (Bad Leaver) before the payment date.

9. NON-COMPETITION AGREEMENT

The Group enters into non-competition agreements providing for a payment to the General Manager, KMs and, Senior Managers and Executives[183] for particularly crucial duties, in proportion to the GAR in relation to the duration and extent of the constraints arising from the agreement itself. The Group also reserves the right, subject to authorisation by the Board of Directors, to enter into non-competition agreements with Directors holding specific offices to whom specific duties are also delegated.

The constraints refer to the market sector in which the Group was operating when the agreement was made and to territorial size. The extent varies according to the role held when the agreement is finalised and may go as far, in certain cases deemed particularly critical, such as in the case of Directors holding specific offices to whom specific duties are also delegated, the General Manager and KMs, as to have a geographical extension covering all the main countries in which the Group operates.

The Executive Vice Chairman is not subject to a non-competition agreement.

[183] Reference is made, in particular, to critical know-how in terms of technical skills in research and development and manufacturing as well as in sales.

In the case of the Chief Executive Officer, the General Manager and KMs, the non-competition agreement has the following characteristics:

- the list of competitors: companies operating in the tyre sector and, according to the role held, identification of more specific clusters;
- geography: all the main countries in which the Pirelli Group operates;
- the duration of the non-competition agreement: 24 months from the termination of office/contract;
- the fee: from a minimum of 50% to a maximum of 170% of the fixed remuneration on the basis of the role held, the technical skills, the specialised know-how and the reason for leaving, for the period of the restriction, less any portion paid during the contract of employment, amounting to between 10% and 15% of the fixed remuneration per year of validity of the agreement (usually 5 years). When hiring a new General Manager, the consideration for the non-competition agreement may be determined as a percentage also above 170% of the fixed remuneration and in any case not above 200% and, in this case, the annual payment during employment may be a maximum of 20% of the fixed remuneration.

	Bad Leaver Range	***Good Leaver Range***
Fee for the restriction period	**50% - 70%**	**130% - 170%**
Annual payment	**10% - 15%**	

10. EXCEPTIONS TO THE REMUNERATION POLICY

In compliance with Art. 123-*ter* of the TUF and Art. 84-*quater* of the Issuers' Regulation, the Company may adopt any decisions that temporarily make an exception to the Policy.

With reference to parties for whom the Board of Directors defines remuneration in accordance with the Policy, in the presence of exceptional circumstances, it is possible to make a temporary exception to the fixed or variable remuneration criteria indicated in the Policy or the structure of non-competition agreements and the attribution of non-monetary benefits.

Exceptional circumstances are situations in which an exception to the Policy is necessary for the purposes of pursuing the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay on the market, such as, for example (i) the need to replace, due to unforeseen events, the Chief Executive Officer, General Manager or KMs and to negotiate a remuneration package quickly, without limits to the possibility of attracting managers with the most suitable professional skills to manage the business and to ensure that the same levels of sustainable success and market positioning are at least maintained; (ii) significant changes in the scope of the company's business during the term of the policy, such as the sale of a company/business unit or acquisition of a significant business.

The Remuneration Committee assesses the existence of exceptional circumstances that allow for a derogation from the Policy. In exceptional circumstances, derogations to the Policy are approved in compliance with the procedures adopted by the Company for related party transactions, in implementation of the applicable current Consob regulation *pro-tempore*.

The Company provides information about any derogations to the Policy applied in exceptional circumstances, in accordance with the terms and conditions of current provisions of law and regulations *pro-tempore*.

11. OTHER INFORMATION

Pursuant to Scheme 7-*bis* of Annex 3A of the Issuers' Regulation, note that:

- Pirelli has no shareholder incentive plans in place;
- in defining the 2025 Policy, Pirelli has not used the specific remuneration policies of other companies as a benchmark. The Policy has been prepared on the basis of scheme no. 7-*bis* adopted by Consob and in force as at the date on which the Policy was approved. This scheme establishes that the section of the Report provided for by Art. 123-*ter* with reference to members of the governing bodies, General Manager and KMs, shall contain at least the information set out in the scheme referred to above.

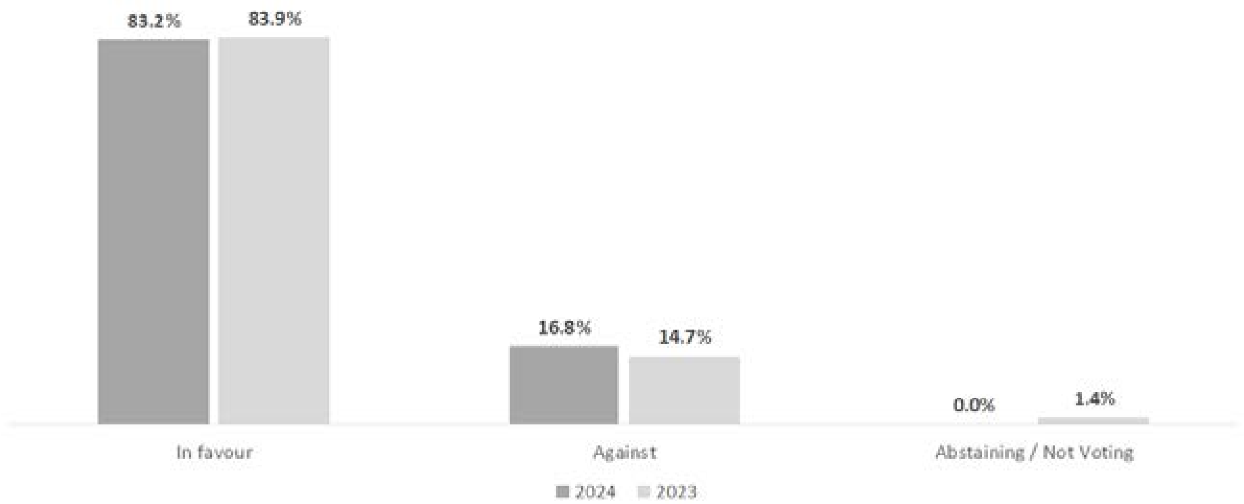
REPORT ON COMPENSATION PAID IN 2024

1. ILLUSTRATION OF REMUNERATION COMPONENTS

The Report on Compensation Paid illustrates the remuneration policy approved by the Shareholders' Meeting of Pirelli & C. on 28 May 2024, implemented by the Pirelli Group during the 2024 financial year in relation to remuneration. In particular, the 2024 Report on Compensation Paid provides an overview of the remuneration paid to the different types of stakeholders, in accordance with the transparency obligations of the applicable legal or regulatory provisions, and gives evidence of compliance with the 2024 Policy.

The subject appointed to carry out the external audit of the financial statements verifies that the Directors have prepared the Report on Compensation paid. The Shareholders' Meeting resolves on the second section of the Report (i.e. the 2024 Report on Compensation Paid) with an advisory vote.

In implementing the 2024 Policy, the Company took into account the vote cast by the Shareholders' Meeting held on 28 May 2024, which voted in favour of the Report on Compensation Paid in 2023. The chart below shows the result of the advisory vote in 2024 on the compensation paid in 2023 and in 2023 on the compensation paid in 2022.



1.1 TOTAL REMUNERATION

The following are represented in this Report on Compensation Paid:

- the remuneration paid with reference to the financial year 2024 to the members of the Board of Directors in office;
- the remuneration paid with reference to the financial year 2024 to the KMs;
- the remuneration paid with reference to the financial year 2024 to the members of the Board of Statutory Auditors appointed by the Shareholders' Meeting on 28 May 2024 (the "**2024-2026 Term of Office**");
- the remuneration paid with reference to the financial year 2024 to the members of the Board of Statutory Auditors whose term of office ended with the approval of the financial statements as of 31 December 2023 (the "**2021-2023 Term of Office**").

Fixed Remuneration

Directors holding no specific offices

Pursuant to the 2023 Policy, for Directors not holding specific offices, the Shareholders' Meeting of 31 July 2023 resolved to establish, for the years 2023, 2024, 2025 and until the end of their term of office coinciding with the approval of the financial statements as at 31 December 2025, a total annual Board of Directors' remuneration in accordance with Art. 2389, paragraph 1 of the Italian Civil Code, of up to 2.5 million euros, excluding the remuneration to be allocated by the Board to Directors holding specific offices, as envisaged by Art. 2389 of the Italian Civil Code. This total remuneration includes remuneration for the office held and the fees due for participation in the board Committees, as resolved by the Board of Directors on 3 August 2023.

On 3 August 2023, the Company's Board of Directors resolved to grant each Director not holding specific offices a gross annual remuneration of 75,000 euros.

Directors holding specific offices

Chairman Jiao Jian, appointed by the Shareholders' Meeting on 31 July 2023, expressed his willingness not to receive any remuneration from the Company for the offices held. Therefore, the Board of Directors' meeting of 13 September 2023 resolved not to proceed with the allocation of any remuneration as provided for the 2023 Policy for the offices held by him (Director, Chairman of the Board of Directors and member of the Strategies Committee and Sustainability Committee) during his term of office.

In accordance with the 2024 Policy, the Executive Vice Chairman Marco Tronchetti Provera was allocated a gross annual fixed remuneration for the office of 2,400,000 euros, as approved by the Board of Directors on 13 September 2023, as well as the remuneration for the offices of Director, Chairman of the Strategies Committee, Chairman of the Appointments and Successions Committee and Chairman of the Sustainability Committee approved by the Board of Directors on 3 August 2023[184].

In accordance with the 2024 Policy, the Chief Executive Officer Andrea Casaluci was paid a gross annual fixed remuneration for the office of 1,100,000 euros, approved by the Board of Directors on 13 September 2023, as well as remuneration for the offices of Director and member of the Strategies Committee and Sustainability Committee, approved by the Board of Directors on 3 August 2023.

KMs

The Corporate General Manager Francesco Tanzi, in line with the resolution passed by the Board of Directors on 3 August 2023 and as provided for by the 2024 Policy, was paid a gross annual remuneration of 750,000 euros.

The other KMs were paid an aggregate gross annual salary of 2,665,000 euros[185].

Auditors

Term of Office 2021-2023

The Statutory Auditors appointed by the Shareholders' Meeting of 15 June 2021 were paid remuneration in the amount of 90,000 euros gross per annum for the Chairman and 75,000 euros gross per annum for the Statutory Auditors - received pro-rata until the date of termination of office due to completion of their term of office - as approved by the aforementioned Shareholders' Meeting and without prejudice to the provisions of Article 2402 of the Italian Civil Code. The Statutory Auditor appointed as a member of the Supervisory Board - as resolved by the Board of Directors on 3 August 2023 - was also paid an annual gross remuneration of 50,000 euros, received pro-rata until the date of termination of office due to completion of his term of office.

Term of Office 2024-2026

The Statutory Auditors appointed by the Shareholders' Meeting of 28 May 2024 were paid remuneration in the amount of 135,000 euros gross per annum for the Chairman and 95,000 euros gross per annum for the Statutory Auditors - received pro-rata from the date of appointment - as approved by the aforementioned Shareholders' Meeting and without prejudice to the provisions of

[184] Note that this remuneration was paid to the relevant company.

[185] As of 31 December 2024, in addition to the Corporate General Manager (Francesco Tanzi), 6 KMs were in office.

Article 2402 of the Italian Civil Code. The Statutory Auditor appointed as a member of the Supervisory Board - as resolved by the Board of Directors on 1 August 2024 - was also allocated an annual gross remuneration of 50,000 euros, received pro-rata from the date of appointment[186].

The fixed remuneration amounts described above are shown in the respective columns of Table 1.

For further details, please refer to paragraphs 3, 4 and 5 of the 2024 Policy, paragraphs 3 and 4 of the 2023 Policy and paragraph 3 of the 2022 Policy.

Variable remuneration

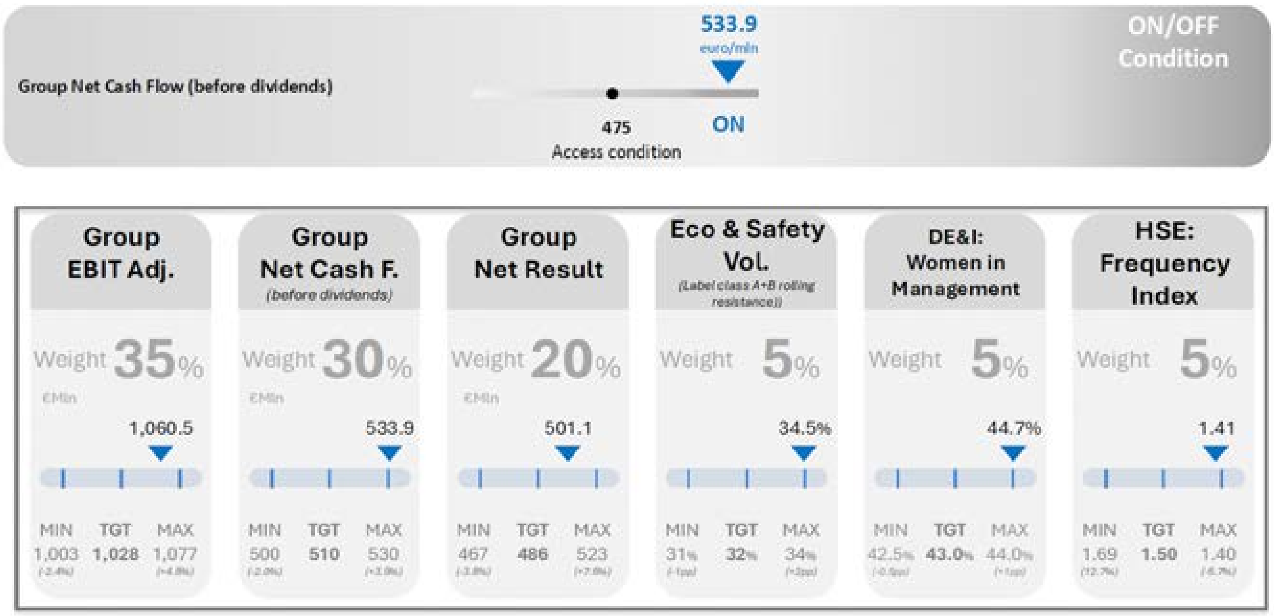
Management remuneration - with the exception of the Chairman of the Board of Directors - accrued with reference to the 2024 financial year contributed to the sustainability of the Company’s long-term results thanks to its variable components (both short-term and medium-long term) represented by the 2024 STI plan, including the deferral/matching mechanism, and the 2022-2024 LTI Plan.

In this regard, with reference to the final figures of the 2024 STI and the 2022-2024 LTI, results exceeded expectations despite a macro-economic context characterised by continuing geopolitical tensions, with consequent volatility of the external scenario, as reported in the directors’ report on operations.

[186] On 1 August 2024, the Board of Directors resolved to appoint Ms Maura Campra, in her capacity as a member of the Board of Statutory Auditors (appointed by the Shareholders’ Meeting of 28 May 2024), to the Supervisory Board, replacing Ms Antonella Carù, who ceased to be a member of the Board of Statutory Auditors following the completion of her term of office.

Annual variable remuneration STI

With reference to the 2024 STI Plan, the table below summarises the final figures of the performance targets for the year in relation to the targets set.



In light of the results achieved, the payout percentage accrued by each beneficiary in respect of the 2024 STI plan stands at the values shown in the table below.

	% on fixed remuneration	
Executive Vice President	TGT 125% MAX 250%	219.8%
Chief Executive Officer	TGT 110% MAX 220%	193.5%
General Manager Corporate	TGT 75% MAX 150%	131.9%
Key Managers	TGT 60% MAX 120%	105.5%

Note that the amounts accrued under the 2024 STI shall be paid in accordance with the procedures and mechanisms indicated below, in accordance with the 2024 Policy.

Directors holding specific offices to whom specific duties are also delegated

In accordance with the 2024 Policy, during the financial year 2025, the Executive Vice Chairman will be paid 75% of the accrued incentive upfront, while the payment of the remaining 25% is deferred for 12 months and put at risk/opportunity as it is subject to the achievement of the STI targets for the year 2025 as defined in the 2025 Policy. For this reason, neither the deferral quota nor any company matching are shown in the “Bonuses and other incentives” column of Table 1. Also note that, in accordance with the 2023 Policy and based on the level of achievement of the 2024 STI results, the 2023 STI portion that had been deferred together with the company matching component (both components shown in the “Bonuses and other incentives” column of Table 1) is also disbursed.

In accordance with the 2024 Policy, during the financial year 2025, the Chief Executive Officer Andrea Casaluci will be paid 75% of the accrued incentive upfront, while the payment of the remaining 25% is deferred for 12 months and put at risk/opportunity as it is subject to the achievement of the STI targets for the year 2025 as defined in the 2025 Policy. For this reason, neither the deferral quota nor any company matching are shown in the “Bonuses and other incentives” column of Table 1. Also note that, in accordance with the 2023 Policy and based on the level of achievement of the 2024 STI results, the 2023 STI portion, accrued pro-rata temporis from the date of appointment[187], that had been deferred together with the company matching component (both components shown in the “Bonuses and other incentives” column of Table 1) is also disbursed. Finally, it is important to note that, in line with the 2021 Policy and the Board of Directors’ resolution of 13 September 2023, during the 2025 financial year, the portion of the 2021 STI earned as General Manager Operations, which had been deferred along with the company matching component, will also be paid to the Chief Executive Officer. These amounts are not shown in the ‘Bonuses and other incentives’ column of Table 1, as they have already been accounted for in the 2021 Remuneration Report.

KMs

The 2024 STI of Corporate General Manager Francesco Tanzi, and the other KMs is subject to the co-investment mechanism as defined in the 2024 Policy, which provides for the deferral of a portion of the accrued incentive that can vary from a minimum of 25% to a maximum of 50%, depending on the individual choice. This deferred portion will be paid in 2028 subject to continued employment up to 31 December 2027, together with a company matching component that can vary from a minimum of 0.8 to a maximum of 1.2 times the deferred amount. Since the amount of the deferred portion and

[187] Note that the Board of Directors meeting of 3 August 2023 appointed Andrea Casaluci as Chief Executive Officer.

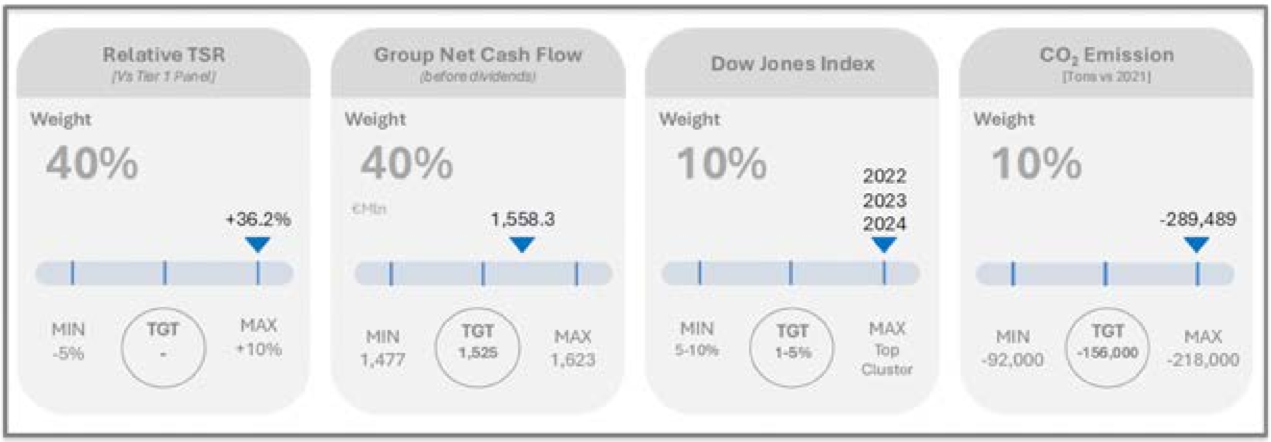
the company matching are already determined as they are not subject to further performance conditions, both components are shown in the “Bonuses and other incentives” column of Table 1.

It should be noted that, in line with the 2021 Policy and given the fulfilment of the continued employment condition in 2024, the portion of the 2021 STI that was deferred, along with the company matching component, will also be paid to the incumbent KMs in the 2025 financial year. These components are not included in the ‘Bonuses and other incentives’ column of Table 1, as they have already been accounted for in the same table of the 2021 Remuneration Report.

For further details, please refer to paragraphs 2, 4 and 5 of Policy 2024, paragraphs 2 and 4 of Policy 2023 and paragraphs 2 and 5 of Policy 2021.

Medium-long term variable remuneration (LTI)

With reference to the 2022-2024 LTI Plan, the table below summarises the final figures of the performance targets for the three-year period in relation to the targets set. Note that the LTI 2022-2024 Plan did not provide for an ON/OFF condition.



In light of the results achieved, the payout percentage accrued by each beneficiary in respect of the 2022-2024 LTI Plan stands at the values shown in the table below.

	% on fixed remuneration	
Executive Vice President	TGT 70% MAX 200%	**165.6%**
Chief Executive Officer	TGT 65% MAX 180%	**116.4%**[*]
General Manager Corporate	TGT 60% MAX 160%	**63%**[**]
Key Managers	TGT 55% MAX 145%	**110.6%**[***]

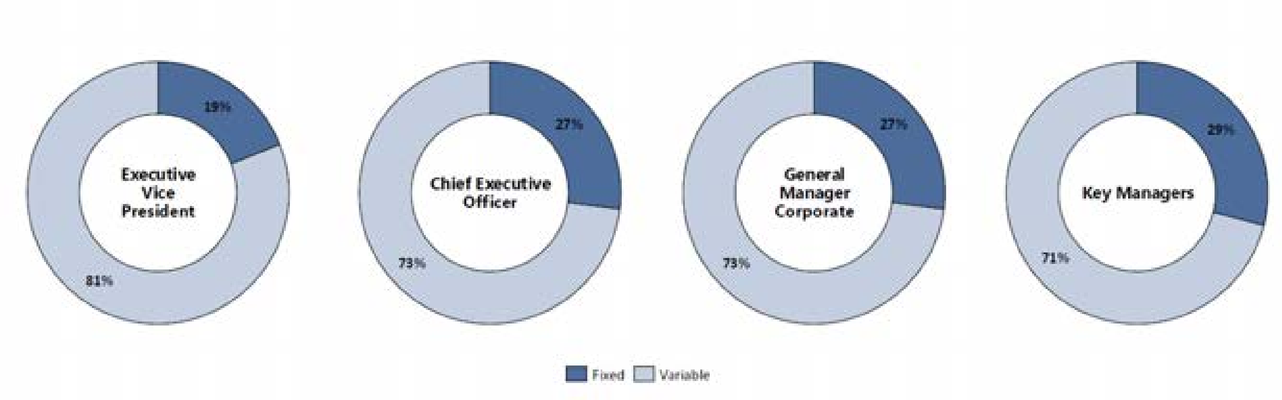
[*] The percentage, related to the fixed remuneration of the Chief Executive Officer, is calculated pro-rata temporis for the respective periods of tenure in the offices of General Manager Operations and Chief Executive Officer, on the respective fixed remuneration and incentive percentages.
[**] The percentage considers the re-proportioning on the months of actual participation in the Plan from the date of hire.
[***]The percentage considers the evolution of the incentive percentages over the three-year period applied pro-rata temporis.

Note that the amounts accrued under the 2022-2024 LTI plan are disbursed in a single payment during the financial year 2025, in accordance with the 2022 Policy.

The above amounts for the STI 2024 and LTI 2022-2024 Plans are shown in the respective items in Tables 1 and 2.

Finally, the following graph shows the proportion of fixed and variable remuneration[188] achieved in relation to the 2024 results for STI and of 2022-2024 results for LTI for top management figures.

[188] Corresponding for the fixed part to the items represented in the "Fixed remuneration" and "Remuneration for participation in committees" columns and for the variable part to the items represented in the "Bonuses and other incentives" column of Table 1.



Other remuneration

It should be noted that for the Chief Executive Officer, the Corporate General Manager, KMs and more generally other selected Senior Managers and Executives, Pirelli has introduced non-competition agreements to protect the Group's strategic and operational know-how.

On the other hand, it should be noted that the Executive Vice Chairman is not subject to a non-competition agreement.

For further details, see paragraph 9 of the 2024 Policy and Table 1 for further details of the other remuneration.

1.2 INDEMNITY IN THE EVENT OF TERMINATION OF OFFICE AND/OR TERMINATION OF EMPLOYMENT DURING THE YEAR 2024

In 2024 there were no cases of termination of office of directors or members of the Board of Statutory Auditors and/or termination of employment of General Managers or KMs leading to the allocation of indemnities and/or other benefits.

Regarding the termination of the office of Executive Vice Chairman and Chief Executive Officer at the Shareholders' Meeting on 31 July 2023, it should be noted that Executive Vice Chairman Marco Tronchetti Provera has the right to request partial or total disbursement of his T.F.M.. During the 2024 financial year, he requested the partial disbursement of a portion amounting to 4 million euros gross, as shown in Table 1. For amounts or mandates for which disbursement has not yet been requested, the right to the relevant sums shall accrue in the year in which disbursement is requested.

1.3 EXCEPTIONS TO THE 2024 POLICY

It should be noted that there were no exceptions to the 2024 Policy for Directors, General Managers, KMs and members of the Board of Statutory Auditors.

1.4 CLAWBACK CLAUSES

It should also be noted that during the year the conditions for the application of the mechanisms for *ex post* repayment of the variable component (claw-back clause) envisaged by the annual STI and medium-long term (LTI) incentive plans did not occur.

1.5 COMPARISON INFORMATION

Below is a summary of the comparative information for the last five years: (i) of the remuneration of the Executive Vice Chairman, the Chief Executive Officer and the Corporate General Manager, (ii) of the Company’s results, (iii) of the average remuneration of Pirelli & C. employees.

Annual variation in remuneration and performance

Values in €

		2024	2024 vs 2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019
Executive Vice Chairman		*Actual Total Cash [1]*			*Change*		
Marco Tronchetti Provera		13.423.002	-7%	-28%	167%	234%	-47%
CEO		*Actual Total Cash [1]*			*Change*		
Andrea Casaluci		4.562.294	16%	-17%	69%	292%	-33%
Corporate General Manager		*Actual Total Cash [1]*			*Change*		
Francesco Tanzi		2.805.830	154%	-	-	-	-
Board of Directors							
Name	**Office**	*Actual Total Cash [1]*			*Change*		
Jiao Jian [2]	Chairman	0	-	-	-	-	-
Chen Aihua	Director	170.000	140%	-	-	-	-
Chen Qian	Director	110.000	140%	-	-	-	-
Haitao Zhang	Director	135.000	21%	18%	0%	100%	-
Paola Boromei	Director	110.000	9%	7%	0%	100%	-
Alberto Bradanini	Director	145.000	140%	-	-	-	-
Domenico De Sole	Director	135.000	-4%	-3%	0%	19%	-19%
Michele Carpinelli	Director	190.000	140%	-	-	-	-
Grace Tang	Director	115.000	140%	-	-	-	-
Roberto Diacetti	Director	145.000	25%	22%	0%	100%	-
Giovanni Lo Storto	Director	190.000	5%	4%	0%	38%	15%
Marisa Pappalardo	Director	140.000	-20%	-13%	0%	58%	27%
Fan Xiaohua	Director	115.000	-7%	-5%	0%	34%	8%
Board of Statutory Auditors							
Name	**Office**	*Actual Total Cash [1]*			*Change*		
Riccardo Foglia Taverna	Chairman	116.434	29%	0%	85%	-	-
Francesca Meneghel	Standing auditor	86.701	16%	0%	85%	-	-
Teresa Naddeo	Standing auditor	86.701	16%	0%	85%	-	-
Riccardo Perotta	Standing auditor	56.325	-	-	-	-	-
Maura Campra	Standing auditor	77.158	-	-	-	-	-
Antonella Carù [3]	Standing Auditor (outgoing)	93.900	-21%	4%	6%	8%	0%
Alberto Villani [4]	Standing Auditor (outgoing)	66.373	-12%	0%	18%	27%	0%
Results		*Actual Result*			*Change*		
Relative TSR [5]		-	23.9 p.p	12.4 p.p	8.3 p.p	2.3 p.p	-12.1 p.p
Group Adjusted EBIT (mln euros)		1.060,5	5,9%	2,5%	20%	62,8%	-45,4%
Average remuneration of employees		*Actual Total Cash [1]*			*Change*		
Employees of Pirelli & C. S.p.A. active at 31/12 [6]		124.634	-5,6%	-13%	40%	38,6%	-11%

[1] Corresponds to the sum of "Fixed remuneration", "Fees for participation in committees" and "Bonuses and other incentives" of Table 1.

[2] Chairman Jiao Jian expressed his wish not to receive any remuneration for the positions held in Pirelli & C. S.p.A.. Therefore, the Board of Directors' meeting of 13 September 2023 resolved not to allocate any remuneration under the 2023 Policy for the offices held by him (Director of Pirelli & C. S.p.A., Chairman of the Board of Directors of Pirelli & C. S.p.A.,member of the Strategies Committee and Sustainability Committee of Pirelli & C. S.p.A.) during his term of office.

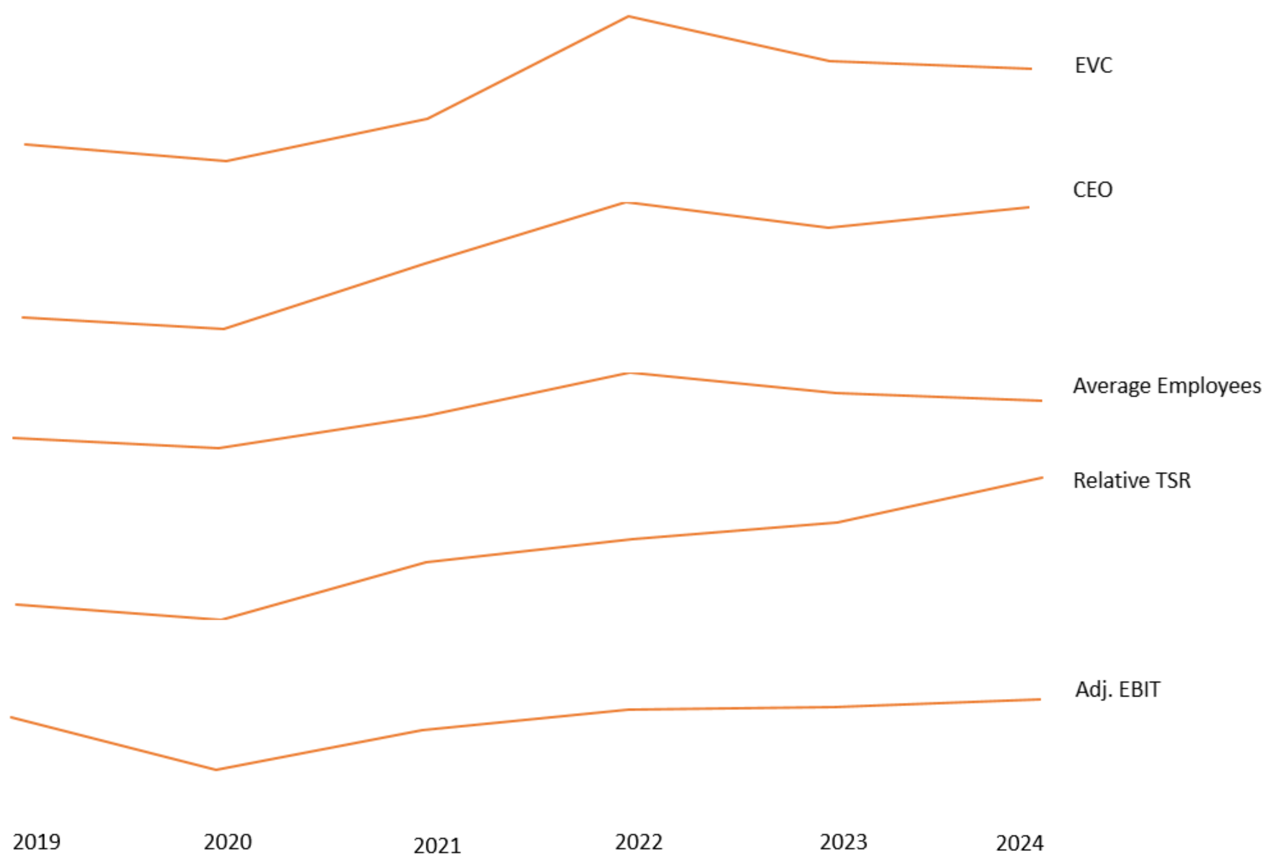
[3] Ceased to be a member of the Board of Statutory Auditors due to completion of term of office on 28 May 2024 and therefore to be a member of the Supervisory Board of Pirelli & C. S.p.A.. Appointed as Chairman of the Pirelli Tyre S.p.A. Supervisory Board on 6 June 2024. The amount represents remuneration accrued pro rata for the respective offices.

[4] Ceased to be a member of the Board of Statutory Auditors of Pirelli & C. S.p.A. due to completion of term of office on 28 May 2024. Appointed as Chairman of the Board of Statutory Auditors of Pirelli Tyre S.p.A. on 27 May 2024. The amount represents remuneration accrued pro rata for the respective offices.

[5] Calculated as [(average share value 2nd half year *n* - average share value 2nd half year *n-1* + dividends paid in year *n*) / average share value 2nd half year *n-1*].
The percentages indicated represent, for each year, the difference in percentage points between Pirelli's TSR and the peers' average: Nokian, Michelin, Continental, Goodyear and Bridgestone.
Goodyear's TSR was normalised following the acquisition of Cooper.

[6] Excluding the Executive Vice Chairman, Chief Executive Officer and Corporate General Manager, represented by name in the table.

The graph below shows the changes to the Executive Vice Chairman and Chief Executive Officer remuneration, to the average remuneration of Pirelli & C. employees and the Group's Relative TSR and Adjusted EBIT performance. Please note that the values are not represented in scale.



2. THE "TABLE": REMUNERATION PAID TO MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGERS AND KEY MANAGERS.

The following tables set out:

- by name, the remuneration paid to Directors, Statutory Auditors and General Managers;

- in aggregate form, that of KMs[189]. As of 31 December 2024, in addition to the Corporate General Manager (Francesco Tanzi), 6 KMs were in office.

Remuneration is reported on an accruals basis and the notes to the tables indicate the office for which the remuneration is received (for example, where a director is a member of more than one Board Committee) and the company - Pirelli & C. or subsidiary and/or investee company - thereof paying it (not for remuneration waived or transferred to the Company, for which information is in any case provided).

The tables include all those individuals who held the aforementioned positions during all or even only part of the 2024 financial year[190]. Non-monetary benefits, where received, are also identified on an accruals basis, and reported according to the “taxable income criterion” of the benefit assigned.

[189] Section II of Scheme 7-*bis* of Annex 3 A of the so-called Issuers’ Regulations provides that the Report on compensation paid is structured into two parts:

a) the remuneration of members of the administrative and control bodies and the General Managers;

b) the remuneration of any other Key Managers with strategic responsibilities who have received, in the reporting year, total remuneration (obtained by adding their salary and any remuneration based on financial instruments) that exceeded the highest total remuneration attributed to the persons indicated in point a).

For Executives with strategic responsibilities other than those indicated in point b) information is provided at aggregate level in special tables, indicating the number of persons to whom it refers in place of names”.

[190] In this case the remuneration is shown *pro rata temporis*.

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Marco Tronchetti Provera	Executive Vice Chairman	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**2,475,000**	**135,000**	**10,813,002**	**0**	**527,772**		**13,950,773**		**4,000,000**
Of which remuneration in Pirelli & C. S.p.A.				2,475,000 (1)	135,000 (2)	10,813,002 (3)		527,772 (4)		13,950,773		4,000,000 (5)
Of which remuneration by subsidiary and affiliated Companies										0		
Jiao Jian	Chairman	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				0 (6)	0 (6)					0 (6)		
Of which remuneration by subsidiary and affiliated Companies										0		
Andrea Casaluci	CEO	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**1,175,000**	**70,000**	**3,317,294**	**0**	**24,993**	**165,000**	**4,752,287**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				1,175,000 (7)	70,000 (8)	3,317,294 (9)		24,993 (10)	165,000 (11)	4,752,287		
Of which remuneration by subsidiary and affiliated Companies										0		
Chen Aihua	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**95,000**	**0**	**0**	**0**	**0**	**170,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	95,000 (13)					170,000 (14)		
Of which remuneration by subsidiary and affiliated Companies										0		
Haitao Zhang	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**60,000**	**0**	**0**	**0**	**0**	**135,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	60,000 (15)					135,000 (14)		
Of which remuneration by subsidiary and affiliated Companies										0		
Chen Qian	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**35,000**	**0**	**0**	**0**	**0**	**110,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	35,000 (16)					110,000 (14)		
Of which remuneration by subsidiary and affiliated Companies										0		
Alberto Bradanini	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**70,000**	**0**	**0**	**0**	**0**	**145,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	70,000 (17)					145,000		
Of which remuneration by subsidiary and affiliated Companies										0		

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Michele Carpinelli	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**115,000**	**0**	**0**	**0**	**0**	**190,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	115,000 (18)					190,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Domenico De Sole	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**60,000**	**0**	**0**	**0**	**0**	**135,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	60,000 (15)					135,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Paola Boromei	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**35,000**	**0**	**0**	**0**	**0**	**110,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	35,000 (19)					110,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Roberto Diacetti	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**70,000**	**0**	**0**	**0**	**0**	**145,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	70,000 (20)					145,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Fan Xiaohua	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**40,000**	**0**	**0**	**0**	**0**	**115,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	40,000 (21)					115,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Giovanni Lo Storto	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**115,000**	**0**	**0**	**0**	**0**	**190,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	115,000 (22)					190,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Marisa Pappalardo	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**65,000**	**0**	**0**	**0**	**0**	**140,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	65,000 (23)					140,000		
Of which remuneration by subsidiary and affiliated Companies										0		

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Grace Tang	Director	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2025	**75,000**	**40,000**	**0**	**0**	**0**	**0**	**115,000**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				75,000 (12)	40,000 (24)					115,000		
Of which remuneration by subsidiary and affiliated Companies										0		
Francesco Tanzi	Corporate General Manager	01/01/2024 - 31/12/2024	/	**750,000**	**0**	**2,055,830**	**0**	**24,196**	**365,000**	**3,195,026**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				750,000 (25)		2,055,830 (26)		24,196 (27)	365,000 (28)	3,195,026		
Of which remuneration by subsidiary and affiliated Companies										0		
No. 6 Key Managers	(29)	/	/	**2,665,000**	**50,000**	**6,745,845**	**0**	**98,263**	**326,154**	**9,885,262**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				1,445,000	50,000 (30)	3,511,011 (31)		51,118 (32)	180,654 (33)	5,237,783		
Of which remuneration by subsidiary and affiliated Companies				1,220,000	0	3,234,834		47,146	145,500	4,647,479		
Riccardo Foglia Taverna	Chairman of the Board of Statutory Auditors	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2026	**116,434**	**0**	**0**	**0**	**0**	**0**	**116,434**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				116,434 (34)						116,434		
Of which remuneration by subsidiary and affiliated Companies										0		
Francesca Meneghel	Standing auditor	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2026	**86,701**	**0**	**0**	**0**	**0**	**0**	**86,701**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				86,701 (35)						86,701		
Of which remuneration by subsidiary and affiliated Companies										0		
Teresa Naddeo	Standing auditor	01/01/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2026	**86,701**	**0**	**0**	**0**	**0**	**0**	**86,701**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				86,701 (35)						86,701		
Of which remuneration by subsidiary and affiliated Companies										0		
Antonella Carù	Standing auditor	01/01/2024 - 28/05/2024	AGM to approve the financial statements for the year to 31 December 2023	**30,635**	**63,265**	**0**	**0**	**0**	**0**	**93,900**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				30,635	29,167 (30)					59,802		
Of which remuneration by subsidiary and affiliated Companies					34,098 (36)					34,098		
Alberto Villani	Standing auditor	01/01/2024 - 28/05/2024	AGM to approve the financial statements for the year to 31 December 2023	**30,635**	**35,738**	**0**	**0**	**0**	**0**	**66,373**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				30,635						30,635		
Of which remuneration by subsidiary and affiliated Companies					35,738 (37)					35,738		

First and last name	Office	Period office held	Expiry of term of office	Fixed remuneration	Remuneration for membership of committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	End of employment or office indemnity
						Bonus and other incentives	Profit sharing					
Maura Campra	Standing auditor	28/05/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2026	**56,325**	**20,833**	**0**	**0**	**0**	**0**	**77,158**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				56,325	20,833 (30)					77,158		
Of which remuneration by subsidiary and affiliated Companies										0		
Riccardo Perotta	Standing auditor	28/05/2024 - 31/12/2024	AGM to approve the financial statements for the year to 31 December 2026	**56,325**	**0**	**0**	**0**	**0**	**0**	**56,325**	**0**	**0**
Of which remuneration in Pirelli & C. S.p.A.				56,325						56,325		
Of which remuneration by subsidiary and affiliated Companies										0		
* * * * *												
Total remuneration in Pirelli & C. S.p.A.				**7,208,756**	**1,105,000**	**19,697,137**	**0**	**628,078**	**710,654**	**29,349,625**	**0**	**4,000,000**
Total remuneration by subsidiary and affiliated Companies				**1,220,000**	**69,836**	**3,234,834**	**0**	**47,146**	**145,500**	**4,717,315**	**0**	**0**
Total				**8,428,756**	**1,174,836**	**22,931,970**	**0**	**675,224**	**856,154**	**34,066,940**	**0**	**4,000,000**

(1) Of which: 75,000 euros as a Director of Pirelli & C. S.p.A. and 2.4 million euros as Executive Vice Chairman of Pirelli & C. S.p.A. These fees are paid to Marco Tronchetti Provera & C. S.p.A..

(2) Of which: 35,000 euros as Chairman of the Appointments and Successions Committee, 50,000 euros as Chairman of the Strategy Committee and 50,000 euros as Chairman of the Sustainability Committee of Pirelli & C. S.p.A.. These fees are paid to Marco Tronchetti Provera & C. S.p.A..

(3) The amount includes: 75% of the 2024 STI incentive paid out (upfront amount), 25% of the 2023 STI incentive deferred together with the company matching component due to the level of achievement of the results of the 2024 STI and the 2022-2024 LTI incentive (see the table below for details of the amounts). These fees are paid to Marco Tronchetti Provera & C. S.p.A..

(4) Of which: 523,155 euros for insurance policies in line with the provisions of the 2024 Policy, and 4,617 euros for a company car.

(5) Represents a partial disbursement of severance pay accrued for the executive office of Executive Vice Chairman and Chief Executive Officer held at Pirelli & C. S.p.A. in the last three mandates and ceased on 31 July 2023, the disbursement of which was requested in 2024. It is specified, in fact, that the beneficiary of the severance pay is entitled to request even its partial disbursement and for the amounts or the mandates for which disbursement has not been requested, the right to the relevant sums shall accrue in the year in which disbursement is requested.

(6) Chairman Jiao Jian expressed his wish not to receive any remuneration for the positions held in Pirelli & C. S.p.A.. Therefore, the Board of Directors' meeting of 13 September 2023 resolved not to allocate any remuneration under the 2023 Policy for the offices held by him (Director of Pirelli & C. S.p.A., Chairman of the Board of Directors of Pirelli & C. S.p.A., member of the Strategies Committee and Sustainability Committee of Pirelli & C. S.p.A.) during his term of office.

(7) Of which 75,000 euros as a Director of Pirelli & C. S.p.A. and 1.1 million as CEO of Pirelli & C. S.p.A.

(8) Of which: 35,000 euros as member of the Strategies Committee and 35,000 euros as member of the Sustainability Committee of Pirelli & C. S.p.A.

(9) The amount includes: 75% of the STI 2024 incentive paid (upfront portion), 25% of the deferred STI 2023 incentive (accrued pro rata as of the date of his appointment as Chief Executive Officer) together with the related company matching component based on the level of achievement of the STI 2024 results and the LTI 2022-2024 incentive including the portion accrued as General Manager Operations until the date of his appointment as Chief Executive Officer resolved by the Board of Directors of Pirelli & C. S.p.A. on 3 August 2023.

(10) Of which: 10,867 euros for a company car, 3,600 euros for supplementary pension contributions, 3,336 euros for health insurance and 7,190 euros for insurance policies.

(11) The amount refers to the payment, during the term of office, of part of the consideration for the non-competition agreement granted as Chief Executive Office of Pirelli & C. S.p.A.

(12) As a Director of Pirelli & C. S.p.A.

(13) Of which: 35,000 euros as a member of the Audit, Risks and Corporate Governance Committee, 35,000 euros as a member of the Remuneration Committee and 25,000 euros as a member of the Appointments and Successions Committee of Pirelli & C. S.p.A..

(14) Remuneration transferred to employer company.

(15) Of which 25,000 euros as member of the Appointments and Successions Committee and 35,000 euros as member of the Strategies Committee of Pirelli & C. S.p.A.

(16) As a member of the Strategies Committee of Pirelli & C. S.p.A.

(17) Of which: 35,000 euros as member of the Strategies Committee and 35,000 euros as member of the Remuneration Committee of Pirelli & C. S.p.A.

(18) Of which 35,000 euros as a member of the Audit, Risks and Corporate Governance Committee, 35,000 euros as a member of the Remuneration Committee and 45,000 euros as a member of the Related-Party Transactions Committee of Pirelli & C. S.p.A..

(19) As member of the Remuneration Committee of Pirelli & C. S.p.A.

(20) Of which: 35,000 euros as member of the Audit, Risks and Corporate Governance Committee and 35,000 euros as member of the Strategies Committee of Pirelli & C. S.p.A..

(21) As Chairman of the Audit, Risks and Corporate Governance Committee of Pirelli & C. S.p.A.

(22) Of which: 35,000 euros as a member of the Audit, Risks and Corporate Governance Committee, 45,000 euros as a member of the Related-Party Transactions Committee and 35,000 euros as a member of the Sustainability Committee of Pirelli & C. S.p.A..
(23) As Chairman of the Related-Party Transactions Committee of Pirelli & C. S.p.A..
(24) As Chairman of the Remuneration Committee of Pirelli & C. S.p.A.
(25) As General Manager Corporate of Pirelli & C. S.p.A..
(26) The amount includes: the STI 2024 incentive accrued including the deferred portion and the related company matching component that will be paid at the end of the deferral period (3 years) and the LTI 2022-2024 incentive accrued pro-rata from the date of hire (see table below for details of amounts).
(27) Of which: 10,867 euros for a company car, 7,200 euros for supplementary pension contributions, 3,336 euros for health insurance and 2,793 euros for insurance policies.
(28) The amount includes: 75,000 euros by way of payment during the employment relationship of part of the consideration for the non-competition agreement and 290,000 euros as the second and final instalment of a welcome bonus linked to hiring.
(29) As of 31 December 2024, in addition to the Corporate General Manager, 6 ESRs were in office. It should be noted that the remuneration paid to the Corporate General Manager is not included in this item, as it is indicated separately in the table.
(30) As a member of the 231 Supervisory Body.
(31) The amount includes, for the respective holders, the accrued 2024 STI incentive including the deferred portion, the related company matching component that will be paid at the end of the deferral period (3 years) and the 2022-2024 LTI incentive (see table below for details on amounts).
(32) The amounts, for the respective holders, are for a company car, supplementary pension contributions, health insurance and insurance policies.
(33) The amounts relate, for the respective holders, to the payment of part of the consideration for the non-competition agreement and a seniority bonus paid in accordance with the specific company practice.
(34) Of which: (i) 36,762 euros for the period 01/01/2024 - 28/05/2024 and (ii) 79,672 euros for the period 28/05/2024 - 31/12/2024.
(35) Of which: (i) 30,635 euros for the period 01/01/2024 - 28/05/2024 and (ii) 56,066 euros for the period 28/05/2024 - 31/12/2024.
(36) As Chairman of the Pirelli Tyre S.p.A. Supervisory Board.
(37) As Chairman of the Board of Statutory Auditors of Pirelli Tyre S.p.A..

3. MONETARY INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND KEY MANAGERS

For a description of Pirelli's monetary incentive plans, please refer to the 2024 Policy.

For a description of Pirelli's monetary incentive plans, please refer to the Remuneration Policy for 2024.

First and last name	Office	Plan	Bonus for the year					Bonus for the previous years					Other bonuses	
			Payable/ Paid out		Deferred		Deferment period	No longer payable	Payable /Paid out		Still deferred			
Marco Tronchetti Provera	Executive Vice Chairman	STI 2023	-		-		-	-	2,881,440	(1)	-		-	
		STI 2024	3,957,220	(2)	1,319,073	(3)	1 year	-	-		-		-	
		2022-2024 LTI Plan	3,974,341	(4)	-		-	-	-		-		-	
		2023-2025 LTI Plan	-		-		-	-	-		-		-	
		2024-2026 LTI Plan	-		-		-	-	-		-		-	
Andrea Casaluci	CEO	STI 2021	-		-		-	-	1,406,250	(5)				
		STI 2022	-		-		-	-	-		653,373	(6)		
		STI 2023	-		-		-	-	-		693,337	(7)		
		STI 2023	-		-		-	-	440,206	(8)	-			
		STI 2024	1,596,079	(2)	532,026	(3)	1 year	-	-		-			
		2022-2024 LTI Plan	1,281,009	(9)	-		-	-	-		-			
		2023-2025 LTI Plan	-		-		-	-	-		-			
		2024-2026 LTI Plan	-		-		-	-	-		-			
Francesco Tanzi	Corporate General Manager	STI 2023	-		-		-	-	-		360,175	(10)	290,000	(14)
		STI 2024	494,653	(11)	1,088,236	(12)	3 years	-	-		-			
		2022-2024 LTI Plan	472,942	(13)	-		-	-	-		-			
		2023-2025 LTI Plan	-		-		-	-	-		-			
		2024-2026 LTI Plan	-		-		-	-	-		-			
No. 6 Key Managers	(15)	STI 2021	-		-		-	-	2,123,763	(16)	-		-	
		STI 2022	-		-		-	-	-		1,825,680	(17)		
		STI 2023	-		-		-	-	-		1,900,981	(18)		
		STI 2024	1,653,063	(11)	2,420,605	(12)	3 years	-	-		-			
		2022-2024 LTI Plan	2,672,177	(4)	-		-	-	-		-			
		2023-2025 LTI Plan	-		-		-	-	-		-			
		2024-2026 LTI Plan	-		-		-	-	-		-			

First and last name	Office	Plan	Bonus for the year					Bonus for the previous years					Other bonuses	
			Payable/ Paid out		Deferred		Deferment period	No longer payable	Payable /Paid out		Still deferred			
(I) Remuneration in the Company that has prepared the financial statements		STI 2021							2,456,310					
		STI 2022									1,326,132			
		STI 2023							3,321,646		2,141,593			
		STI 2024	7,004,543		4,087,562									
		2022-2024 LTI Plan	7,134,485										290,000	
		2023-2025 LTI Plan												
		2024-2026 LTI Plan												
(II) Remuneration from Subsidiary and Affiliated Companies		STI 2021							1,073,703					
		STI 2022									1,152,921			
		STI 2023									812,902			
		STI 2024	696,471		1,272,378									
		2022-2024 LTI Plan	1,265,985											
		2023-2025 LTI Plan												
		2024-2026 LTI Plan												
(III) Total			16,101,484		5,359,940		-	-	6,851,659		5,433,548		290,000	

(1) The amount refers to the sum of the deferred portion of the 2023 STI (25%) and the respective company matching component paid out for achievement of the 2024 STI objectives as defined in the 2023 Policy. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(2) The amount in the “Payable/Paid out Year Bonus” column refers to the 75% of the 2024 STI paid out (upfront amount). This amount is shown in the “Bonuses and other incentives” column of Table 1.

(3) The amount in the “Deferred Year Bonus” column refers to 25% of the 2024 STI deferred and assigned to risk/opportunity subject to the results of the 2025 STI. This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(4) The amount in the “Payable/Paid out Year Bonus” column refers to the 2022-2024 LTI Plan. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(5) The amount in the “Previous Years Bonuses Payable/Paid” column refers to the sum of the deferred 2021 STI portion accrued as General Manager Operations, and the company matching component paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(6) The amount in the “Previous Years Bonuses Still Deferred” column refers to the sum of the deferred 2022 STI portion, accrued as General Manager Operations, and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(7) The amount in the “Previous Years Bonuses Still Deferred” column refers to the sum of the deferred 2023 STI portion, accrued as General Manager Operations until the date of appointment as CEO, and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(8) The amount refers to the sum of the deferred portion of the 2023 STI (25%), accrued pro-rata as of the date of appointment as CEO, and the respective company matching component paid out for achievement of the 2024 STI objectives as defined in the 2023 Policy. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(9) The amount in the “Payable/Paid out Year Bonus” column refers to the 2022-2024 LTI Plan including the amount accrued as General Manager Operations until the date of appointment as CEO. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(10) The amount in the “Previous Years Bonuses Still Deferred” column refers to the sum of the deferred 2023 STI portion and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(11) The amount in the “Payable/Paid out Year Bonus” column refers to the portion of the 2024 STI paid out (upfront amount) based on personal choice. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(12) The amount in the “Deferred Year Bonus” column refers to the sum of the 2024 STI portion and the related company matching component that will be paid at the end of the deferral period (3 years). This amount is shown in the “Bonuses and other incentives” column of Table 1.

(13) The amount in the “Payable/Paid out Year Bonus” column refers to the 2022-2024 LTI Plan accrued pro-rata from the hire date. This amount is shown in the “Bonuses and other incentives” column of Table 1.

(14) The amount refers to the second and last instalment of a welcome bonuslinked to hiring. This amount is shown in the “Other remuneration” column in Table 1.

(15) As of 31 December 2024, in addition to the Corporate General Manager, 6 ESRs were in office. It should be noted that the remuneration paid to the Corporate General Manager is not included in this item, as it is indicated separately in the table.

(16) The amount in the “Previous Years Bonuses Payable/Paid” column refers to the sum of the deferred 2021 STI portion and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(17) The amount in the “Previous Years Bonuses Still Deferred” column refers to the sum of the deferred 2022 STI portion and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

(18) The amount in the “Previous Years Bonuses Still Deferred” column refers to the sum of the deferred 2023 STI portion and the company matching component, which will be paid at the end of the deferral period (3 years). This amount is not shown in the “Bonuses and other incentives” column of Table 1.

4. TABLE OF EQUITY INVESTMENTS OF THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGERS AND KEY MANAGERS.

The table below provides disclosures on any equity investments held in Pirelli & C. and in its subsidiary companies, by those who, even for a fraction of the year, have held the position of:

- member of the Board of Directors;
- member of the Board of Statutory Auditors;
- General Manager;
- KMs.

In particular, it indicates, for each member of the Board of Directors and Board of Statutory Auditors and General Managers, by name, and cumulatively for KMs, with regard to each company in which shares are held, the number of shares, by category:

- held at the end of the prior year;
- purchased during the reporting year;
- sold during the reporting year;
- held at the end of the reporting year.

In this regard, the title of possession and the manner in which it is held are also specified.

It includes all the persons who, during the reporting year, held positions as members of the administrative and control bodies, General Manager or as KM, even for a fraction of the year.

1) Equity investments of the members of the administrative and control bodies and General Managers

First and last name	Office	Investee company	No of shares held at 31/12/2023	No of shares purchased/ underwritten	No. of shares sold	No of shares held at 31/12/2024
Marco Tronchetti Provera	Executive Vice Chairman	Pirelli & C. S.p.A.	140,959,399 (i)	119,563,672 (ii)	-	260,523,071 (iii)

(i) Shares held indirectly through Camfin S.p.A..

(ii) Total shares acquired during the reporting year through the following indirect subsidiaries: Longmarch Holding S.r.l. for no. 36,788,672, Camfin Alternative Assets S.r.l. for no. 78,775,000 and Camfin S.p.A. for no. 4,000,000.

(iii) Shares held indirectly through Camfin S.p.A. for 144,959,399 shares, Camfin Alternative Assets S.r.l. for 78,775,000 shares and Longmarch Holding S.r.l. for 36,788,672 shares. A guarantee is pledged on these shares, with voting rights remaining with the shareholders.

2) Equity investments of other key managers

Number of key managers		Investee company	No of shares held at 31/12/2023	No of shares purchased/ underwritten	No. of shares sold	No of shares held at 31/12/2024
-		-	-	-	-	-

ANNEX 1– GLOSSARY

2024-2025 Business Plan: refers to the update of the 2021-2022|2025 Strategic Plan (approved by the Board of Directors of Pirelli & C. on 31 March 2021) approved by the Board of Directors of Pirelli & C. on 6 March 2024.

2022-2024 LTI Plan: refers to the LTI plan relating to the 2022-2024 three-year cycle, approved by the Board of Directors on 17 March 2022 and, subsequently, by the Shareholders' Meeting held on 18 May 2022.

2023-2025 LTI Plan: refers to the LTI plan relating to the 2023-2025 three-year cycle, approved by the Board of Directors on 05 April 2023 and, subsequently, by the Shareholders' Meeting held on 31 July 2023.

2024-2026 LTI Plan: refers to the LTI plan relating to the 2024-2026 three-year cycle, approved by the Board of Directors on 06 March 2024 and, subsequently, by the Shareholders' Meeting held on 28 May 2024.

2025-2027 LTI Plan: refers to the LTI plan relating to the 2025-2027 three-year cycle, approved by the Board of Directors on 28 April 2025.

2021 Policy: refers to the Remuneration Policy for the year 2021 approved by the Board of Directors on 31 March 2021 and, subsequently, by the Shareholders' Meeting held on 15 June 2021.

2022 Policy: refers to the Remuneration Policy for the year 2022 approved by the Board of Directors on 17 March 2022 and, subsequently, by the Shareholders' Meeting held on 18 May 2022.

2023 Policy: refers to the Remuneration Policy for the year 2023 approved by the Board of Directors on 5 April 2023 and, subsequently, by the Shareholders' Meeting held on 31 July 2023.

2024 Policy: refers to the Remuneration Policy for the year 2024 approved by the Board of Directors on 6 March 2024 and, subsequently, by the Shareholders' Meeting held on 28 May 2024.

Annual Total Direct Compensation: means the sum total of the following components, regardless of whether they were paid by Pirelli & C. or by another Group company:

- gross annual base salary of the remuneration;
- annual variable component STI actual;
- medium-long term variable component comprising:
  - actual annual value of the LTI plan;
  - value of the deferred STI pro-rata, if accrued based on the fulfilment of the underlying conditions;

- an additional value of an equal or higher amount in respect of the pro-rata of the STI accrued and deferred, to be paid if the underlying conditions are met.

Annual Total Direct Compensation on-Target: means the sum total of the following components, regardless of whether they were paid by Pirelli & C. or by another Group company:

- gross annual base salary of the remuneration;
- annual variable short-term incentive (STI), if target objectives are achieved;
- medium-long term variable component consisting of:
  - annual value of the LTI plan if multi-year target objectives are achieved;
  - pro quota value of the STI accrued and deferred, to be paid if the underlying conditions are met;
  - an additional value of an equal or higher amount in respect of the pro-rata of the STI accrued and deferred, to be paid if the underlying conditions are met.

Bad Leaver: when the relationship with the Company is terminated due to a case other than those listed in the definition of Good Leaver.

Board of Directors: the Board of Directors of Pirelli & C..

Consolidated Sustainability Report: refers to the reporting of information related to sustainability issues, as regulated by Legislative Decree No. 125 of 6 September 2024, included in the Directors' Report on Operations, which is part of the 2024 Annual Financial Report published on the Company's website.

Corporate Governance Code: refers to the Corporate Governance Code of listed companies approved by the Corporate Governance Committee of Borsa Italiana S.p.A. in January 2020.

Director(**s**): refers to members of the Board of Directors of Pirelli & C..

Directors holding specific offices: these are the Directors of Pirelli & C. holding the office of Chairman, Executive Vice Chairman and Chief Executive Officer. The Directors holding specific offices in other Group companies, who are also managers, are, for the purpose of the Policy, Executives or Senior Managers, depending on the role held and, unless otherwise resolved by the Board of Directors of Pirelli & C. which classifies them as KMs.

Directors holding specific offices to whom specific duties are also delegated: the Directors of Pirelli & C. who hold the office of Executive Vice Chairman and Chief Executive Officer.

Directors with no specific offices: are the Directors of Pirelli & C. other than those holding specific offices. Directors not holding special offices in other Group companies, who are also managers, are, for the purpose of the Policy, Executives or Senior Managers, depending on the role held and unless otherwise resolved by the Board of Directors of Pirelli & C., which classifies them as KMs.

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.

GAR: refers to the gross annual base remuneration of the compensation for those employed by a Pirelli Group company.

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, for the purpose of the Policy, Executives or Senior Managers, depending on the role held and unless otherwise resolved by the Board of Directors of Pirelli & C., which classifies them as KMs.

Grade: weight assigned to each organisational position based on factors such as the level of knowledge and skills required, the complexity of the problems the role must address, the degree of responsibility and the impact of decisions made. The grade system is used to determine appropriate salary ranges at each level, ensuring internal equity within the organisation. It also allows for an objective comparison of different roles within the company or across different companies.

Good Leaver: when the relationship with the Company is terminated by mutual termination, retirement, death or resignation for good cause.

KMs: indicates the persons identified pursuant to Article 11, paragraph 12 of the Bylaws, i.e. Pirelli's managers who, by reason of the tasks and powers attributed to them, have the power and responsibility, directly or indirectly, of planning, directing and controlling the Company's activities and of adopting decisions that may affect its development and future prospects (key manager).

Management: means all Directors holding specific offices, General Manager, KMs, Senior Managers and Executives.

Pirelli Group or **Pirelli** or **Group**: all the companies included in the consolidation scope of Pirelli & C..

Pirelli & C. or the **Company**: refers to Pirelli & C. S.p.A.

Remuneration Committee or **Committee**: the Remuneration Committee of Pirelli & C..

Senior Managers or **Senior Management**: refers to the persons to whom the following shall first report, except where they are KMs (i) Directors holding specific offices to whom specific duties are also delegated; (ii) General Manager, where the work of the Senior Manager significantly impacts business results.

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

Statutory Auditors: refers to the members of the Board of Statutory Auditors of Pirelli & C.

STI: refers to the annual variable component of remuneration that can be achieved if the predefined corporate objectives are achieved, as more fully described in paragraphs 2, 4, 5 and 6.

Top Management: refers to all Directors holding specific offices, General Manager and KMs.

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(in thousands of euro)*

	Note	12/31/2024	of which related parties (note 43)	12/31/2023	of which related parties (note 43)
Property, plant and equipment	10	3,427,756		3,409,114	
Intangible assets	11	5,159,729		5,263,787	
Investments in associates and joint ventures	12	120,790		86,397	
Other financial assets at fair value through other Comprehensive Income	13	63,294		52,837	
Deferred tax assets	14	228,740		202,849	
Other receivables	16	309,526	*7,791*	408,625	*7,240*
Tax receivables	17	9,973		11,318	
Other assets	23	93,838		115,894	
Derivative financial instruments	28	4,326		12,886	
Non-current assets		**9,417,972**		**9,563,707**	
Inventories	18	1,467,707		1,371,436	
Trade receivables	15	622,915	*10,976*	649,406	*9,358*
Other receivables	16	444,010	*90,954*	419,249	*98,729*
Other financial assets at fair value through Income Statement	19	165,965		228,759	
Cash and cash equivalents	20	1,502,741		1,252,769	
Tax receivables	17	36,989		32,574	
Derivative financial instruments	28	22,323		13,027	
Current assets		**4,262,650**		**3,967,220**	
Total Assets		**13,680,622**		**13,530,927**	
Equity attributable to the owners of the Parent Company:	**21.1**	**5,756,071**		**5,494,393**	
Share capital		1,904,375		1,904,375	
Reserves		3,383,715		3,110,938	
Net income / (loss)		467,981		479,080	
Equity attributable to non-controlling interests:	**21.2**	**156,183**		**125,201**	
Reserves		123,060		108,376	
Net income / (loss)		33,123		16,825	
Total Equity	21	**5,912,254**		**5,619,594**	
Borrowings from banks and other financial institutions	24	3,068,598	*15,825*	3,174,678	*8,322*
Other payables	26	79,947	-	77,932	*212*
Provisions for liabilities and charges	22	101,123	*19,437*	109,548	*22,144*
Deferred tax liabilities	14	990,250		990,870	
Provisions for employee benefit obligations	23	184,040	*7,812*	180,218	*3,181*
Tax payables	27	4,001		14,391	
Derivative financial instruments	28	-		-	
Non-current liabilities		**4,427,959**		**4,547,637**	
Borrowings from banks and other financial institutions	24	760,857	*3,707*	789,527	*2,242*
Trade payables	25	2,081,617	*129,000*	1,999,418	*126,064*
Other payables	26	392,744	*22,945*	412,173	*21,371*
Provisions for liabilities and charges	22	31,363		35,323	
Provisions for employee benefit obligations	23	557		820	
Tax payables	27	63,150		105,193	
Derivative financial instruments	28	10,121		21,242	
Current liabilities		**3,340,409**		**3,363,696**	
Total Liabilities and Equity		**13,680,622**		**13,530,927**	

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	Note	2024	of which related parties (note 43)	2023	of which related parties (note 43)
Revenues from sales and services	**30**	**6,773,324**	*61,480*	**6,650,063**	*31,045*
Other income	**31**	346,455	*80,472*	328,994	*60,058*
Changes in inventories of unfinished, semi-finished and finished products		72,455		37,925	
Raw materials and consumables used (net of change in inventories)		(2,177,416)	*(18,060)*	(2,216,053)	*(10,983)*
Personnel expenses	**32**	(1,301,297)	*(16,688)*	(1,225,311)	*(17,365)*
Amortisation, depreciation and impairment	**33**	(574,950)		(588,463)	
Other costs	**34**	(2,227,399)	*(326,947)*	(2,175,943)	*(324,968)*
Net impairment of financial assets	**35**	(10,303)		(5,263)	
Increases in fixed assets due to internal works		2,121		2,378	
Operating income/(loss)		**902,990**		**808,327**	
Net income/(loss) from equity investments	**36**	31,388		15,879	
- share of net income/(loss) of associates and joint ventures		*27,456*	*27,456*	*11,646*	*11,646*
- gains on equity investments		-		*(35)*	
- losses on equity investments		-		*(1)*	
- dividends		*3,932*		*4,269*	
Financial income	**37**	136,326	*3,505*	225,661	*3,065*
Financial expenses	**38**	(422,911)	*(3,275)*	(419,764)	*(838)*
Net income / (loss) before taxes		**647,793**		**630,103**	
Taxes	**39**	(146,689)		(134,198)	
Net income / (loss)		**501,104**		**495,905**	
Attributable to:					
Owners of the Parent Company		467,981		479,080	
Non-controlling interests		33,123		16,825	
Total basic/diluted earnings / (losses) per share (in euro)	**40**	**0.468**		**0.479**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euro)*

		Note	2024	2023
A	**Total Net income / (loss)**		**501,104**	**495,905**
	- Remeasurement of employee benefits	**23**	(38,637)	(30,025)
	- Tax effect		9,451	7,383
	- Fair value adjustment of other financial assets at fair value through Other Comprehensive Income	**13**	9,822	4,627
B	**Total items that may not be reclassified to Income Statement**		**(19,364)**	**(18,015)**
	Exchange rates differences from translation of foreign Financial Statements			
	- Gains / (losses)	**21**	(169,298)	(170,427)
	Fair value adjustment of derivatives designated as cash flow hedges:			
	- Gains / (losses)	**28**	1,273	(4,776)
	- (Gains) / losses reclassified to Income Statement	**28**	(17,071)	(17,642)
	- Tax effect		3,773	5,309
	Share of Other Comprehensive Income related to associates and joint ventures	**12**	4,358	(3,832)
C	**Total items reclassified / that may be reclassified to Income Statement**		**(176,965)**	**(191,368)**
D	**Total Other Comprehensive Income (B+C)**		**(196,329)**	**(209,383)**
A+D	**Total Comprehensive Income / (loss)**		**304,775**	**286,522**
	Attributable to:			
	- Owners of the Parent Company		268,873	287,062
	- Non-controlling interests		35,902	(540)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 12/31/2024

(in thousands of euro)	Attributable to the Parent Company (note 21.1)					Non-controlling interests (note 21.2)	Total (note 21)
	Share Capital	Translation reserve	Other reserves with changes in the statement of comprehensive income *	Other reserves/ retained earnings	**Total attributable to the Parent Company**		
Total at 12/31/2023	**1,904,375**	**(667,280)**	**(22,600)**	**4,279,898**	**5,494,393**	**125,201**	**5,619,594**
Other components of comprehensive income	-	(167,719)	(31,389)	-	(199,108)	2,779	(196,329)
Net income / (loss)	-	-	-	467,981	467,981	33,123	501,104
Total comprehensive income / (loss)	**-**	**(167,719)**	**(31,389)**	**467,981**	**268,873**	**35,902**	**304,775**
Dividends approved	-	-	-	(198,000)	(198,000)	(5,134)	(203,134)
Effects of hyperinflation accounting in Turkey	-	-	-	16,500	16,500	-	16,500
Effects of hyperinflation accounting in Argentina	-	-	-	175,233	175,233	-	175,233
Other	-	-	(449)	(479)	(928)	214	(714)
Total at 12/31/2024	**1,904,375**	**(834,999)**	**(54,438)**	**4,741,133**	**5,756,071**	**156,183**	**5,912,254**

(in thousands of euro)	BREAKDOWN OF OTHER RESERVES WITH CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME*				
	Reserve for fair value adjustment of financial assets at fair value through Other Comprehensive Income	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	**Other reserves with changes in the statement of comprehensive income**
Total at 12/31/2023	**(6,666)**	**31,958**	**8,653**	**(56,545)**	**(22,600)**
Other components of Comprehensive Income	9,822	(15,798)	(38,637)	13,224	(31,389)
Other changes	-	-	(414)	(35)	(449)
Total at 12/31/2024	**3,156**	**16,160**	**(30,398)**	**(43,356)**	**(54,438)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 12/31/2023

(in thousands of euro)	Attributable to the Parent Company (note 21.1)					Non-controlling interests (note 21.2)	Total (note 21)
	Share Capital	Translation reserve	Other reserves with changes in the statement of comprehensive income *	Other reserves/ retained earnings	**Total attributable to the Parent Company**		
Total at 12/31/2022	**1,904,375**	**(510,386)**	**12,768**	**3,917,037**	**5,323,794**	**130,034**	**5,453,828**
Other components of Comprehensive Income	-	(156,894)	(35,124)	-	(192,018)	(17,365)	(209,383)
Net income / (loss)	-	-	-	479,080	479,080	16,825	495,905
Total comprehensive income / (loss)	**-**	**(156,894)**	**(35,124)**	**479,080**	**287,062**	**(540)**	**286,522**
Dividends approved	-	-	-	(218,000)	(218,000)	(4,871)	(222,871)
Effects of hyperinflation accounting in Turkey	-	-	-	16,109	16,109	-	16,109
Effects of hyperinflation accounting in Argentina	-	-	-	86,749	86,749	-	86,749
Other	-	-	(244)	(1,077)	(1,321)	578	(743)
Total at 12/31/2023	**1,904,375**	**(667,280)**	**(22,600)**	**4,279,898**	**5,494,393**	**125,201**	**5,619,594**

(in thousands of euro)	BREAKDOWN OF OTHER RESERVES WITH CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME*				
	Reserve for fair value adjustment of financial assets at fair value through other Comprehensive Income	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	**Other reserves with changes in the statement of comprehensive income**
Total at 12/31/2022	**(11,074)**	**54,376**	**38,703**	**(69,237)**	**12,768**
Other components of Comprehensive Income	4,627	(22,418)	(30,025)	12,692	(35,124)
Other changes	(219)	-	(25)	-	(244)
Total at 12/31/2023	**(6,666)**	**31,958**	**8,653**	**(56,545)**	**(22,600)**

CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

		2024	2023
	Net income / (loss) before taxes	647,793	630,103
	Reversal of amortisation, depreciation, impairment losses and restatement of property, plant and equipment and intangible assets	574,950	588,463
	Reversal of Financial (income) / expenses	286,585	194,103
	Reversal of Dividends	(3,932)	(4,269)
	Reversal of gains / (losses) on equity investments	-	36
	Reversal of share of net result from associates and joint ventures	(27,456)	(11,646)
	Reversal of accruals to provisions and other accruals	69,459	62,717
	Net Taxes paid	(158,488)	(138,988)
	Change in Inventories	(132,479)	29,277
	Change in Trade receivables	2,520	(51,467)
	Change in Trade payables	119,255	132,729
	Change in Other receivables	(43,978)	(23,963)
	Change in Other payables	1,105	(12,526)
	Uses of Provisions for employee benefit obligations	(18,978)	(16,634)
	Uses of Provisions for liabilities and charges	(23,792)	(18,074)
A	**Net cash flow provided by / (used in) operating activities**	**1,292,564**	**1,359,861**
	of which related parties	*(226,505)*	*(290,100)*
	Investments in owned tangible assets	(376,076)	(377,413)
	Disposal of owned tangible assets	2,233	2,207
	Investments in intangible assets	(27,597)	(21,623)
	Disposal of intangible assets	4	-
	Investments in other financial assets at fair value through Other Comprehensive Income	(555)	-
	Acquisition of investments in subsidiaries	(20,268)	-
	Acquisition of investments in associates and joint ventures	(12,071)	-
	Change in Financial receivables from associates and joint ventures	(513)	(299)
	Dividends and reserves received from associates and joint ventures	9,650	-
	Dividends received from other financial non-current assets at FVTOCI	3,932	4,269
B	**Net cash flow provided by / (used in) investing activities**	**(421,261)**	**(392,859)**
	of which related parties	*962*	*(299)*
	Change in Borrowings from banks and other financial institutions due to draw downs	1,366,477	1,127,752
	Change in Borrowings from banks and other financial institutions due to repayments and other	(1,497,803)	(1,634,195)
	Change in Financial receivables / Other current financial assets at fair value through Income Statement	60,128	212,596
	Financial income / (expenses)	(206,173)	(342,410)
	Dividends paid	(204,400)	(222,871)
	Repayment of principal and payment of interest for lease liabilities	(128,929)	(120,455)
C	**Net cash flow provided by / (used in) financing activities**	**(610,700)**	**(979,583)**
	of which related parties	*(4,130)*	*(3,992)*
D	**Total cash flow provided / (used) during the period (A+B+C)**	**260,603**	**(12,581)**
E	**Cash and cash equivalents at the beginning of the financial year**	**1,248,850**	**1,283,386**
F	**Exchange rate differences from translation of cash and cash equivalents**	(8,179)	(21,955)
G	**Cash and cash equivalents at the end of the period (D+E+F) (°)**	**1,501,274**	**1,248,850**

(°)	**of which:**		
	cash and cash equivalents	1,502,741	1,252,769
	bank overdrafts	(1,467)	(3,919)

EXPLANATORY NOTES

1. GENERAL INFORMATION

Pirelli & C. S.p.A. is a company whose legal status is governed by the laws of the Italian Republic.

Founded in 1872, Pirelli & C. S.p.A. – also through its subsidiaries in Italy and abroad – is a Pure Consumer Tyre Company (which includes tyres for cars, motorcycles, and bicycles) and is primarily focused on the High Value tyre market, which are products designed to achieve the highest levels in terms of performance, safety, quietness, and grip on the road surface.

The registered Head Office of the Company is located in Milan, Italy at Viale Piero e Alberto Pirelli n. 25.

These Consolidated Financial Statements have been prepared using the euro as the functional currency, and all values are rounded to the nearest thousand euro unless otherwise stated.

The audit of the Consolidated Financial Statements has been entrusted to PricewaterhouseCoopers S.p.A. pursuant to Legislative Decree No. 39 of January 27, 2010 in execution of the resolution of the Shareholders' Meeting of August 1, 2017, which assigned the mandate to the aforementioned company for each of the nine financial years closing from December 31, 2017 to December 31, 2025.

On 16 June 2023, the Prime Minister's Office adopted a measure containing some prescriptions pertaining to Pirelli's corporate governance (the "**Golden Power Prime Ministerial Decree**"). These prescriptions, addressed both to the shareholder National Chemical Corporation Limited ("**CNRC**") and to Pirelli itself, entail, *inter alia*, the obligation to adopt both "*structural safeguards independent of the temporary nature of the shareholders' agreement*" and "*a network of measures operating together to protect the autonomy of Pirelli & C. S.p.A. and its management*, *and to protect the information of strategic importance held by the Company*".

The Golden Power Prime Ministerial Decree prohibits CNRC from exercising management and coordination activities over Pirelli pursuant to Articles 2497 *et seq.* of the Italian Civil Code and requires it, *inter alia*, by way of example only:

(i) to ensure Pirelli complete autonomy in the management of relations with customers and suppliers;

(ii) to ensure that Pirelli independently prepares the strategic, industrial and financial plans and/or budgets of the Company and the Group;

(iii) to guarantee that Pirelli shall not be subject to instructions by the Sinochem Group;

(iv) not to adopt any deeds, resolutions or communications that may suggest that Pirelli's decisions are the consequence of desires and instructions imposed upon it by CNRC;

(v) not to centralise treasury services or other financial assistance or coordination functions (e.g. cash pooling) or other technical coordination functions (e.g. integration of Pirelli's IT systems into those of Sinochem Holdings Corporation Ltd., including those of Pirelli's Chinese subsidiaries);

(vi) not to issue any orders or instructions and in any case not to coordinate the initiatives regarding financial and credit-related decisions and research and development in Pirelli;

(vii) not to issue directives regarding any special transactions carried out by Pirelli including, for example, the listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers, spin-offs;

(viii) not to make any crucial decisions regarding the operating strategies of Pirelli or formulate group strategic guidelines;

(ix) to guarantee the absence of any organisational-functional connections between Pirelli, on the one hand, and CNRC, on the other.

The Golden Power Prime Ministerial Decree also requires the CNRC to undertake to ensure that:

(i) the Chief Executive Officer of Pirelli, drawn from the majority slate submitted by CNRC, is indicated by Camfin;

(ii) out of 12 Directors drawn from the majority slate, 4 are appointed by Camfin;

(iii) the position of General Manager is introduced, to whom the power to implement Pirelli's business plan, budget and ordinary management is delegated;

(iv) all of Pirelli's Delegated Bodies are to be appointed exclusively from among the Directors designated by Camfin;

(v) the power to appoint and dismiss Managers and Deputy Managers of Pirelli is deferred to the Executive Vice Chairman or to the Chief Executive Officer;

(vi) Pirelli's Bylaws are amended so that, in relation to Board resolutions pertaining to the assets of strategic importance (as identified in the Golden Power Prime Ministerial Decree) in addition to the appointment and dismissal from the office of Key Managers, the proposal is reserved for the Chief Executive Officer and any decision contrary thereto may only be adopted with the vote against of at least 4/5 of the Board of Directors (thereby attributing veto power over such resolutions to the Directors elected by Camfin).

Considering the above, the majority of the Pirelli Board of Directors is now composed of independent directors, and the majority of the Directors drawn from the list submitted by the CNRC (8 out of 12) are also independent directors or directly designated by Camfin; limiting to 4 (four) the (non-executive) "non-independent" directors designated by CNRC who, in turn, will have to comply with the requirements dictated by the Golden Power Prime Ministerial Decree, including the one aimed at "*ensuring the absence of organisational-functional links between Pirelli on the one hand and CNRC on the other*".

Adoption of the Golden Power Prime Ministerial Decree made it necessary to carry out a number of in-depth investigations to ascertain the continued existence of MPI Italy control over Pirelli pursuant to the international accounting standard IFRS 10 *"Consolidated Financial Statements"*. On this point, a question was submitted to Consob by the Board of Statutory Auditors and management on 15 February 2024 ("**Question**"). On 31 July 2024, Consob, following proceedings initiated as a result of the Question: (a) communicated the relative results to Pirelli, envisaging the obligation for the Company Board of Directors to assess the existence or otherwise of a controlling entity in accordance with IFRS 10; (b) recalled the commitment required by the Golden Power Prime Ministerial Decree on the part of CNRC not to exercise direction and coordination, and therefore the commitment not to provide directors with indications; (c) emphasised the mandatory nature of certain provisions of said Prime Ministerial Decree concerning the role of Camfin S.p.A. (e.g. regarding the appointment of the Chief Executive Officer who proposes the strategic plan, and the Executive Vice Chairman who outlines the strategies) that strengthen the autonomy of the Company's Board of Directors and that "*prevent the shareholder [Marco Polo International Italy S.r.l ("**MPI Italy**")] from being able – even if not exercised – to influence the significant decisions of the Issuer*".

The Company conducted in-depth studies assisted by opinions from leading auditing firms with reference to the correct application of the accounting standard IFRS 10, as well as additional opinions received from external legal advisors, and took into account the additional documentation submitted in the proceedings initiated by Consob following the Question, and the documentation (including briefs and opinions) provided by the other intervening parties, MPI Italy and Camfin S.p.A. ("**Camfin S.p.A.**").

While conducting these investigations, in order to assess the existence of control by an entity pursuant to IFRS 10, the Company focused on the three requirements of that standard, namely whether an entity has simultaneously (i) power over the investee entity; (ii) exposure or rights to variable returns arising from the relationship with the investee entity; and (iii) the ability to exercise its power over the investee entity in order to affect the amount of its returns. More specifically, focusing on the first requirement, the decisions that generally represent exercise of the power of an investor over another entity were analysed, with an indication for each one of whether MPI Italy can unilaterally take the aforesaid decisions through the rights resulting from the 2023 Shareholders' Agreement Renewal, as amended to incorporate the provisions of the Golden Power Prime Ministerial Decree. Please find below the outcome of these analyses for each decision:

- Appointment and dismissal of executive directors (Executive Vice Chairman and Chief Executive Officer): the two executive directors were assigned the first one by the parties upon appointment by Camfin and the second one by express provision of the Golden Power Prime Ministerial Decree, upon indication by Camfin. The dismissal or replacement of the CEO can only take place upon the proposal of the Executive Vice Chairman (a Camfin person), also delegated to propose a replacement who must be a director representing Camfin;

- Preparation of the budget and the business plan and any significant amendments to be submitted for approval by the Board of Directors: the proposal to the Board of Directors of the budget and business plan and any possible changes must be formulated by the CEO, appointed by Camfin. The Board of Directors has the sole right to approve the CEO proposal or to vote against it, giving adequate reasons and taking the best interests of Pirelli into account. Although MPI Italy has the right to appoint the majority of directors (four of whom “independent”), the MPI Italy right to provide guidelines to the directors it appoints is severely limited by the provisions of the Golden Power Prime Ministerial Decree; so the MPI rights do not appear to be substantive rights, in accordance with IFRS 10 provisions;

- Appointment and dismissal of key managers: the appointment or dismissal of key managers must be put forward by the CEO and any resolution against that proposal requires the favourable vote of at least 4/5 of the members of the Board of Directors – a qualified quorum higher than the number of directors appointed by MPI Italy;

- Matters reserved for the Board of Directors: although the 2023 Shareholders’ Agreement envisages that certain decisions are taken by the Board of Directors with a simple majority, and thus potentially by MPI Italy through its directors, this right is severely limited by the provisions of the Golden Power Prime Ministerial Decree. So MPI rights do not appear to be substantive ones, in accordance with the provisions in IFRS 10;

- Decisions pertaining to the Pirelli strategic assets as identified by the Golden Power Prime Ministerial Decree: in accordance with provisions in the Golden Power Prime Ministerial Decree, the Bylaws envisage that in relation to board resolutions pertaining to assets of strategic importance as identified by the Prime Ministerial Decree, the proposal is reserved for the CEO and any resolution against that proposal requires the favourable vote of at least 4/5 of the members of the Board of Directors – a qualified quorum higher than the number of directors appointed by MPI Italy.

Furthermore, the Company considered that in the aforementioned provision, Consob asked the Board of Directors to assess, for the purposes of resulting decisions on the permanence of control, whether MPI Italy has the concrete capacity to dismiss the management body in the event of a disagreement with the Board of Directors on the strategic directions taken and, ultimately, on the returns that the investee generates. To this end, the Company has assessed that in the Ordinary Shareholders’ Meetings held from 2018 to 2023 there was a shareholding of over 80% and in the 2024 Shareholders’ Meeting it was 88%, which does not allow MPI Italy to independently decide the outcome of the Shareholders’ Meeting and dismiss the administrative body in its entirety; nor can MPI Italy influence the appointment and dismissal of the Company managing bodies, devolved to Camfin, pursuant to the Golden Power Prime Ministerial Decree and the Shareholders’ Agreement between Camfin and CNRC.

The result of all these considerations is that the issuance of the Golden Power Prime Ministerial Decree resulted in the **loss of the unilateral control of MPI Italy (and, as a result, that of Sinochem) over Pirelli pursuant to IFRS 10 and, at the same time, Pirelli is not subject to the unilateral control of any entity under the aforementioned accounting standard.**

On April 28, 2025, the Board of Directors approved these Consolidated Financial Statements and authorised their publication.

2. BASIS OF PRESENTATION

Information on the Macroeconomic Environment

In 2024, despite ongoing geopolitical tensions, the global economy demonstrated substantial overall resilience. Moderate GDP growth in the European Union was flanked by a more positive economic performance in the United States – thanks to the performance of the labour market and consumer spending - and in China and Brazil, thanks to the various growth supporting measures implemented by governments.

Global inflation steadily declined over the course of the year, allowing the central banks of the European Union and the United States to ease up on monetary tightening. Inflation trends, central bank monetary policies and new geopolitical situations drove the exchange rate dynamics in 2024, with the US dollar stable against the euro and volatility in the currencies of emerging countries against the euro.

Geopolitical and climatic factors as well as supply and demand trends led to diverging trends in the prices of the main raw materials used by the Group, with an increase in the price of natural rubber and butadiene (with Brent crude prices remaining substantially stable year-on-year) and a decrease in the price of natural gas.

During the course of 2024, the global car tyre market recorded a volume growth of +1.0% compared to the same period in 2023.

Pirelli's results for 2024 highlighted a solid operating performance, with EBIT adjusted which amounted to euro 1,060.5 million, which mainly reflected the positive contribution of the price/mix, of volumes, and of efficiencies which more than offset inflation in the cost of production factors including raw materials, the negative exchange rate effect, depreciation and amortisation and other costs.

For further details on this performance in 2024, reference should be made to the section *"Group Performance and Results"* in the Directors' Report on Operations, while for information on the management of external risks, reference should be made to the section *"Risk Factors and Uncertainty"* in the same document.

The global scenario in 2025 is continuously evolving and is characterized by uncertainties regarding tariffs and their consequent impacts on economic growth, exchange rates, inflation and consumption. The most up-to-date forecasts available have been taken into account for the formulation of the prospective results in 2025 as reported in the "*Outlook for 2025*" section of the Directors' Report on Operations.

The group, in light of the high uncertainties regarding US tariffs, confirms the targets communicated to the market on February 26. A plan has nonetheless been defined to mitigate the impact of US tariffs – should the currently announced measures come into effect – with the aim of ensuring the Adjusted Ebit and cash targets at the lower end of the guidance range mentioned in the aforementioned paragraph, thereby achieving the deleverage objective.

The same targets reported in the "*Outlook for 2025*" section, have been considered in the estimates and assumptions, particularly in the evaluation of the recoverability of goodwill and other intangible assets with an indefinite useful life.

These impacts are described in the explanatory notes of reference, to which further details are referred.

Financial Statements

The Consolidated Financial Statements at December 31, 2024 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Explanatory Notes, which are accompanied by the Directors' Report on Operations.

This document has not been prepared in accordance with the EU Delegated Regulation 2019/815 (ESEF Regulation), which was adopted pursuant to the Transparency Directive. The document which has been prepared pursuant to the ESEF Regulation, is available (in Italian only), on the authorised eMarket Storage mechanism (emarketstorage.com) and on the Company's website www.pirelli.com.

The format adopted for the Statement of Financial Position provides for the distinction between current and non-current assets and liabilities.

The Group has opted to present the components of the gains/losses for the financial year in a separate Income Statement, rather than including them directly in the Statement of Comprehensive Income. The Income Statement format which has been adopted provides for the classification of costs by nature.

The Group has opted to present the tax effects and the reclassifications to the Income Statement of the gains/losses recognised under Other Comprehensive Income from previous financial years, directly in the Statement of Comprehensive Income and not in the explanatory Notes.

The Statement of Changes in Equity includes, in addition to the total gains/losses for the period, the amounts for transactions with equity holders and the movements which occurred in reserves during the financial year.

In the Statement of Cash Flow, the cashflows from operating activities are reported using the indirect method, whereby the gains or losses for the financial year are adjusted by the effects of non-monetary transactions, by any deferrals or accruals of previous or future operating collections or payments and by revenue or expense items related to cash flows derived from any investment or financing activity.

Scope of Consolidation

The scope of consolidation includes subsidiaries, associated and joint control agreements (joint arrangements).

Subsidiaries are defined as all the companies over which the Group simultaneously holds:

- the power of decision-making, or rather the ability to direct the relevant activities of the investee, that is those activities that have a significant influence on the results of the investee company itself;

- the exposure or the right to the variable (positive or negative) results from the investment in the entity;

- the ability to exercise its decision making power to determine the amount of the results deriving from the investment in the entity.

The financial statements of subsidiaries are included in the Consolidated Financial Statements as of the date when control is assumed, until such time when control ceases to exist. The portion of equity and of the results attributable to minority shareholders, are reported separately and respectively in the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income and in Equity.

All companies over which the Group is able to exercise significant influence as defined by IAS 28 - Investments in Associates and Joint Ventures, qualify as associates. This influence is legally presumed to exist when the Group holds a percentage of voting rights of between 20% and 50%, or when - even in the case of a lower share of voting rights – it has the power to participate in determining financial and operating policies by virtue of specific legal relationships, such as, for example, the participation in Shareholders' Agreements together with other forms of the significant exercise of corporate governance rights.

Joint arrangements are agreements under which two or more parties have joint control under a contract. Joint control is the shared control of a business activity, established by an agreement, and which exists only when decisions relative to the activity, require the unanimous consent of all parties who share control. These agreements may give rise to joint ventures or joint operations.

A joint venture is an agreement for the joint control of an entity whereby the parties that have joint control, have rights to the net assets of the said entity. Joint ventures are distinguished from joint operations which instead are configured as agreements which give the parties of the agreement, which have joint control of the initiative, the rights to the individual assets and the obligations of the individual liabilities relative to the agreement. The Group does not currently have any agreements in place for joint operations.

The following is a summary of the changes in the scope of consolidation, with reference to the subsidiaries:

- the acquisition, on January 3, 2024, of the subsidiary Hevea-Tec Industria E Comércio Ltda.;
- the liquidation, on March 12, 2024, of the company Pirelli General Executive Pension Trustees Ltd. and of the company Pirelli Tyres Executive Pension Trustees Ltd.;
- the liquidation, on May 17, 2024, of the company the Pirelli Trading (Beijing) Co., Ltd.;
- the incorporation, on August 11, 2024, of the company Pirelli Middle East Limited;
- the incorporation on October 28, 2024 of the company Pirelli Tyre (Thailand) Ltd.

Furthermore, on May 19, 2024, the company the Middle East and North Africa Tyre Company (Joint Stock Company) was incorporated and in which Pirelli has subscribed to 25% of the share capital. The company is included in the attachment *“SCOPE OF CONSOLIDATION – List of Investments Accounted for using the Equity Method”, and is classified as a joint venture*.

Information on Subsidiaries

The Consolidated Financial Statements include the assets and liabilities of 86 legal entities. The significant subsidiaries are listed below:

	Headquarters	12/31/2024		12/31/2023	
		% Group	% non-controlling interests	% Group	% non-controlling interests
Pirelli Tyre Co. Ltd.	Yanzhou (China)	90.00%	10.00%	90.00%	10.00%
Pirelli Deutschland GmbH	Breuberg/Odenwald (Germany)	100.00%		100.00%	
Pirelli Tyre S.p.A.	Milan (Italy)	100.00%		100.00%	
Pirelli Industrie Pneumatici S.r.l.	Settimo Torinese (Italy)	100.00%		100.00%	
Pirelli International Treasury S.p.A.	Milan (Italy)	100.00%		100.00%	
Pirelli Neumaticos S.A. de C.V.	Silao (Mexico)	100.00%		100.00%	
Pirelli Pneus Ltda.	Santo Andrè (Brazil)	100.00%		100.00%	
Pirelli Comercial de Pneus Brasil Ltda.	Sao Paulo (Brazil)	100.00%		100.00%	
Pirelli UK Tyres Ltd.	Burton-on-Trent (United Kingdom)	100.00%		100.00%	
Pirelli Tire LLC	Rome (USA)	100.00%		100.00%	
Pirelli Neumaticos S.A.I.C.	Buenos Aires (Argentina)	100.00%		100.00%	
S.C. Pirelli Tyres Romania S.r.l.	Slatina (Romania)	100.00%		100.00%	

A complete list of subsidiaries is contained in the attachment, *“SCOPE OF CONSOLIDATION – List of Companies included in Consolidation using the Line-by-Line Method”.*

Non-controlling interests in the subsidiaries of the Group are not significant either individually or in aggregate form.

Consolidation Standards

For consolidation purposes, the financial statements of the companies included in the Scope of Consolidation prepared at the reporting date of the Parent Company's financial statements are used and are appropriately adjusted to render them compliant with the IAS/IFRS standards, as applied by the Group.

The financial statements expressed in foreign currencies have been translated into euro by applying period-end exchange rates for the items in the Statement of Financial Position, and at average exchange rates for the items of the Income Statement, with the exception of the financial statements of companies operating in hyperinflationary countries whose Income Statements have been translated at period-end exchange rates.

Differences arising from the translation of the initial equity at the period-end exchange rates are recognised in the translation reserve, together with the difference arising from the translation of the result for the period at the period-end exchange rate compared to at the average exchange rate. The translation reserve is reversed to the Income Statement at the time of the disposal of the company which generated the reserve.

The criteria for consolidation can be summarised as follows:

- subsidiaries are consolidated using the line-by-line method on the basis of which:
    - the assets and liabilities, costs and revenues of the financial ftatements of subsidiaries are assumed in their entirety, regardless of the percentage of investment held;
    - the carrying amount of investments is eliminated against the relevant portion of equity;
    - the Statement of Financial Position and Income Statement transactions carried out between fully consolidated companies, including dividends distributed within the Group and the unrealised margin on intercompany transactions, are eliminated;
    - non-controlling interests are represented in the appropriate items under equity, and similarly, the portion of gains or losses attributable to non-controlling interests is shown separately in the Income Statement and in the Statement of Comprehensive Income;
    - at the time of disposal of an investee and the consequent loss of control, any goodwill that can be allocated to the investee is taken into account when determining the capital gains or capital losses from the disposal;
    - in the case of an investment stake acquired subsequent to the acquisition of control, any difference between the acquisition cost and the corresponding fraction of equity acquired is recognised in equity. Similarly, the effects deriving from the disposal of non-controlling interests without the loss of control are recognised in equity.

- investments in associates and joint ventures are accounted for using the equity method, funder which, the carrying amount of the investments is adjusted to take into account:
  - the investor's share of the financial results of the investee realised after the acquisition date;
  - the investor's share of gains and losses are recognised directly in the investee's equity, in accordance with the applicable accounting standards;
  - the dividends distributed by the investee;
  - if the Group's share, if any, of the losses of an associate/joint venture exceeds the carrying amount of the investment in the financial statements, the carrying amount of the investment is written down to zero, and the share of any additional losses is recognised under *"Provisions for liabilities and charges",* if and to the extent that the Group is contractually or implicitly obligated to cover them;
  - the margins resulting from sales carried out by subsidiaries to joint ventures or associates are eliminated only to the extent of the ownership stake held in the purchasing entity.

3. ADOPTED ACCOUNTING STANDARDS

Pursuant to Regulation No. 1606 issued by the European Parliament and the European Council in July 2002, the Consolidated Financial Statements of the Pirelli & C. Group have been prepared in accordance with IFRS - the International Financial Reporting Standards in force, issued by the International Accounting Standards Board (*"IASB"*) and endorsed by the European Union at December 31, 2024, as well as with the provisions issued in the implementation of Article 9 of Legislative Decree No. 38/2005. The terms IFRS and IAS refer to the IFRS - International Financial Reporting Standards and IAS - International Accounting Standards in force, issued by the International Accounting Standards Board (*"IASB"*) and endorsed by the European Union at December 31, 2024, as well as all interpretations of the International Financial Reporting Interpretations Committee (*"IFRIC"*), previously known as the Standing Interpretations Committee (*"SIC"*).

The Consolidated Financial Statements have been prepared based on the historical cost convention. The following items have instead been measured at fair value:

- derivative financial instruments;
- pension fund assets;
- other financial assets at fair value through Other Comprehensive Income;
- other financial assets at fair value through the Income Statement.

Business Combinations

Business acquisitions are accounted for using the acquisition method.

In the case of acquiring control of a company, goodwill is calculated as the difference between:

- the fair value of the consideration plus any non-controlling interests in the acquired company measured at fair value (if this option is chosen for the acquisition in question) or in proportion to the investment stake held by the non-controlling interest in the net assets of the acquired company;

- the fair value of the assets acquired and the liabilities assumed.

In cases where the aforementioned difference is negative, this difference is immediately recognised in the Income Statement under income.

In the case of acquiring control of a company in which a non-controlling interest was previously held (acquisition in phases - step acquisition), the previously held investment is measured at fair value, and the effects of this adjustment is recognised in the Income Statement.

Costs related to Business Combination transactions are recognised in the Income Statement.

Contingent considerations, that is, the buyer's obligations to transfer additional assets or shares to the seller if certain future events occur or specific conditions are met, are recognised at fair value at the acquisition date as part of the consideration transferred in exchange for the acquisition itself. Any subsequent changes in the fair value of such agreements are recognised in the Income Statement.

Intangible assets

Intangible assets refer to assets without an identifiable physical form, which are controlled by the Group and are capable of producing future economic benefits.

Intangible assets with a finite useful life are measured at cost, net of any accumulated amortisation and impairment losses, and include costs for services provided by third parties.

Amortisation is calculated on a straight-line basis and begins when the asset becomes available for use or is capable of operating as intended by management, and ceases on the date when the asset is classified as held for sale or is de-recognised from the accounts.

Capital gains and capital losses arising from the divestment, disposal or retirement of an intangible asset are determined as the difference between the net proceeds from disposal and the carrying amount of the asset.

Goodwill

Goodwill is an intangible asset with an indefinite useful life and is therefore not subject to amortisation. Goodwill is subject to an evaluation aimed at identifying any impairment, at least annually or whenever there are indicators of impairment.

Trademarks and Licenses

Trademarks and licenses for which the conditions for classification as intangible assets with an indefinite useful life have not been met, are measured at cost, net of amortisation and net of any accumulated impairment. This cost is amortised for whichever period is shorter between, the contractual duration and the useful life of the asset. Instead, the trademarks for which the conditions for classification as intangible assets with an indefinite useful life have been met, are not systematically amortised, and are subjected to an impairment test at least once a year.

Software

Software license costs, including incidental expenses, are capitalised and recorded in the financial statements net of amortisation and net of any accumulated impairment. Software is amortised on the basis of its useful life.

Software as a service (*“SaaS”*), for which the Group does not control the underlying software, but only holds the right to access the software on a third-party cloud infrastructure, is not capitalised.

Customer Relationships

Customer relationships mainly refer to intangible assets acquired during Business Combinations, and are recognised in the financial statements at their fair value at the acquisition date, and amortised on the basis of their useful life.

Technology

The value of Technology refers mainly to product, process and product development technology acquired during Business Combinations. It is recognised in the financial statements at fair value at the date of acquisition, and is amortised on the basis of its useful life.

Research and Development Expenses

Research costs refer to product innovation, innovation in production processes and research into new materials. These are expensed as they are incurred. There were no product development costs that satisfied the requisites for capitalisation as provided for by IAS 38.

Owned Tangible Assets

Property, plant and equipment are recognised at their acquisition cost or production cost, including any directly attributable incidental expenses.

Any costs incurred subsequent to the acquisition of assets and the cost for replacing certain parts of the assets recognised in this category, are capitalised only if they increase the future financial benefits inherent in the asset to which they relate. All other costs are recognised in the Income Statement as they are incurred. When the replacement cost of certain parts of assets is capitalised, the residual value of the replaced parts is recognised in the Income Statement.

Property, plant and equipment are measured at cost, net of depreciation and net of any accumulated impairment, except for land which is not depreciated but is valued at cost net of any accumulated impairment.

Depreciation is accounted for starting from the month in which the asset is available for use, or is potentially capable of providing the financial benefits associated with it.

Depreciation is recognised on a monthly basis using the straight-line method at rates that allow assets to be depreciated until the end of their useful life or, in the case of disposals, until the final month of use.

Depreciation rates were as follows:

Buildings	3% - 10%
Plants	7% - 20%
Machinery	5% - 20%
Equipment	10% - 33%
Office equipment	25% - 50%
Furniture	10% - 33%
Motor vehicles	10% - 25%

The Group annually revises the expected useful life of property, plant and equipment.

Leasehold improvements are classified as tangible assets, consistent with the nature of the cost incurred. The depreciation period corresponds to whichever is shorter between the remaining useful life of the tangible asset and the remaining duration of the lease contract.

Spare parts of significant value are capitalised and depreciated based on the useful life of the asset to which they relate.

Any decommissioning costs are estimated and added to the tangible assets, with a corresponding entry to a provision for liabilities and charges, if the requirements for the creation of a provision for liabilities and charges are met. They are then depreciated for the duration of the remaining useful life of the respective asset.

Property, plant and equipment are de-recognised from the Statement of Financial Position at the time of their disposal or their permanent withdrawal from use and as a consequence, no future financial benefits are expected to be derived from their disposal or use.

Capital gains or capital losses arising from the divestment or disposal of property, plant and equipment are determined as the difference between the net proceeds from disposal, and the carrying amount of the asset.

Property, plant and equipment under construction are recognised at cost, net of any impairment. When property, plant and equipment under construction is ready for use, it is reclassified to the relevant category, and begins to be depreciated based of the useful lives of the Group.

Right of Use

At the date when the assets subject to the lease contract become available for use by the Group, lease contracts are recognised as right-of-use assets in non-current assets, with a corresponding entry for the financial liability.

The cost of lease payments is split into its financial expense component which is recognised in the Income Statement for the duration of the contract and the duration of the capital repayment period, which is recorded as a reduction of the financial liability.

The right of use is depreciated on a monthly basis using the straight-line method, for whichever period is shorter, between the useful life of the asset and the duration of the contract.

Right of use and financial liabilities are initially measured at the present value of future payments.

The present value of the financial liabilities for lease contracts includes the following payments:

- fixed payments;
- variable payments based on an index or rate;
- the exercise price of a redemption option, if the exercise of the option is considered reasonably certain;

- the payment of penalties for terminating the contract, if the exercise of the option is considered reasonably certain;
- optional payments subsequent to the non-cancellable period, if the extension of the contract beyond the non-cancellable period is considered reasonably certain.

Future payments are discounted using the incremental borrowing rate. This rate consists of the risk-free rate of the country in which the contract is negotiated and is based on the duration of the contract. It is then adjusted according to the Group’s credit spread and the local credit spread.

The right is use is measured at cost, and is composed of the following elements:

- the initial amount of the financial liability;
- the payments made before the start of the contract net of the lease incentives received;
- the directly attributable incidental expenses;
- the estimated costs for dismantling or restoration.

The lease payments associated with the following types of lease contracts are recognised in the Income Statement on a straight-line basis over the duration of the respective contracts:

- contracts with a duration of less than twelve months for all asset classes;
- contracts for which the underlying asset is configured as a low-value asset, that is, the unit value of the underlying assets is not greater than euro 8 thousand when new;
- contracts where the payment for the right of use of the underlying asset varies due to changes in the facts or circumstances (not linked to an index or a rate), that were not foreseeable at the start date.

Low-value contracts are mainly related to the following categories of goods:

- computers, telephones and tablets;
- office and multi-function printers;
- other electronic devices.

Impairment of Assets

Property, Plant and Equipment, Intangible Assets and Right of Use

In the presence of specific indicators of impairment, and at least on an annual basis, intangible assets with an indefinite useful life, including goodwill, property, plant and equipment, intangible assets and right of use are subject to an impairment test.

The test involves estimating the recoverable amount of the asset and comparing it with its carrying amount.

The recoverable amount of an asset corresponds to the higher amount between the fair value less the costs of sale, and the value in use.

It is not necessary to estimate both value configurations as, to verify the absence of impairment of the asset, it is sufficient for one of the two value configurations to exceed the carrying amount.

The value in use for property plant and equipment and intangible assets, is the present value of the estimated future financial flows generated by the use of the asset and those arising from its disposal at the end of its useful life, net of taxes and the application of a discount rate which reflects the current market assessment of the time-value of money and the specific risks of the asset.

For the right of use, the value in use is the present value of the estimated future financial flows originating from the right of use asset for the duration of the lease contract, and those outflows for the replacement of the right of use asset at the end of the lease term (for example, the acquisition cost of an asset to replace the one that is leased).

If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced and adjusted to the recoverable amount. This reduction in value constitutes an impairment loss which is recognised in the Income Statement.

For the purpose of assessing impairment losses, assets are aggregated at the lowest level at which independent cash flows can be separately identified (cash generating unit).

With specific reference to goodwill, for the purpose of the impairment test, the allocation is made at the Group level of the *"Consumer Activities"* CGU. The latter represents the minimum level at which goodwill is monitored for internal management control purposes.

In the presence of indications that an impairment loss recognised in previous years relating to tangible or intangible assets other than goodwill or the right of use may no longer exist or may have decreased, the recoverable amount of the asset is re-estimated, and if it results as exceeding the carrying amount, the carrying amount is increased up to the recoverable amount.

The reversal of an impairment cannot exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous financial years.

The reversal of the impairment of an asset other than goodwill is recognised in the Income Statement.

An impairment loss recognised for goodwill cannot be reversed in subsequent periods.

An impairment loss recognised in an interim (half-yearly) financial statement for goodwill cannot be reversed in the Income Statement in the following financial year.

Investments in Associates and Joint Ventures

Subsequent to the application of the equity method, in the presence of indicators of impairment, the value of investments in associates and joint ventures must be compared with the recoverable amount (the impairment test). The recoverable amount corresponds to the higher amount between the fair value minus the selling costs, and the value in use.

For the purpose of the impairment test, the fair value of an investment in an associate or joint venture with shares listed on an active market is always equal to its market value. In the case of investments in unlisted companies, the fair value is determined based on estimates using the best available information.

For the purposes of determining the value in use of an associate or joint venture, the estimate for future net operating cash flows is discounted, net of the net financial position of the company in question, at the date of the estimate (the so-called Discounted Cash Flow - Asset Side method).

In the presence of indications that an impairment loss recognised in previous years may no longer exist or may have decreased, the recoverable amount of the investment is re-estimated and, if it exceeds the carrying amount of the investment, the latter is increased up to the recoverable amount.

The reversal of impairment cannot exceed the carrying amount of the investment that would have been determined (net of impairment) had no impairment loss been recognised in previous years.

The reversal of impairment for investments in associates and joint ventures is recognised in the Income Statement.

Other Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

This category includes the equity instruments for which the Group, at initial recognition, has exercised the irrevocable option to present gains and losses arising from changes in their fair value in equity (FVOCI), as these are financial assets that do not belong to the Group’s core business. They are classified as non-current assets under the item *“Other financial assets at fair value through Other Comprehensive Income”.*

They are initially recognised at fair value, including transaction costs directly attributable to the acquisition.

They are subsequently measured at their fair value, and any gains and losses arising from any changes in their fair value are recognised in a specific equity reserve. This reserve is not reclassified to the Income Statement. In the event of the disposal of the financial asset, the amount suspended in equity is reclassified to retained earnings.

Dividends arising from such financial assets are recognised in the Income Statement when the right to receive payment arises.

Other Financial Assets at Fair Value through the Income Statement (FVPL)

The items which fall within this assessment category are:

- equity instruments for which the Group - at the time of initial recognition - has not exercised the irrevocable option to present the gains and losses arising from changes in their fair value in equity. These are classified as non-current assets under the item "*Other financial assets at fair value through the Income Statement";*

- debt instruments, for which the Group's asset management business model provides that the sale of the debt instruments and the cash flows associated with the financial asset, represent the payment of the outstanding principal. These are classified as current assets under the item *"Other financial assets at fair value through the Income Statement";*

- debt instruments for which the fair value option has been exercised to eliminate an accounting mismatch;

- derivative instruments, except those designated as hedging instruments;

These are initially recognised at fair value. Transaction costs directly attributable to the acquisition are recognised in the Income Statement.

They are subsequently measured at fair value, and any gains or losses arising from any changes in their fair value are recognised in the Income Statement.

Inventories

Warehouse inventories are valued at whichever is lower, between their cost and their presumed realisable value.

The cost is calculated using the FIFO method, and in the case of finished and semi-finished products, in addition to the costs of materials, the direct costs of labour as well as indirect costs, are also included.

The cost of inventories also includes the transfer from Other Comprehensive Income, of the gains and losses arising from qualified cash flow hedging transactions related to the purchase of raw materials, typically natural rubber.

The cost is increased by incremental expenses, in the same way as described for property, plant and equipment.

The realisable value represents the estimated selling price, net of all estimated costs to complete the asset and the costs of selling and distribution that will be incurred.

Provisions for the impairment of inventories are calculated for items considered to be obsolete or slow-moving, taking into account their estimated future use and their realisable value.

Receivables

Receivables are initially recognised at their fair value, which is normally represented by the agreed consideration or the present value of the amount to be collected. They are subsequently measured at amortised cost, which is reduced in the event of impairment losses. The amortised cost is calculated by using the effective interest rate method, which is equivalent to the discount rate which, when applied to the future cash flows, results in the present carrying amount of those cash flows being equal to the initial fair value. Receivables denominated in a currency other than the functional currency of the individual entities, are adjusted to the period-end exchange rates with the corresponding entry in the Income Statement.

Receivables are de-recognised when the right to receive cash flows is extinguished, when all the risks and benefits associated with the holding of the receivable have been substantially transferred, or in cases where the receivable is considered definitively irrecoverable after all necessary recovery procedures have been completed.

Impairment of Receivables

For trade receivables, the Group applies a simplified approach, which calculates the expected credit losses over the life of the receivables from the moment of initial recognition. The Group uses a matrix based on historical experience, linked to the ageing of the receivables themselves and the credit rating of the customers, adjusted to take into account forecast factors specific to certain creditors. Trade receivables are grouped on the basis of similar risk characteristics. The grouping is based on the original due date of the receivable and the creditworthiness of the customers as assigned by independent market operators. For financial receivables, the impairment calculation is made with reference to the expected credit losses over the next twelve months. This calculation is based on a matrix that includes the credit rating of customers provided by independent market operators. In the case of a significant increase in credit risk subsequent to the origination date of the receivable, the expected loss is calculated over the entire life of the receivable. The Group assumes that the credit risk of a financial instrument has not increased significantly after its initial recognition, if it is determined that the financial instrument has a low credit risk at the reporting date of the Financial Statements. The Group assesses whether there has been a significant increase in credit risk when the customer’s rating, assigned by independent market operators, changes in a way that indicates an increase in the probability of default. The Group considers a financial asset to be in default when internal or external information indicates that it is unlikely the Group will receive the full contractual amount that is past due (for example, when receivables have been referred to the legal department).

Payables

Payables are initially recorded at their fair value, which is normally represented by the agreed consideration or the present value of the amount to be paid. They are subsequently measured at the amortised cost. Amortised cost is calculated by using the effective interest rate method, which is equivalent to the discount rate that, when applied to the future cash flows, results in the present carrying amount of those cash flows which is equal to the initial fair value. Payables, denominated in a currency other than the functional currency of the individual entities are adjusted to the exchange rates at the period-end, with the corresponding entry in the Income Statement.

Payables are de-recognised from financial statements when the specific contractual obligation is extinguished. In the event of a change in a financial liability that does not result in its cancellation, the gain or loss resulting from the change is calculated by discounting the change in the contractual cash flows using the original effective interest rate and is immediately recognised in the Income Statement.

The fair value of the debt component of a convertible bond is equal to the fair value of a liability issued under substantially equivalent market terms, without the right of conversion. This component is subsequently measured at amortised cost until extinguished at the time of conversion or until the maturity of the bonds. The remaining portion, up to the value equal to the amount collected, is recognised as a component of equity. Issuance costs are allocated proportionally to the debt component and to the equity component.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits, postal deposits, cash and valuables on hand, and other forms of short-term investments with an original maturity of three months or less, which are readily convertible into a given amount of cash and subject to an insignificant risk of changes in value. Overdrafts are classified as financial payables under current liabilities.

The items included in cash and cash equivalents are measured at their fair value, and any related changes are recognised in the Income Statement.

For the purposes of their representation in the Consolidated Statement of Cash Flow, cash and cash equivalents are represented by the liquid assets as previously defined, net of current account overdrafts.

Contingent Assets

Any contingent assets, which arise from past events and whose realisation depends on the occurrence or non-occurrence of unforeseeable future events, are not recognised in the financial statements unless the realisation of revenue is virtually certain.

Contingent Liabilities

Contingent liabilities, that is, contingent or present obligations that are not probable or cannot be reliably measured, are not recognised in the financial statements but are given disclosure, unless the possibility of an outflow of economic resources is remote.

Provisions for Liabilities and Charges

The provisions for liabilities and charges include the provisions for present obligations (legal or implicit) arising from a past event, for the settlement of which it is probable that the use of resources will be required, the amount of which can be reliably estimated. Changes in estimates are recognised in the Income Statement for the financial year in which the change occurred. If the effect of discounting is significant, provisions are stated at their present value. A provision for restructuring is only recognised if, in addition to meeting the requisite conditions for the accrual of provisions for liabilities and charges, there is a detailed formal plan for the restructuring, and the third parties involved have a valid expectation that the restructuring will take place.

Employee Benefits

Employee benefits paid after the termination of the employment relationship, of the defined benefit plan type (defined benefit plans) and other long-term benefits (other long-term benefits) are subject to actuarial valuations. The liability recognised in the financial statements represents the present value of the Group's obligation, net of the fair value of any plan assets. For defined benefit plans, the actuarial gains and losses arising from adjustments based on past experience and from any changes in the actuarial assumptions, are recognised in full under Other Comprehensive Income. For other long-term benefits, actuarial gains and losses are recognised immediately in the Income Statement.

The provision for employees' leaving indemnities (TFR) of Italian companies with at least 50 employees is considered a defined benefit plan solely for the amounts accrued before January 1, 2007 (and not yet settled at the reporting date), while amounts accrued after that date qualify under the defined benefit plan.

The net interest calculated on the net liability is classified under financial expenses.

Costs relative to the defined contribution plans are recognised in the Income Statement when incurred.

In the event that the plan assets of defined benefits exceed the liabilities, the asset is recognised to the extent that the economic benefit, in the form of a refund or a reduction of future contributions and is available to the Group under the regulations of the plan itself and pursuant to the provisions in force in the jurisdiction where the plan operates.

This refund is considered available to the Group, if the Group has an unconditional right to the reimbursement in any of the following circumstances:

- during the life of the plan, without assuming that the plan's liabilities must be settled in order to obtain the refund (for example, in some jurisdictions, the entity may may be entitled to a refund during the life of the plan, regardless of whether the plan's liabilities are settled);

- assuming the gradual settlement of the plan's liabilities over time until all members have left the plan; or

- assuming the full settlement of the plan's liabilities in a single event (for example, the liquidation/closure of the plan).

In the case of the purchase of qualifying insurance policies through the use of plan assets, any additional contributions required by the insurance company are recognised under Other Comprehensive Income.

Insurance policies are recognised in the financial statements as plan assets and are measured on the same basis as the liabilities to which they relate.

Derivative Financial Instruments designated as Hedging Instruments

In accordance with the provisions of IFRS 9, derivative financial instruments are accounted for in accordance with the methods established for hedge accounting only when:

- the hedged items and the hedging instruments meet the eligibility criteria;
- at the inception of the hedging relationship, there is the formal designation and documentation of the hedging relationship, of the Group's risk management objectives, and of the strategy for undertaking the hedge cover;
- the hedging relationship meets all the following effectiveness requirements:
    - there is a financial relationship between the hedged item and the hedging instrument;
    - the effect of credit risk is not dominant in relation to the changes associated with the risk being hedged;
    - the hedge ratio defined in the hedging relationship is adhered to, including through rebalancing actions, and is consistent with the risk management strategy adopted by the Group.

These derivative instruments are measured at fair value.

The following accounting treatments are applied on the basis of the type of coverage:

- Fair value hedge - if a derivative financial instrument is designated as a hedge against exposure to any changes in the fair value of an asset or liability attributable to a specific risk, the gain or loss arising from any subsequent changes in the fair value of the hedging instrument is recognised in the Income Statement. The gain or loss on the hedged item, for the portion attributable to the hedged risk, adjusts the carrying amount of the asset or liability (basis adjustment) and is also recognised in the Income Statement.
- Cash flow hedge - if a derivative financial instrument is designated as a hedge against exposure to the variability in the cash flows of an asset or liability recognised in the financial statements or against a highly probable future transaction, the effective portion of the change in the fair value of the hedging derivative is recognised directly under Other Comprehensive Income, while the ineffective portion is immediately recognised in the Income Statement. The amounts recognised directly under Other Comprehensive Income are reclassified to the Income Statement for the financial year in which the hedged item produces an effect on the Income Statement. If the hedge of a highly probable future transaction subsequently results in the recognition of a non-financial asset or liability, the amounts that are suspended under Other Comprehensive Income are included in the initial carrying amount of the non-financial asset or liability.

When future transactions are hedged by forward contracts, the Group may designate to hedge accounting:

- the full fair value (including forward points): the effective portion of changes in the fair value of the entire derivative instrument is recognised under Other Comprehensive Income (cash flow hedge reserve);

- the spot component only (excluding the forward points): the effective portion of the changes in the fair value of the single spot component, is recognised under Other Comprehensive Income in the cash flow hedge reserve, while change in the forward points related to the hedged item is recorded in the cost of hedging reserve, always under Other Comprehensive Income.

When a hedging instrument reaches maturity or is disposed of, terminated early, exercised, or no longer meets the conditions to be designated as a hedging instrument, hedge accounting is discontinued. The fair value adjustments accumulated under Other Comprehensive Income (both in the cash flow hedge reserve and the cost of hedging reserve), remain suspended under Other Comprehensive Income until the hedged item produces an effect on the Income Statement. They are subsequently reclassified to the Income Statement, for the financial years during which the acquired asset or the assumed liability produces an effect on the Income Statement. If it is expected that the hedged item will not generate any effect on the Income Statement, the fair value adjustments accumulated under Other Comprehensive Income (both in the cash flow hedge reserve and in the cost of hedging reserve) are immediately recognised in the Income Statement. For the derivative instruments that do not satisfy the requisites provided for by IFRS 9 for the adoption of hedge accounting, reference should be made to the paragraph *“Financial assets at fair value through the Income Statement”*. The purchases and sales of derivative financial instruments are recognised at the settlement date.

The hedges of net investments in foreign assets (net investment hedges) are accounted for in a manner similar to cash flow hedges.

Gains or losses on the hedging instrument related to the effective portion of the hedge are recognised in Other Comprehensive Income, while those related to the ineffective portion are immediately recognised in the Income Statement.

Gains and losses accumulated under Other Comprehensive Income are reclassified to the Income Statement when the foreign operation is disposed either partially or entirely.

Determination of the Fair Value of Financial Instruments

Financial instruments measured at fair value are classified on the basis of the hierarchy of levels provided for by IFRS 13, which reflects the significance of the inputs used in determining the fair value. The levels are defined as follows:

- level 1 – unadjusted quoted prices in active markets for the assets or liabilities being valued;
- level 2 – inputs other than the quoted prices referred to in the previous point, which are observable on the market either directly (such as prices), or indirectly (that is, derived from prices);
- level 3 - inputs that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on the published price quotations at the reporting date of the Financial Statements. The market prices used for financial assets are the bid prices, while for financial liabilities, they are the ask prices.

The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques that maximise the use of available observable market data, using valuation techniques that are widely used in the financial industry:

- market prices for similar instruments;
- the fair value of interest rate swaps is calculated by discounting estimated future cash flows based on observable yield curves;
- the fair value of foreign exchange derivatives (forward contracts) is determined by using the forward exchange rate at the reporting date of the Financial Statements;
- the fair value of foreign exchange derivatives (average rate forward) is determined based on the difference between the agreed forward price and the average spot rate for the reporting period;
- the fair value of cross currency interest rate swaps is calculated by discounting the estimated future cash flows based on observable yield curves and converting them into euro using the exchange rate at the reporting date of the Financial Statements;
- the fair value of natural rubber futures is determined using the closing price of the contract at the reporting date of the Financial Statements;
- the fair value of the unlisted equity securities classified in Level 3 of the fair value hierarchy is mainly determined on the basis of data from the most recent available financial statements.

Income Taxes

Current taxes are determined on the basis of a realistic forecast of the liabilities to be settled in accordance with the applicable tax regulations of the country.

The Group periodically reviews the choices made in the determination of taxes in situations where the applicable tax legislation is subject to interpretation, and, where appropriate, adjusts its exposure to the tax authority based on the taxes it expects to pay. Any interest and penalties accrued on these taxes are recognised under Income tax in the Income Statement.

Deferred taxes are determined on the basis of the temporary differences existing between the carrying amounts of assets and liabilities in the financial statements and their tax base (global allocation method), and are classified under non-current assets and liabilities.

Deferred tax assets on tax losses carried forward, as well as on temporary differences, are only recognised when there is a likelihood of future recovery.

Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legal right to offset. Deferred tax assets and liabilities are determined using the tax rates that are expected to apply in the respective jurisdictions where the Group operates, for the financial years during which the temporary differences are expected to be realised or settled.

With regard to taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, the related deferred tax liability is not recognised if the investing entity is able to control the reversal of the temporary differences and it is probable that such a reversal will not occur in the foreseeable future.

Deferred taxes are not discounted.

Deferred tax assets and liabilities are credited or debited to Other Comprehensive Income if they relate to items that are credited or debited directly to Other Comprehensive Income during the current or previous financial years.

Indirect Taxes

Costs, revenues, assets, and liabilities are recognised net of indirect taxes, such as value-added tax (IVA), with the following exceptions:

- the tax is non-deductible: in which case, it is recognised as part of the acquisition cost of the asset or as part of the cost recorded in the Income Statement;
- trade receivables and trade payables, which include the applicable indirect tax.

The net amount of indirect taxes that are recoverable or payable is recognised under other receivables or other payables, respectively.

International Tax Reform – Pillar Two Model

The Organisation for Economic Co-operation and Development (OECD) published the new tax rules (known as “GloBe rules”) of European origin for the Pillar Two model in December 2021 to implement the Global Minimum Tax. These rules aim to ensure that large multinational companies are subject to a minimum tax rate of 15%. The Pillar Two rules have been adopted by several jurisdictions where the Group operates and are applicable from January 1, 2024.

With reference to the Pillar Two regulations, please note that calculation of the related taxes for the financial statements as of December 31, 2024, was made considering that Pirelli & C. S.p.A. is the Ultimate Parent Entity (UPE) following the loss of control of MPI Italy (and, as a result, that of Sinochem) over Pirelli pursuant to IFRS No. 10 following the issuance of the Golden Power Decree on June 16, 2023 - as reported in Note 1 - General Information.

Given the novelty and complexity underlying the determination of the effective tax level, the Pillar Two legislation provides, for the first three effective periods (the so-called transitional regime valid for periods starting before December 31, 2026, and ending no later than June 30, 2028), the possibility of applying a simplified regime (the so-called transitional safe harbour tests, also known as “Transitional Safe Harbours” - “TSHs”), mainly based on available accounting information for each relevant jurisdiction. If at least one of the three tests is passed, it results in the reduction of compliance burdens and the elimination of Pillar Two taxes.

The Group has decided to opt for these TSHs and, based on the 2024 data sent by the individual subsidiaries for consolidation purposes, at least one of the related tests (i.e., de minimis test, simplified ETR test, and routine profit test) has been passed; therefore, for the 2024 financial year, no material exposure to this additional tax is due by the Group.

Regarding the accounting of deferred taxes arising from the aforementioned new tax rules, the Group as of December 31, 2024, makes use of the temporary exception provided by IAS 12.

Equity

Treasury Shares

Treasury shares are classified as a reduction to equity.

In the event of sale, re-issue or cancellation, the resulting gains or losses are recognised under equity.

Costs of Capital Transactions

Costs that are directly attributable to the capital transactions of the Parent Company are recognised as a reduction to equity.

Share Based Payments (Cash Settled)

The additional monetary benefits (cash-settled) granted to certain executives of the Group are recognised under Provisions for employee benefit obligations with a corresponding entry in *"Personnel expenses".* The cost is estimated at fair value and is recognised over the duration of the plan in accordance to the extent to which the vesting conditions have been met at the reporting date of the Financial Statements. The estimate is reviewed at each reporting date until the settlement date.

Revenue Recognition

Revenue is recognised to the amount that reflects the consideration the Group believes it is entitled to in exchange for the transfer of goods and/or services to customers. The variable considerations that the Group expects to grant to direct or indirect customers are recognised as a reduction of revenue.

The Group generally acts as the principal for most for most of the agreements that generate revenues. However, there are contracts with customers in which the Group acts as an agent and these revenues are recognised net of costs incurred under the commercial agreements.

Product Sales

Revenues from product sales are recognised when the performance obligations towards customers have been satisfied. Performance obligations are satisfied when control of the goods is transferred to the customer, which generally occurs when the goods are delivered to the customer.

If the products are ready to be delivered, but delivery is postponed to a future date, sales revenues is recognised only if control of the products has been transferred to the customer. Control is considered to be transferred to the customer when the following conditions are met:

- the reasons for delivering at a future date are real (for example: the customer has requested delivery at a future date in writing);
- the products in the warehouse are separately identified as being owned by the customer;
- the products are ready for physical delivery to the customer;

- the Group does not have the ability to use the product or deliver it to other customers.

Retrospective discounts apply to product sales based on the achievement of targets defined within commercial agreements. Revenues from sales are recognised net of these discounts, which are estimated based on historical experience using the expected value method and net of amounts that are not expected to be reversed. They are also recognised net of products returned and received.

These sales do not include a financing component, as the average payment terms applied to customers fall within the standard commercial terms for the relevant country. It should be noted that customers are not offered additional guarantees beyond those generally recognised by market standards.

Provision of Services

Revenues from services rendered are recognised when the rendered service has been completed, or based on the stage of completion of the service, at the reporting date.

Royalties

Royalties are recognised over time in accordance with the terms of the relevant agreement, which provides the customer with the right to access intellectual property. The amounts for royalties is estimated using the output method, and the royalties invoiced in each period are directly correlated to the value transferred to the customer.

Financial Income and Expenses

Financial income and expenses are recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive payment arises, which typically corresponds to a resolution of the Shareholders’ Meeting to distribute dividends.

Government Grants

Government grants are recognised on an accrual basis in relation to the costs incurred when a formal resolution approving the grant exists, and when entitlement to the grant is assured, meaning it is reasonably certain that the Group will comply with the conditions for obtaining it and that the grant will be received.

Capital grants are recognised as deferred income under *“other payables”* and classified as current or non-current depending on whether they relate to the short-term or long-term portion of the grant respectively. Deferred income is subsequently recognised in the Income Statement under *“other income”* on a straight-line basis over the useful life of the asset to which the grant relates.

Operating grants are recognised in the Income Statement under *“other income”* except for support schemes intended to offset specific costs (e.g., grants to mitigate energy costs), which are recognised as a deduction to the related expense.

Earnings/(Losses) per Share

Earnings/(loss) per share - basic: basic earnings/(losses) per share is calculated by dividing the net income/(loss) of the Group by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

Earnings/(loss) per share - diluted: diluted earnings/(losses) per share is calculated by dividing the net income/(loss) of the Group by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares. For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of shares outstanding is adjusted by assuming the exercise by all assignees of the rights that could potentially have a dilutive effect, while the Group’s net income/(loss) is adjusted to account for any effects, net of tax, arising from the exercise of such rights.

Operating Segments

The operating segment is a part of the Group that engages in business activities that generate revenues and costs, whose operating results are periodically reviewed by the Chief Executive Officer, in his role as Chief Operating Decision Maker (CODM), for the purposes of taking decisions on the allocation of resources to the segment, and the evaluation of the results, and for which financial information is made available.

The Group’s activities are identifiable in a single operating *“Consumer Activities”* segment.

Transactions in Foreign Currency

Transactions in a foreign currency are recorded at the prevailing exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the prevailing exchange rates at the reporting date. Exchange rate differences arising from the settlement of monetary items or their conversion at rates different from those at which they were initially recognised during the financial year or at the end of the previous financial year, are recognised in the Income Statement.

If the conditions for the designation of intercompany monetary items such as *“Net Investment in Foreign Operations”* are met, the differences from foreign currency translation, starting from the date of the designation, are recognised directly in the Consolidated Statement of Comprehensive Income.

Accounting Standards for Hyperinflationary Countries

Companies, operating in countries where the cumulative inflation rate over a three-year period approximates or exceeds 100%, adopt hyperinflation accounting and discontinue it in the event that the cumulative inflation rate over a three-year period falls below 100%.

Group companies operating in hyperinflationary economies restate the values of non-monetary assets and liabilities in their original financial statements to eliminate the distortive effects of the loss of purchasing power of the currency, with a corresponding entry recognised under financial income/(expenses).

The inflation rate used for inflation accounting purposes corresponds to the consumer price index.

Gains or losses on the net monetary position are recognised in the Income Statement.

The financial statements of Group companies operating in hyperinflationary countries and prepared in a currency other than the euro are translated into euros by applying the period-end exchange rates to the items of both the Statement of Financial Position and the Income Statement.

During the course of the third quarter of 2018, Argentina’s cumulative three-year inflation rate exceeded 100% This, together with other economic characteristics of the country, led the Group to adopt, starting from July 1, 2018, the accounting standard IAS 29 - Financial Reporting in Hyperinflationary Economies for the Argentine subsidiary, Pirelli Neumaticos S.A.I.C. The same accounting standard has been applied, starting from December 15, 2022, to the newly established Argentine subsidiary Latam Servicios Industriales S.A.

During the course of the second quarter of 2022, Turkey’s cumulative three-year inflation rate also exceeded 100%. This, together with other economic characteristics of the country, led the Group to adopt, starting from June 30, 2022, the accounting standard IAS 29 - Financial Reporting in Hyperinflationary Economies for the Turkish subsidiaries Pirelli Otomobil Lastikleri A.S. and Pirelli Lastikleri Dis Ticaret A.S.

Environmental Certificates and Contracts for the Supply of Energy

In some European countries, the Group receives greenhouse gas emission allowances free of charge, consistent with the provisions of the European Emission Trading Schemes. These rights are allocated annually and must be delivered to the relevant national authority based on the actual emissions produced in each country.

If the freely allocated allowances are insufficient to cover the actual emissions produced in the country, the Group purchases the necessary additional allowances, which are recognised at cost under deferred assets.

Costs related to greenhouse gas emissions are recognised on an accrual basis, in proportion to the emissions produced in the relevant country during the financial year, and are recognised under other costs with a corresponding entry for a provision for liabilities and charges.

Prepaid expenses (deferred assets) corresponding to the purchased certificates are eliminated with a corresponding entry for a reduction to the provision for liabilities and charges, when the certificates are delivered to the competent authority.

The Group also purchases renewable electrical energy certificates of differing types depending on the regulations applicable in the country of consumption, (for example, Guarantees of Origin – GO in the European Union, Renewable Energy Certificates – REC in the United States, Renewable Energy Guarantee of Origin - REGO in the United Kingdom, International Renewable Energy Certificates - IREC in the remaining countries where Pirelli operates), which are instruments that certify the renewable origin of the electrical energy sources, in order to offset the electricity consumption of the Group’s companies. The related cost is recognised under other costs.

With reference to electrical energy supply contracts, the Group has the option to fix the purchase price for predefined periods (monthly, quarterly, annually) through the stipulation of Power Purchase Agreements (PPAs. For these contracts, an analysis is conducted to determine whether they fall within the scope of IFRS 16 - Leases or IFRS 9 - Financial Instruments. Since the purpose of these contracts is to meet the Company’s own energy purchase requirements, they do not fall within the scope of IFRS 9, as the Company benefits from the *“own use exemption”.* The cost of purchasing energy is recognised in the Income Statement on an accrual basis, including the cost of energy origin certification for the energy purchased.

3.1 Approved Accounting Standards and Interpretations in Force as of January 1, 2024

Pursuant to IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors",* the IFRS standards that became effective as of January 1, 2024, are listed below:

- Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.

  The amendments clarify the criteria to be applied for classifying liabilities as current or non-current and specify that the classification of a liability is not influenced by the likelihood that the settlement of the liability will be postponed for twelve months following the financial year in question. The Group's intention to liquidate the liability in the short-term, had no impact on their classification. There were no impacts on the classification of financial liabilities as a result of these amendments.

- Amendments to IAS 1 - Presentation of Financial Statements - Non-current Liabilities with Covenants.

  These amendments specify that the covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require the company to disclose information about such covenants in the Financial Statements.

  There were no impacts on the classification of financial liabilities or in terms of disclosure as a result of these amendments.

- Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback.

  These amendments specify the requirements for accounting for a sale and leaseback after the transaction date.

  In particular, when subsequently evaluating the liability arising from the lease contract, the seller-lessee determines the *"lease payments"* and *"revised lease payments"* in such a way as to not recognise gains or losses related to the retained right of use. Since no sale & leaseback transactions occurred during 2024, these amendments had no impact on the Group's Consolidated Financial Statements at December 31, 2024.

- Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Supplementary Information - Supplier Finance Arrangements.

  These amendments introduce new disclosure requirements to improve the transparency of information provided on supplier financing arrangements, particularly with regard to the effects of such arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

  These amendments had no impact on the Group's Consolidated Financial Statements at December 31, 2024.

- Amendments to IAS 12 - Income Taxes: International Tax Reform - Pillar Two Model Rules

  These amendments offer a temporary exemption to the accounting of deferred taxes resulting from the application of the new tax rules (the so-called *"GloBE Rules"*) of European origin, for the implementation of the Global Minimum Tax, introduced by the Organisation for Economic Co-operation and Development (OECD). The OECD published the Pillar Two Model Rules in December 2021, to ensure that large multinational companies are subjected to a minimum tax rate of 15%.

  The Group's Financial Statements at December 31, 2024 make use of the above-mentioned temporary exception.

3.2 International Accounting Standards and/or Interpretations Issued but not yet in Force in 2024

Pursuant to IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" - the new standards or interpretations that had already been issued, but had not yet entered into force or had not yet been approved by the European Union at December 31, 2024 and were therefore not applicable, as well as their foreseeable impact on the Consolidated Financial Statements, are indicated below.

None of these standards and interpretations were adopted in advance by the Group.

- Amendments to IAS 21 - Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

  These amendments clarify when a currency is exchangeable for another currency and, consequently, when it is not. When one currency is not exchangeable for another, these amendments define the method for determining the exchange rate to be applied. The amendments also specify the information that must be provided when a currency is not exchangeable.

These amendments, approved by the European Union, came into effect on January 1, 2025. No impact on the Consolidated Financial Statements is expected as a result of these amendments.

- Amendments to IFRS 9 and FRS 7 - Amendments to the Classification and Measurement of Financial Instruments.

  These amendments:

  - clarify the date of recognition and de-recognition of certain financial assets and financial liabilities, by providing a new exception for certain financial liabilities settled through electronic money transfer systems. By applying this exception, a financial liability may be de-recognised at an earlier date, if the money transfer is made through an electronic payment system and if specific conditions are met. In particular, the entity making the payment must not have:

    - the practical ability to withdraw, interrupt, or cancel the instruction for payment;
    - the practical ability to access cash;
    - a significant settlement risk.

    This exception does not apply to payment methods, such as cheques, and must be selected for each payment system used.

  - clarify and provide further guidance on assessing whether a financial asset meets the *"principal and interest payments only"* criterion (the SPPI test). The amendments concern financial assets which have the following characteristics and for which a careful assessment must be performed:

    - contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG objectives);
    - non-recourse features, that is, financial assets where the creditor has the right of recovery limited only to the assets pledged as collateral, with no further rights over the debtor's other assets;
    - contractually-linked instruments (CLIs).

  - introduces new disclosure requirements for financial instruments whose cash flows may vary due to events not directly related to changes in the credit risk, (for example, certain instruments with features linked to the achievement of ESG objectives);

  - introduces new disclosure requirements for equity instruments designated as FVOCI.

These amendments, which will enter into force on January 1, 2026, have not yet been endorsed by the European Union. The impact of these amendments on the Group's Consolidated Financial Statements and disclosures is currently being analysed.

- IFRS 18 - Presentation and Disclosure in Financial Statements.

  The key points of the new standard are as follows:

  - structure of the Income Statement: all revenue and cost items must be classified into five categories and grouped into three subtotals. The standard provides precise guidance on the classification of the various items within each category;
  - definition of Management Performance Measures (MPM), that is, performance indicators defined by management and used in public disclosures. These indicators must be explained in detail in the Notes, and a reconciliation with the comparable subtotals as specified by the IFRS, must be provided;
  - guidance on how to aggregate and disaggregate information: items with similar characteristics must be aggregated, while those with dissimilar characteristics must be disaggregated.

  This standard, which will enter into force on January 1, 2027, has not yet been approved by the European Union. The impacts of these amendments on the Consolidated Financial Statements is currently under analysis.

- IFRS 19 –Subsidiaries without Public Accountability: Disclosures.

  The new standard reduces and simplifies the disclosure requirements for the IFRS separate financial statements for companies that have a parent company which prepares their consolidated financial statements pursuant to the IFRS, resulting in operational relief and lower costs. Entities that may apply IFRS 19, are those whose equity or debt instruments are not traded on a public market.

  This standard, which will enter into force on January 1, 2027, has not yet been approved by the European Union. The impact on the financial statements of subsidiaries which apply the IFRS standards in separate financial statements, is currently being analysed.

- Annual Improvements, Volume 11 (issued in July 2024).

  These amendments are limited to clarifying the wording of an IFRS accounting standard or correcting unintended consequences or relatively minor oversights in accounting standards.

Additionally, they resolve minor conflicts between the requirements of different accounting standards.

The amended standards are as follows:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards;
- IFRS 7 - Financial Instruments: Disclosures, and the related guidance to the application of IFRS 7;
- IFRS 9 - Financial Instruments;
- IFRS 10 - Consolidated Financial Statements;
- IAS 7 - Statement of Cash Flows.

These amendments, which will come into force on January 1, 2026, have not yet been approved by the European Union. There were no impacts on the Consolidated Financial Statements as a result of these amendments.

- Amendments to IFRS 9 and to IFRS 7 – Contracts Referencing Nature-dependent Electricity.

These amendments:

- introduce guidelines for determining whether contracts to purchase electricity from natural sources fall within the definition of *“own use”* contracts. In particular, the amendments specify that such contracts fall within the definition of *“own use”* contracts if the entity is, and expects to continue to be, a *“net purchaser”* of electricity during a maximum period of 12 months, meaning if it purchases sufficient electricity to offset the sales of unused electricity on the same relevant market;
- introduce an exception to the requirement of IFRS 9, according to which a future transaction must be highly probable in order to be designated as a hedged instrument in a hedging relationship;
- require additional disclosures for physical *“Power Purchase Agreements”* which are accounted for as *“own use”* contracts.

These amendments, which will come into force on January 1, 2026, have not yet been approved by the European Union. The impact of these amendments on the Consolidated Financial Statements is currently under analysis.

4. FINANCIAL RISK MANAGEMENT POLICIES

The financial risks to which the Group is exposed are mainly related to foreign exchange rate fluctuations, interest rates fluctuations, the price of financial assets held in portfolio, the ability of its customers to meet their obligations to the Group (credit risk), and the availability of financial resources in the market (liquidity risk).

The management of financial risks is an integral part of the Group's operations and is carried out centrally based on guidelines defined by the Finance Department, within the broader risk management strategies established by the Risk Management Committee.

4.1 Types of Financial Risks

Exchange Rate Risk

The diverse geographical distribution of the Group's production and commercial activities results in exposure to exchange rate risk, both transactional and translational.

a) Transactional Exchange Rate Risk

This risk is generated by the commercial and financial transactions executed by the individual companies in currencies other than the functional currency of the company executing the transaction. Fluctuations in the exchange rate between the time when the commercial/financial relationship is initiated and the time when the transaction is completed (collection/payment), can result in exchange rate gains or losses.

The Group aims to minimise the impact of transactional exchange rate risk associated with volatility. In order to achieve this objective, the Group's procedures provide that the Operating Units are responsible for the collection of all information inherent to the positions subject to transactional exchange rate risk, for which hedging in the form of forward contracts is entered into with the Group Treasury.

The positions subject to managed exchange rate risk are mainly represented by receivables and payables in foreign currencies.

The Group Treasury is responsible for hedging the resulting net position for each currency and, in accordance with the established guidelines and predetermined restrictions, it in turn closes out all risk positions by negotiating hedging derivative contracts on the market, typically forward contracts.

For these contracts, the Group does not deem it appropriate to activate the hedge accounting option as provided for by IFRS 9, in that the recognition of the effects on the Income Statement and on the Statement of Financial Position, of the hedging strategy for transactional exchange rate risk is in any case substantially guaranteed, even without the Group availing itself of the aforementioned option.

It should also be noted that, as part of the annual and three-year planning process, the Group formulates exchange rate forecasts based on the best information available on the market. Fluctuations in the exchange rate between the time the forecast is made and the time the commercial or financial transaction takes place, represents the transactional exchange rate risk on future transactions.

The Group assesses, on a case by case basis, the opportunity to carry out hedging transactions on future transactions, for which it typically uses both forward buy or sell transactions (including average rate forwards) and optional risk-reversal type instruments (for example; zero cost collars). If the requirements as provided for by IFRS 9 are met, hedge accounting is activated.

The impacts on the Group's equity and Income Statement, arising from changes in the exchange rates calculated on outstanding hedging instruments at December 31, 2024, are described in Note 28, *"Derivative Financial Instruments".*

b) Translational Exchange Rate Risk

The Group holds controlling interests in companies that prepare their financial statements in currencies other than the euro, which is the currency used to prepare the Consolidated Financial Statements. This exposes the Group to translational exchange rate risk, due to the conversion into euro of the assets and liabilities of subsidiaries operating in currencies other than the euro. The main exposures to translational exchange rate risk are continuously monitored.

At December 31, 2024, approximately 31.7% of the total consolidated equity was expressed in euro (approximately 33.9% at December 31, 2023). The most significant currencies for the Group, in terms of the absolute value of net assets, other than the euro were the Brazilian real (10.4%; 10.0% at December 31, 2023), the Turkish lira (0.7%; 0.7%; at December 31, 2023), the Chinese renminbi (16.9%; 14.9% at December 31, 2023), the Romanian leu (11.5%; 12.0% at December 31, 2023), the Russian rouble (2.3%; 2.2% at December 31, 2023); the British pound sterling (2.5%; 3.2% at December 31, 2023), the Argentine peso (4.6%; 3.2% at December 31, 2023); the US dollar (6.4%; 5.2% at December 31, 2023) and the Mexican peso (4.6%; 12.4% at December 31, 2023).

The effects on consolidated equity deriving from a hypothetical appreciation/depreciation of the euro against the aforementioned currencies - all other conditions being equal, were as follows:

(in thousands of euro)	**Appreciation of 10% 12/31/2024**	**Appreciation of 10% 12/31/2023**	**Depreciation of 10% 12/31/2024**	**Depreciation of 10% 12/31/2023**
Brazilian Real	68,575	62,300	(56,107)	(50,972)
Turkish Lira	4,739	4,145	(3,877)	(3,391)
Chinese Renminbi	111,249	92,820	(91,022)	(75,943)
Romanian Leu	75,428	74,624	(61,714)	(61,056)
Russian Rouble	15,097	13,495	(12,352)	(11,042)
British Pound Sterling	16,408	20,192	(13,425)	(16,521)
Argentinian Peso	30,251	19,942	(24,750)	(16,316)
US Dollar	42,063	32,578	(34,415)	(26,655)
Mexican Peso	70,577	77,423	(57,745)	(63,346)
Total impact on consolidated equity	**434,386**	**397,519**	**(355,407)**	**(325,242)**

It should be noted that, during 2024, the Turkish lira and the Argentine peso depreciated by more than -10% (the Turkish lira by -13% and the Argentine peso by -20%), which more than offset hyperinflation accounting. For information on the effect on equity, reference should be made to Note 21, *"Equity".*

Interest Rate Risk

Interest rate risk is represented by exposure to the variability in the fair value or in the future cash flows of financial assets or liabilities, due to changes in the market interest rates. The Group assesses, based on market conditions, whether to enter into derivative contracts, to hedge interest rate risk, for which hedge accounting is activated when the conditions as provided for by IFRS 9 are met.

The table below shows the effects on the net income/(loss) resulting from an increase or decrease of 0.50% in the level of interest rates of all currencies to which the Group is exposed – all other conditions being equal:

(in thousands of euro)	**+0,50%**		**-0,50%**	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Impact on Net income/(loss)	(5,993)	(5,042)	5,993	5,042

The effects on the Group's equity resulting from changes in the EURIBOR rate, calculated on interest rate hedging instruments in place at December 31, 2024, are described in Note 28, *"Derivative Financial Instruments".* The Group has no derivatives or other optional structures in place that impact the linearity of the interest rate sensitivity on debt.

Risk of Failure to achieve the Sustainability Targets expected in Borrowings from Banks and Bond Loans

As reported in Note 24, *"Borrowings from Banks and Other Financial Institutions"* to which reference should be made for further details, the Group has outstanding *"sustainable"* bank facilities of euro 3.0 billion, of which euro 1.5 billion resulted as used at December 31, 2024, and euro 1.5 billion was available in the form of a revolving committed credit facility, as well as bonds linked to sustainability targets (so-called Sustainability Linked Bonds, SLBs) in the amount of euro 1.2 billion.

The failure to meet these targets would result in an increase in the contractually agreed interest rate and, consequently, an increase in financial expenses and future cash flows compared to those expected if the sustainability targets were achieved, which is not material for the Group.

Price Risk Associated with Financial Assets

The Group's exposure to price risk is limited to the volatility of financial assets such as listed equity securities and bonds or financial assets indirectly associated with listed equity securities, which amounted to approximately 1.45% of the total consolidated assets at December 31, 2024, (1.76% at December 31, 2023). These assets were classified as other financial assets at fair value through Other Comprehensive Income and other financial assets at fair value through the Income Statement.

No derivatives were entered into for these assets to limit the risk of volatility.

Financial assets are subdivided as follows:

- financial assets at fair value through Other Comprehensive Income which consisted of listed equity securities (the RCS MediaGroup S.p.A.) which amounted to euro 21,929 thousand (euro 18,299 thousand at December 31, 2023), and securities indirectly associated with listed equity securities (Fin. Priv. S.r.l.), which amounted to euro 29, 297 thousand (euro 23,416 thousand at December 31, 2023);

- financial assets at fair value through the Income Statement which amounted to euro 147,079 thousand and consisted of Argentine dollar-linked bonds (euro 196,198 thousand at December 31, 2023).

Financial assets at fair value through Other Comprehensive Income constituted 25.8% of the total financial assets subject to price risk (17.5% at December 31, 2023). A positive change of +5% in the price of the aforesaid listed securities, all other conditions being equal, would result in a positive change to the Company's equity of euro 2,561 thousand (a positive change of euro 915 thousand at December 31, 2023, while a negative change of -5% in the price of the aforesaid listed equities, all other conditions being equal, would result in a negative change to the Company's equity of euro 2,561 thousand (a negative change of euro 915 thousand to the Group's equity at December 31, 2023).

Financial assets at fair value through the Income Statement constituted 74.2% of the total financial assets subject to price risk (82.5% at December 31, 2023). A change of +10% in the price of the aforesaid listed securities, all other conditions being equal, would result in a positive change to the Group's net income of euro 16,769 thousand (euro 22,111 thousand at December 31, 2023), while a change of -10% in the price of the aforesaid listed equities, all other conditions being equal, would result in a negative change to the Group's net income of euro 16,769 thousand (euro 22,111 thousand at December 31, 2023).

Credit Risk

Credit risk represents the Group's exposure to potential losses resulting from the non-fulfilment of the commercial and financial obligations undertaken by counter-parties. As regards these commercial counter-parties, in order to limit this risk, Pirelli has put in place procedures to assess the potential and financial creditworthiness of its customers, to monitor expected cash flows and to take any recovery action. The aim of these procedures is to define customer credit limits, whereby in the event that those limits are exceeded, the rule to withhold further supplies is activated. In some cases, customers are asked to provide guarantees, mainly bank guarantees issued by parties of the highest credit or personal standing. Less frequently, mortgage guarantees may be requested.

Another instrument used to manage commercial credit risk is the stipulation of insurance policies: for more than 10 years, a master agreement has been in place, and was renewed for the two-year 2025-'26 period, with a leading insurance company with an AA credit rating according to the ratings of Standard & Poor's, for the worldwide coverage of credit risk mainly related to sales in the Replacement channel (the coverage ratio at December 31, 2024 was approximately 70%).

However, as regards the financial counter-parties for the management of its temporary cash surpluses, or for the negotiation of derivative instruments, the Group deals only with entities of the highest credit standing. Pirelli continuously monitors its net credit exposure to the banking system and, does not have any significant concentrations of credit risk.

Expected losses on trade receivables are calculated throughout the life of the receivables, starting from the moment of initial recognition, using a matrix based on the customer's credit rating and the ageing of the receivables which is adjusted to account for forward looking factors specific to certain debtors and the presence of any collateral and other credit risk mitigation instruments, such as the aforementioned insurance coverages. The calculation of expected losses is based on (i) a matrix which includes the credit ratings of customers provided by independent market assessors, and on (ii) the value of receivables, which takes the collateral and related insurance coverage into account. The credit ratings of customers takes into account, among other factors, the effects of exogenous risks, including, if customers are exposed in the specific markets in which they operate, risks related to climate change, which determines the probability of default used in the calculation, and impacts the credit limits granted by the insurance company to each counterparty. The bad debt provision at December 31, 2024, was calculated according to the method described above, and was composed as follows:

(in thousands of euro)	**Current**	**Past due > 30 days**	**Past due > 90 days**	**Past due > 180 days**	**Total**
Expected loss rate	4.1%	8.4%	9.7%	81.7%	10.5%
Exposure net of credit enhancements	601,981	26,998	14,778	55,064	698,820
Bad debt provision	(24,610)	(2,265)	(1,433)	(44,974)	(73,283)

The positioning at December 31, 2023 was as follows:

(in thousands of euro)	**Current**	**Past due > 30 days**	**Past due > 90 days**	**Past due > 180 days**	**Total**
Expected loss rate	3.0%	11.4%	6.2%	70.6%	10.1%
Exposure net of credit enhancements	579,934	31,756	25,571	68,478	705,738
Bad debt provision	(17,478)	(3,611)	(1,589)	(48,321)	(71,000)

At December 31, 2024, the exposure gross of credit enhancements amounted to euro 896,842 thousand. The bad debt provision, which was calculated without taking into account the presence of any collateral securities and other credit enhancement instruments, amounted to euro 79,420 thousand.

The difference between the exposure gross of credit enhancements amounting to euro 896,842 thousand and the value of the trade receivables amounting to euro 696,198 thousand reported in Note 15, "*Trade Receivables",* was mainly due to credit notes to be issued, which are not considered for the calculation of the provision for bad debts.

Liquidity Risk

Liquidity risk represents the risk that available financial resources may not be sufficient to meet financial and commercial obligations within the due terms and deadlines.

The main instruments used by the Group to manage liquidity risk consist of annual and multi-year financial plans as well as treasury plans, to allow for the complete and accurate recording and measurement of monetary inflows and outflows. The variances between the plans and actual data are subject to constant analysis.

The Group has implemented a centralised system for the management of collection and payment flows in compliance with local currency and tax regulations. The negotiation and management of banking relationships are handled centrally, in order to ensure coverage of short and medium-term financial needs at the lowest possible cost. The raising of medium to long-term resources on the capital market is also optimised through centralised management.

The prudent management of the risk described above involves maintaining an adequate level of cash or cash equivalents and/or easily liquidated short-term securities, the availability of funds obtainable through an adequate amount of committed credit lines and/or the possibility of resorting to the capital market, and diversifying products and maturities to seize the best opportunities available.

Furthermore, the Group has adopted an extremely prudent approach to the maturities of its financial debt, refinancing them well in advance in order to minimise the risks associated with liquidity crises or market shut-downs.

At December 31, 2024, the Group had a liquidity margin of euro 3,168,706 thousand, calculated as the sum of cash and cash equivalents which equalled euro 1,502,741 thousand (euro 1,252,769 thousand at December 31, 2023), other current financial assets at fair value through the Income Statement to the amount of euro 165,965 thousand (euro 228,759 thousand at December 31, 2023) and unutilised credit facilities of euro 1,500,000 thousand. The above-mentioned liquidity margin is sufficient in covering financial debt maturities until the third quarter of 2029.

Maturities for financial liabilities at December 31, 2024 can be summarised as follows:

(in migliaia di euro)	**within 1 year**	**1 to 2 years**	**2 to 5 years**	**over 5 years**	**Total**
Trade payables	2,081,617	-	-	-	2,081,617
Other payables	392,744	14,266	23,710	41,971	472,691
Derivative financial instruments	10,121	-	-	-	10,121
Borrowings from banks and other financial institutions	842,541	492,207	2,773,163	148,663	4,256,574
of which lease liabilities	*124,866*	*104,185*	*206,944*	*148,663*	*584,658*
	3,327,022	**506,473**	**2,796,874**	**190,634**	**6,821,002**

Maturities for financial liabilities at December 31, 2023 can be summarised as follows:

(in thousands of euro)	**within 1 year**	**1 to 2 years**	**2 to 5 years**	**over 5 years**	**Total**
Trade payables	1,999,418	-	-	-	1,999,418
Other payables	412,173	3,129	6,761	31,090	453,153
Derivative financial instruments	21,242	-	-	-	21,242
Borrowings from banks and other financial institutions	884,755	1,476,954	1,799,506	193,316	4,354,531
of which lease liabilities	*119,163*	*102,574*	*203,049*	*157,722*	*582,508*
	3,317,588	**1,480,083**	**1,806,267**	**224,406**	**6,828,344**

5. INFORMATION ON FAIR VALUE

5.1 Fair Value Measurement

The following table shows the **assets and liabilities measured at fair value at December 31, 2024**, subdivided into three levels:

(in thousands of euro)	Note	Carrying amount at 12/31/2024	Level 1	Level 2	Level 3
FINANCIAL ASSETS:					
Financial assets at fair value through Income Statement:					
Other current financial assets at fair value through Income Statement	19	165,965	147,079	18,886	-
Current derivative financial instruments	28	22,323	-	22,323	-
Derivative hedging instruments:					
Current derivative financial instruments	28	-	-	-	-
Non-current derivative financial instruments	28	4,326	-	4,326	-
Other financial assets at fair value through Other Comprehensive Income:					
Securities and shares		63,294	21,929	29,297	12,068
	13	63,294	21,929	29,297	12,068
TOTAL ASSETS		**255,908**	**169,008**	**74,832**	**12,068**
FINANCIAL LIABILITIES:					
Financial assets at fair value through Income Statement:					
Current derivative financial instruments	28	(8,816)	-	(8,816)	-
Derivative hedging instruments:					
Current derivative financial instruments	28	(1,305)	-	-	-
TOTAL LIABILITIES		**(10,121)**	**-**	**(10,121)**	**-**

The following table shows the **assets and liabilities measured at fair value at December 31, 2023**, subdivided into the three levels defined above:

(in thousands of euro)	Note	Carrying amount at 12/31/2023	Level 1	Level 2	Level 3
FINANCIAL ASSETS:					
Financial assets at fair value through Income Statement:					
Other current financial assets at fair value through Income Statement	19	228,759	196,198	32,561	-
Current derivative financial instruments	28	13,027	-	13,027	-
Derivative hedging instruments:					
Current derivative financial instruments	28	-	-	-	-
Non-current derivative financial instruments	28	12,886	-	12,886	-
Other financial assets at fair value through Other Comprehensive Income:					
Securities and shares		52,813	18,299	23,416	11,098
Investment funds		24	-	24	-
	13	52,837	18,299	23,440	11,098
TOTAL ASSETS		**307,509**	**214,497**	**81,914**	**11,098**
FINANCIAL LIABILITIES:					
Financial assets at fair value through Income Statement:					
Current derivative financial instruments	28	(21,242)	-	(21,242)	-
TOTAL LIABILITIES		**(21,242)**	**-**	**(21,242)**	**-**

The financial instruments, included in level 1, include the equity investments classified as financial assets at fair value through Other Comprehensive Income, and the listed Argentine dollar-linked bond instruments classified as financial assets at fair value through the Income Statement. Since the objective of the Argentine instruments was to mitigate the effects of depreciation in the local currency, which was recorded as a loss/gain in the net monetary position, the option was exercised to also recognise the change in the fair value of these instruments in the Income Statement. For further information, reference should be made to Note 37, *"Financial Income"* and Note 38, *"Financial Expenses".*

The following table shows **changes that occurred in the financial assets** classified in **level 3, during the course of 2024:**

(in thousands of euro)	
Opening balance 01/01/2024	**11,098**
Translation differences	9
Increases	644
Fair value adjustments through Other Comprehensive Income	312
Other changes	6
Closing balance 12/31/2024	**12,068**

These financial assets are mainly represented by equity investments in the Istituto Europeo di Oncologia (European Institute of Oncology) (euro 8,580 thousand), in Telco S.r.l. (euro 450 thousand), in Genextra S.p.A. (euro 284 thousand) and in Tlcom I LP (euro 199 thousand).

The **fair value adjustments through Other Comprehensive Income** amounted to a positive net amount of euro 320 thousand, and mainly refers to the fair value adjustment of the investment in the Istituto Europeo di Oncologia, (positive to the amount of euro 223 thousand), in Nomisma (positive to the amount of euro 63 thousand) and in Genextra S.p.A., (positive to the amount of euro 26 thousand).

During the course of 2024 there were no transfers from level 1 to level 2 or vice versa, nor from level 3 to other levels and vice versa.

5.2 Categories of Financial Assets and Liabilities

The table below shows the carrying amounts for each class of financial assets and liabilities as identified by IFRS 9:

(in thousands of euro)	**Note**	**Carrying amount at 12/31/2024**	**Carrying amount at 12/31/2023**
FINANCIAL ASSETS			
Financial assets at fair value through Income Statement			
Other financial assets at fair value through Income Statement	19	165,965	228,759
Current derivative financial instruments	28	22,323	13,027
		188,288	*241,786*
Financial assets at amortised cost			
Other non-current receivables	16	238,279	408,625
Current trade receivables	15	622,915	649,406
Other current receivables	16	515,256	419,249
Cash and cash equivalents	20	1,502,741	1,252,769
		2,879,191	2,730,049
Financial assets at fair value through Other Comprehensive Income (FVOCI)			
Other financial assets at fair value through Other Comprehensive Income	13	63,294	52,837
Financial hedging derivative instruments			
Non-current financial derivative instruments	28	4,326	12,886
TOTAL FINANCIAL ASSETS		**3,135,099**	**3,037,558**

FINANCIAL LIABILITIES			
Financial liabilities at fair value through Income Statement			
Current derivative financial instruments	28	1,810	21,242
Financial liabilities valuated at amortised cost			
Non-current borrowings from banks and other financial institutions (excl. lease liabilities)	24	2,688,132	2,791,289
Other non-current payables	26	79,947	77,932
Current borrowings from banks and other financial institutions (excl. lease liabilities)	24	655,695	690,431
Current trade payables	25	2,081,617	1,999,418
Other current payables	26	392,744	412,173
		5,898,135	*5,971,243*
Lease liabilities			
Non-current lease liabilities	24	380,467	383,389
Current lease liabilities	24	105,161	99,096
		485,628	*482,485*
Derivative financial hedging instruments			
Current derivative financial instruments	28	1,305	-
TOTAL FINANCIAL LIABILITIES		**6,385,573**	**6,474,970**

6. CAPITAL MANAGEMENT POLICY

The Group's objective is to maximise the return on invested equity while maintaining the ability to operate over time, guaranteeing adequate returns for shareholders and benefits for other stakeholders. This foresees a gradual deleveraging of the Group's financial structure to be achieved within a short-term time frame, as reported in the *"Outlook for 2025"* section of the *Directors' Report on Operations*.

The main indicator that the Group uses for capital management is the R.O.I.C., which is calculated as the ratio between the EBIT adjusted net of tax effects and the average net invested capital, which does not include "*Investments in associates and joint ventures", "Other financial assets at fair value through Other Comprehensive Income", "Other non-current financial assets at fair value through the Income Statement", "Other non-current assets",* the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter and the *"Provisions for employee benefit obligations current and non-current".*

R.O.I.C. for the 2024 financial year equalled 23.2%, compared to 20.3% in 2023.

7. ESTIMATES AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that, in certain circumstances, are based on difficult and subjective valuations and estimates based on historical experience, and assumptions that are, from time to time, considered reasonable and realistic under the circumstances. The results that are realised may therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of any changes made to them are reflected in the Income Statement for the period in which the estimate is revised. If in the future the estimates and assumptions, based on the best available valuation at the time, should differ from the actual circumstances, they are modified accordingly for the period in which the circumstances change. The estimates and assumptions mainly refer to the assessment of the recoverability of goodwill and other intangible assets with an indefinite useful life, as well as tangible assets, and the determination of the useful lives of tangible and intangible assets, the recoverability of receivables, the determination of taxes (current and deferred), the valuation of pension plans and other post-employment benefits, and the recognition/valuation of provisions for liabilities and charges.

Goodwill

In accordance with the accounting standards adopted for the preparation of the Financial Statements, goodwill is tested at least annually in order to ascertain the existence of any impairment. Specifically, testing involves the allocation of goodwill to the groups of cash generating units (which for the Group coincides with the only operating segment) and the subsequent determination of the related recoverable amount, being the higher amount between the fair value and the value in use.

If the recoverable amount is lower than the carrying amount of the group of cash generating units to which goodwill has been allocated, an impairment of the goodwill allocated to those units is recognised.

The value configuration used to determine the recoverable amount for Consumer Activities at December 31, 2024 is the value in use, which corresponds to the present value of the future financial cash flows which are expected to be generated by the group of CGUs, using a discount rate that reflects the specific risks of the group of CGUs at the valuation date.

The key assumptions used by management were the estimated future increases in sales, in operating cash flows and in the growth rate of operating cash flows beyond the explicit forecast period, for the estimation of the terminal value and the weighted average cost of capital (discount rate).

Pirelli Brand (Intangible Asset with an Indefinite Useful Life)

The Pirelli Brand is an intangible asset with an indefinite useful life, which is not subject to amortisation, but pursuant to IAS 36, is tested for impairment on an annual basis or more frequently, if specific events or circumstances arise that may suggest a potential impairment.

The configuration of the recoverable amount for impairment testing purposes at December 31, 2024, was the fair value calculated on the basis of the income approach (the so-called level 3 of the IFRS 13 – *Fair Value* Measurement hierarchy).

The key assumptions used by management the estimate of future increases in sales and operating cash flows, and the related growth rates beyond the explicit forecast period for the purpose of estimating the terminal value, as well as the discount rate, which is based on the weighted average cost of capital plus a premium determined according to the risk profile of the specific asset.

Owned Tangible Assets

In accordance with the relevant accounting standards, fixed assets are subject to an impairment test in order to ascertain whether an impairment loss has occurred, whenever there are indicators that predict difficulties in recovering the carrying amount of the asset through its use. The verification of the existence of the aforementioned impairment indicators, requires the Directors to make subjective judgements based on the information available from both internal and external sources, as well as on historical experience. In addition, if it is determined that a potential impairment loss may have been generated, the impairment is calculated using appropriate evaluation techniques. The accurate identification of the indicators of a potential impairment loss, as well as the estimates for determining it, depend on subjective judgements and factors that may change over time and which influence the valuations and estimates made by Management.

For the determination of the useful lives of tangible assets, many factors must be taken into account, including for example, obsolescence, and any legal restrictions on the use of assets due to climatic factors. The estimation of useful lives also requires judgement on the part of management.

For these reasons, the useful lives of assets are reviewed and, if necessary, adjusted at the end of each relevant reporting period.

Right of Use and Lease Liabilities

The accurate identification of indicators of a potential impairment loss, as well as the estimates for determining it, depend on subjective judgements and factors that may change over time, influencing the assessments and estimates made by management.

The main ones are summarised as follows:

- renewal clauses in contracts are taken into account for the purposes of determining the duration of the contract, that is, when the Group has the option to exercise these clauses without the need to obtain the consent of the other party, and when their exercise is considered reasonably certain. In the case of clauses which provide for multiple renewals that can be exercised unilaterally by the Group, only the first extension period is considered;

- automatic renewal clauses in contracts, in which both parties have the right to terminate the contract, are not taken into account for the purposes of determining the duration of the contract, as the ability to extend the duration is not under the unilateral control of the Group, and the penalty to which the lessor could be exposed is considered insignificant. However, in the event that the lessor is exposed to a significant penalty, the Group evaluates the inclusion of the renewal option in the determination of the duration of the contract. This assessment is also made by considering the degree of customisation of the leased asset. If the customisation is high, the lessor may incur a significant penalty if it opposes renewal;

- early termination clauses: such clauses are not taken into account in determining the duration of the contract if they are exercisable only by the lessor or by both parties. In cases where they can be unilaterally exercised by the Group, specific assessments are made on a contract-by-contract basis, (for example, the Group is already negotiating a new contract or has already given notice to the lessor);

- the incremental borrowing rate is the risk-free rate of the country in which the contract is negotiated and is based on the duration of the contract itself. It is then adjusted according to the Group's credit spread and the local credit spread.

Income Taxes (current and deferred)

Income taxes (current and deferred) are determined in each country where the Group operates in accordance with a prudent interpretation of the applicable tax regulations. This process sometimes involves complex estimates in determining taxable income and deductible and taxable temporary differences between carrying amounts and tax amounts. In particular, deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be utilised. The assessment of the recoverability of deferred tax assets, recognised in relation to both tax losses that can be carried forward to subsequent financial years and deductible temporary differences, takes into account the estimates of future taxable income and is based on prudent tax planning. With regard to situations in which the applicable tax legislation in force lends itself to interpretation, if the Group considers it probable (greater than 50%), that the tax authority will accept the tax treatment adopted, the net income/(loss) before tax and taxes are determined in accordance with the tax treatment applied in the tax return. If this is not the case, the effect of any uncertainty is reflected in the determination of the net income/(loss) before tax. The probability refers to the likelihood that the tax authority will not accept the tax treatment adopted, and not to the likelihood of the assessment.

Pension Funds

Some of the companies of the Group have put in place, pension plans, health insurance plans and other defined benefit plans for their employees, primarily in the United Kingdom and the United States. These funds were closed to new entrants, and therefore the actuarial risk refers only to past obligations. Management, with the assistance of a leading actuarial services firm, uses actuarial assumptions to calculate the liabilities and assets servicing these pension plans. The actuarial assumptions of a financial nature concern the discount rate, the inflation rate, and trends in medical care costs. The actuarial assumptions of a demographic nature primarily concern mortality rates. The Group has identified discount rates that it considered balanced, given the context.

Provisions for Liabilities and Charges

Provisions are recognised for legal and tax risks related to indirect taxes, representing the risk of losing legal cases. The value of the provisions recognised in the financial statements for these risks represents the best estimate made by Management for potential legal and tax disputes concerning a wide range of issues, which fall under the jurisdiction of various countries.

8. ACQUISITION HEVEA-TEC (BRAZIL)

On January 3, 2024, 100% of Hevea-Tec, Brazil’s largest independent operator in natural rubber processing was acquired, for a consideration of euro 25.7 million.

With the acquisition of Hevea-Tec, Pirelli will increase its share of natural rubber resources in LatAm, and ensure the continuity of its own supply in the Region, with therefore greater efficiency. The transaction will enable the Company to launch innovative natural rubber projects, with the aim of increasing the use of non-fossil materials in tyres, in keeping with the Company’s objectives, and will allow for further improvement in the control of the natural rubber supply chain, the reduction of CO_2

emissions, thanks to the *"local for local"* supply, and the launch of new FSC™ Certification projects. The agreement also provides for the payment of an additional consideration (the so-called earn-out), that will be paid to the counter-party at the achievement of the contractually defined levels of profitability and production capacity, for a maximum of euro 2.4 million (at January 3, 2024 exchange rates).

The fair value of the assets and liabilities acquired that were identifiable at the acquisition date, is shown in the table below:

(in thousands of euro)	**Fair value as of the acquisition date**
Tangible assets	10,389
- Lands	*3,439*
- Buildings	*4,906*
- Plant and Machinery	*1,982*
- Other tangible assets	*62*
Intangible assets	2,606
- Trademarks	*2,118*
- Customer relationship	*462*
- Other intangible assets	*26*
Investments in non-Group Companies	98
Inventories	7,892
Trade Receivables	2,779
Cash and Cash Equivalents	2,989
	26,753
Trade Payables	(2,082)
Deferred Tax Liabilities	(440)
Provision for employees	(17)
Provision for risk and expenses	(2,213)
	(4,752)
TOTAL ASSETS ADQUIRED	**22,001**
Goodwill	3,669
TOTAL PAID	**25,670**

The process of allocating the purchase price paid to the fair value of the assets and liabilities acquired in the Business Combination (Purchase Price Allocation - PPA), pursuant to the provisions of IFRS 3 (Business Combinations), has been completed. The resulting determination of the goodwill arising from the acquisition is therefore to be considered as definitive.

9. OPERATING SEGMENTS

IFRS 8 - Operating segments, defines an operating segment as a component:

- which involves entrepreneurial activities which generate revenues and costs;
- whose operating results are periodically reviewed by the Chief Executive Officer, in his role as Chief Operating Decision Maker (CODM);
- for which separate Income Statement, Statement of Financial Position and other financial Statements data is available.

For the purposes of IFRS 8, the activities performed by Consumer Activities are identifiable in a single operating segment.

Revenues from **sales and services according to geographical region** were as follows:

(in thousands of euro)	**2024**	**2023**
Europe	2,643,756	2,591,904
North America	1,706,278	1,714,923
APAC	1,149,044	1,114,560
South America	798,807	795,467
Russia and MEAI	475,439	433,209
Total	**6,773,324**	**6,650,063**

Tangible and intangible assets by geographic region allocated on the basis of the country in which the assets are located, were as follows.

(in thousands of euro)	**12/31/2024**		**12/31/2023**	
Europe	5,092,403	59.30%	5,125,651	59.10%
North America	572,200	6.66%	601,589	6.94%
APAC	475,152	5.53%	476,559	5.49%
South America	457,761	5.33%	475,836	5.49%
Russia and MEAI	103,258	1.20%	108,341	1.25%
Non-current unallocated assets	1,886,711	21.98%	1,884,925	21.73%
Total	**8,587,485**	**100.00%**	**8,672,901**	**100.00%**

The **non-current allocated assets** reported in the preceding table consist of property, plant and equipment and intangible assets, excluding goodwill. The **non-current unallocated assets** are relative to goodwill.

10. PROPERTY, PLANT AND EQUIPMENT

Their composition was as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Total Net Value:	**3,427,756**	**3,409,114**
- Owned tangible assets	2,984,811	2,968,578
- Right of use	442,945	440,536

10.1 Owned Tangible Assets

Their composition and changes were as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Gross Value	**Accumulated Depreciation**	**Net Value**	**Gross Value**	**Accumulated Depreciation**	**Net Value**
Land	152,576	-	**152,576**	150,747	-	**150,747**
Buildings	945,388	(293,133)	**652,255**	910,760	(264,911)	**645,849**
Plants and machinery	3,343,289	(1,497,737)	**1,845,552**	3,198,867	(1,325,128)	**1,873,739**
Industrial and trade equipment	784,134	(535,709)	**248,425**	722,625	(496,244)	**226,381**
Other assets	169,483	(83,480)	**86,003**	149,367	(77,505)	**71,862**
Total	**5,394,870**	**(2,410,059)**	**2,984,811**	**5,132,366**	**(2,163,788)**	**2,968,578**

NET VALUE (in thousands of euro)	**12/31/2023**	**Hyperinflation Argentina and Turkey**	**Currency translation differences**	**Businnes combination**	**Increases**	**Decreases**	**Depreciation**	**Reinstatement**	**Devaluation**	**Recl./Other**	**12/31/2024**
Land	**150,747**	2,085	(10,127)	3,440	7,081	(653)	-	-	-	3	**152,576**
Buildings	**645,849**	9,263	(29,138)	4,906	60,713	338	(35,625)	-	-	(4,051)	**652,255**
Plants and machinery	**1,873,739**	33,281	(66,451)	1,982	196,410	(3,037)	(204,409)	3,192	(1,756)	12,601	**1,845,552**
Industrial and trade equipment	**226,381**	9,130	(9,898)	-	97,797	(803)	(69,954)	-	(8)	(4,220)	**248,425**
Other assets	**71,862**	6,618	(2,164)	61	25,307	(87)	(13,037)	-	(1)	(2,556)	**86,003**
Total	**2,968,578**	**60,377**	**(117,778)**	**10,389**	**387,308**	**(4,242)**	**(323,025)**	**3,192**	**(1,765)**	**1,777**	**2,984,811**

NET VALUE (in thousands of euro)	**12/31/2022**	**Hyperinflation Argentina and Turkey**	**Currency translation differences**	**Increases**	**Decreases**	**Depreciation**	**Devaluation**	**Recl./Other**	**12/31/2023**
Land	**147,977**	1,464	605	1,163	(333)	-	(32)	(97)	**150,747**
Buildings	**674,758**	5,905	(17,564)	25,149	(48)	(36,415)	(148)	(5,788)	**645,849**
Plants and machinery	**1,830,411**	25,117	(26,267)	271,891	(2,074)	(199,576)	(29,083)	3,320	**1,873,739**
Industrial and trade equipment	**229,239**	5,664	(13,540)	74,998	(449)	(71,384)	(725)	2,578	**226,381**
Other assets	**70,395**	3,639	(7,718)	10,925	(185)	(10,224)	-	5,030	**71,862**
Total	**2,952,780**	**41,789**	**(64,484)**	**384,126**	**(3,089)**	**(317,599)**	**(29,988)**	**5,043**	**2,968,578**

The item **Hyperinflation Argentina and Turkey** refers to the revaluation of the assets held by the Argentine and Turkish subsidiaries as a consequence of the application of the IAS 29 accounting standard - Financial Reporting in Hyperinflationary Economies, (euro 50,103 thousand for Argentina and euro 10,274 thousand for Turkey). The effect was partially offset by negative foreign **currency translation differncies** (euro 8,866 thousand for Argentina and euro 2,921 thousand for Turkey).

Increases, totalling euro 387,308 thousand, were primarily aimed at the High Value segment, at the continuous improvement in the mix and quality in the manufacturing plants, as well as projects for greater energy efficiency and the electrification of the vulcanisation presses.

For 2024, the ratio of investments to depreciation was equal to 1.20 (1.21 for the 2023 financial year).

The item **devaluation** totalling euro 1,765 thousand, refers mainly to plants and machinery in operation in the subsidiary in Germany (euro 1,145 thousand). The devaluation for 2023 (euro 29,998 thousand) was mainly related to the reduction, which amounted to euro 24,600 thousand, in the recoverable amount for the Kirov CGU.

Property, plant and equipment in progress at December 31, 2024, included in the individual fixed asset categories, amounted to euro 247,636 thousand, (euro 298,600 thousand at December 31, 2023). The main projects included under property, plant and equipment in progress relate to High Value activities, the ongoing technological upgrade of factories and machinery aimed at enhancing safety from an Environmental, Health and Safety (EHS) perspective, and investments in machinery for the development of new product lines and the improvement of existing products. These investments were concentrated in Mexico, Romania, China, Germany and Italy.

It should be noted that the companies of the Group did not pledge any property, plant and equipment as collateral.

10.2 Right of Use

The net value of the assets for which the Group has entered into lease contracts, is detailed as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Right of use land	15,475	16,807
Right of use buildings	348,884	347,227
Right of use plants and machinery	15,020	18,362
Right of use other assets	63,566	58,140
Total net right of use	**442,945**	**440,536**

The item **right of use buildings** mainly refers to contracts relative to offices, warehouses and points of sale.

The item **right of use other assets** mainly refers to contracts relative to motor vehicles and transport equipment. These contracts also include a service component (non-lease component).

Lease contracts are negotiated on an individual basis and include a wide variety of terms and conditions.

Increases in the right of use for the 2024 financial year, also including remeasurements, amounted to euro 118,762 thousand (euro 101,188 thousand for 2023) and were mainly due to:

- a new lease contract for a warehouse in Romania for approximately euro 24,000 thousand;
- new contracts for car hire and forklift hires for euro 19,742 thousand;
- the signing of a new contract with the Prometeon Tyre Group for the lease of the production site in Izmit (Turkey) for euro 10,638 thousand. The contract replaces the previous leasing agreement that had a residual value at the date of signing of euro 534 thousand;
- new rental contracts for two warehouses in Canada for euro 6,209 thousand.

The increase also includes the adjustment for inflation where contractually foreseen.

In 2024, there were no contracts subject to reassessment or significant changes.

Depreciation of the right of use recognised in the Income Statement and included under the item *“Depreciation, Amortisation and Impairments”* (Note 33), was composed as follows:

(in thousands of euro)	**2024**	**2023**
Land	1,633	1,515
Buildings	82,192	74,474
Plants and machinery	4,823	4,882
Other assets	23,053	20,416
Total depreciation of right of use	**111,701**	**101,287**

For interest on lease liabilities, reference should be made to Note 38, *“Financial Expenses”.*

Information on the costs for lease contracts with a duration of less than twelve months, lease contracts for assets with a low unit value, and lease contracts with variable rates, is included in Note 34, *“Other Costs”.*

11. INTANGIBLE ASSETS

Their composition and changes were as follows:

NET VALUE (in thousands of euro)	**12/31/2023**	**Currency translation differences**	**Business combination**	**Increase**	**Decrease**	**Amortisation**	**Impairment**	**Recl./Other**	**12/31/2024**
Concessions, licenses and trademarks - finite useful life	**64,613**	314	2,118	262	-	(4,064)	-	575	**63,818**
Pirelli Brand - indefinite useful life	**2,270,000**	-	-	-	-	-	-	-	**2,270,000**
Goodwill	**1,884,925**	(1,883)	3,669	-	-	-	-	-	**1,886,711**
Customer relationships	**169,453**	(479)	462	-	-	(34,419)	-	130	**135,147**
Technology	**814,917**	-	-	-	-	(76,850)	-	-	**738,067**
Software applications	**45,020**	(245)	26	23,461	-	(20,246)	(319)	2,051	**49,748**
Patents and design patent rights	**14,455**	-	-	3,874	-	(2,157)	-	-	**16,172**
Other intangible assets	**404**	(50)	-	-	(4)	(258)	(13)	(13)	**66**
Total	**5,263,787**	**(2,343)**	**6,275**	**27,597**	**(4)**	**(137,994)**	**(332)**	**2,743**	**5,159,729**

NET VALUE (in thousands of euro)	**12/31/2022**	**Currency translation differences**	**Increase**	**Amortisation**	**Impairment**	**Recl./Other**	**12/31/2023**
Concessions, licenses and trademarks - finite useful life	**69,711**	(2,063)	432	(3,574)	-	107	**64,613**
Pirelli Brand - indefinite useful life	**2,270,000**	-	-	-	-	-	**2,270,000**
Goodwill	**1,884,629**	296	-	-	-	-	**1,884,925**
Customer relationships	**204,289**	(340)	14	(34,482)	-	(28)	**169,453**
Technology	**891,767**	-	-	(76,850)	-	-	**814,917**
Software applications	**49,620**	(8)	17,347	(22,182)	-	243	**45,020**
Patents and design patent rights	**12,457**	-	3,747	(1,749)	-	-	**14,455**
Other intangible assets	**364**	(154)	84	(254)	(98)	462	**404**
Total	**5,382,837**	**(2,269)**	**21,624**	**(139,091)**	**(98)**	**784**	**5,263,787**

Intangible assets were composed as follows:

- the Pirelli Brand (indefinite useful life) to the amount of euro 2,270,000 thousand. It should be noted that the valuation of the useful life of trademarks is based on a number of factors, including: the competitive environment, market share, history of the Brand, life cycles of the underlying product, operational plans, and the macroeconomic environment of the countries in which the related products are sold. Specifically, the useful life of the Pirelli Brand was assessed as indefinite on the basis of its history of one hundred and fifty years of success (established in 1872), and on the intention and ability of the Group to continue investing in order to support and maintain the Brand;

- the Metzeler Brand (useful life of 20 years) to the amount of euro 39,307 thousand which is included under the item "*Concessions, licenses and trademarks – finite useful life";*

- Customer Relationships (useful life of 10 - 20 years) which mainly includes the value of commercial relationships for both the Original Equipment and Replacement channel;

- Technology which includes the value of both product and process technologies as well the value of the *In-Process R&D* (being formed at the time of the acquisition of the Group in 2015 by Marco Polo Industrial Holding S.p.A.) amounted to euro 713,067 thousand and euro 25,000 thousand respectively. The useful life of product and process technology was determined to be 20 years, while the useful life of In-Process R&D was determined to be 10 years;

- Goodwill to the amount of euro 1,886,711 thousand, of which euro 1,877,363 thousand was recognised at the time of the acquisition of the Group in September 2015. The remaining portion refers to the goodwill determined as part of the acquisition of the company JMC Pneus Comércio Importação e Exportação Ltda. which occurred in 2018, and the acquisition of the company Hevea-Tec Indústria E Comércio Ltda. at the beginning of 2024.

The item *"Increase"*, which totalled euro 27,597 thousand, mainly refers to application software (euro 23,461 thousand), and mainly carried out to implement the Company's digitisation programme.

Impairment Testing of Goodwill

Pursuant to IAS 36, goodwill is not subject to amortisation, but is tested for impairment on an annual basis or more frequently, if specific events or circumstances arise that might indicate a potential impairment.

Goodwill, which amounted to euro 1,886,711 thousand was allocated to the *“Consumer Activities”* group of CGUs, which represent the only business segment in which the Group operates, and considers to be the minimum level at which goodwill is monitored for internal management control purposes.

The impairment test consists of comparing the recoverable amount for Consumer Activities with their carrying amount, including both their operational assets and goodwill.

The value configuration used to determine the recoverable amount for Consumer Activities at December 31, 2024 is the value in use, which corresponds to the present value of the future financial flows which are expected to be generated by the group of CGUs, using a discount rate that reflects the risks specific to the group of CGUs at the valuation date.

The forecasts are based on the adjusted EBITDA flows from the 2025 management plan approved by the Board of Directors of the Company on February 26, 2025 - subsequently confirmed as of the date of this document - drafted based on the new market context. The 2025 data have been adjusted downwards to take into account the consensus estimates of analysts updated after the presentation of the plan, as these are external evidence. For 2026, the consensus estimates of analysts have been used.

The forecast flows, which reflect the Group’s market positioning thanks to its strategy of focusing on High Value, have been sterilised in pursuant to IAS 36.44, to exclude cash flows related to expansion investments, restructuring expenses and related benefits, to which the Company had not yet committed at December 31, 2024.

The flows used for the determination of the recoverable amount, reflect a compound annual growth rate (CAGR) for the revenues of the 2025-2026 two-year period, of 2.7%, compared to 2024, and an average EBITDA margin adjusted for the period of 22.9%.

The impairment test at December 31, 2024 was performed using the assistance of an independent third-party professional.

The discount rate, defined as the weighted average cost of capital (WACC) net of taxes, applied to the prospective cash flows was equal to 8.14%. The pre-tax rate that equates the value in use, estimated using cash flows net of taxes discounted at the WACC net of taxes, to the value in use, estimated by using pre-tax flows discounted at the pre-tax WACC, was equal to 12.1%. The growth rate of operating cash flows, for the purpose of estimating the terminal value (g) was equal to 0.44%. The capitalisation rate for operating cash flows (WACC - g) was therefore equal to 7.70%, consistent with the capitalisation rate of the consensus estimates of analysts.

Based on the results of the tests carried out, no impairment emerged.

The recoverable amount is greater than the carrying amount for Consumer Activities by 19%. For the value in use to be equal to the carrying amount, a downward change in the key parameters is necessary and in particular:

- an increase by 145 basis points in the discount rate in the explicit forecast period and in the terminal value;
- a decrease of the annual growth rate beyond the explicit forecast period (*"g")* equal to -158 basis points;
- a decrease by 237 basis points in the average EBITDA margin adjusted in the explicit forecast period and in the terminal value.

With regard to climate change issues, given that, the Group expects net benefits from operating cash flows in the medium term, based on the internal estimates of the impacts of climate change, these benefits were not included in the flows used for the impairment test. Additionally, a stress test was carried out to assess the sustainability of the recoverable amount by using, in the calculation of the terminal value, the most conservative cash flow forecast from analysts as a negative scenario, which is assumed to also incorporate the effects of climate change. The calculation used is based on the assumption that, once the scenario occurs, it will persist over time.

From the above-mentioned calculation, a recoverable amount emerges that is 8% higher than the carrying amount of the Consumer Activities.

Impairment Testing of the Pirelli Brand (Intangible Asset with an Indefinite Useful Life):

The Pirelli Brand, valued at euro 2,270,000 thousand is an intangible asset with an indefinite useful life, and as such is not subject to amortisation, but pursuant to IAS 36, is tested for impairment on an annual basis or more frequently, if specific events or circumstances arise that may indicate a potential impairment.

The impairment test at December 31, 2024 was performed using the assistance of an independent third-party professional.

The configuration of the recoverable amount for impairment testing purposes at December 31, 2024, was the fair value calculated using the income approach (the so-called level 3 of the IFRS 13 *Fair Value* Measurement hierarchy). The fair value estimate is therefore based on:

- the same flows used for the impairment testing of goodwill, that is, the forecasts made by management based on the flows of the EBITDA adjusted from the 2025 Management Plan, that were adjusted downwards without sterilising the effects of expansion investments, in order to take into account the consensus estimates of analysts that were updated after the presentation of the Plan and the consensus estimates of analysts for 2026;

- valuation criterion based on the sum of parts, which also takes into account the contribution of royalties from the Prometeon Tyre Group for the use of the Pirelli Brand in relation to the Industrial segment, as expected in the forecasts made by management;

- the excess earnings attributable to the Pirelli Brand which are derived by deducting the notional rent or royalty rate of the Group's operating activities other than the Brand, expressed at fair value, from the prospective operating income;

- a discount rate of 10.06%, which includes a premium relative to the WACC, determined based on the riskiness of the specific asset and the growth rate *"g"* in the terminal value of 0.04%. The pre-tax rate that equates the fair value, estimated using cash flows net of taxes discounted at the net-of-tax discount rate, to the fair value estimated by using pre-tax cash flows discounted at the pre-tax discount rate, was equal to 15.06%.

- the TAB (Tax Amortisation Benefit) that is, the tax benefit that a market participant would receive if they were to acquire the asset separately, due to the possibility of amortising the asset for tax purposes.

For the purposes of impairment testing, the recoverable amount of the Pirelli Brand including theTAB was compared with its respective carrying amount (including the TAB) and no impairment losses emerged.

The recoverable amount is greater than the carrying amount of the Brand by 27.4%. For the fair value to be equal to the carrying amount, a downward change in the key parameters is necessary, and in particular:

- a percentage decrease in revenues by 629 basis points in the explicit forecast period and in the terminal value;
- a decrease in the EBITDA margin adjusted of 111 basis points in the explicit forecast period and in the terminal value;
- an increase by 235 basis points in the discount rate in the explicit forecast period and in the terminal value;
- a decrease by 340 basis points in the growth rate *"g"* beyond the explicit forecast period.

With reference to climate change issues, the same stress test for goodwill was also carried out for the Brand, and from which emerged a recoverable amount that was higher than the carrying amount of the Pirelli Brand by 14.3%.

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The changes in investments in associates and joint ventures were as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Associates	**JV**	**Total**	**Associates**	**JV**	**Total**
Opening balance	**7,469**	**78,928**	**86,397**	**7,812**	**72,415**	**80,227**
Decreases	(5,201)	-	(5,201)	-	-	-
Increases	-	12,071	12,071	-	-	-
Distribution of dividends	(2,974)	-	(2,974)	(1,648)	-	(1,648)
Share of net income / (loss)	1,818	25,638	27,456	1,301	10,345	11,646
Share of other components recognised in Equity	-	3,040	3,040	-	(3,832)	(3,832)
Other	1	-	1	4	-	4
Closing balance	**1,113**	**119,677**	**120,790**	**7,469**	**78,928**	**86,397**

12.1 Investments in Associates

The details were as follows:

(in thousands of euro)	**12/31/2023**	**Decreases**	**Distribution of dividends**	**Share of net income / (loss)**	**Other**	**12/31/2024**
Eurostazioni S.p.A.	**6,281**	(5,201)	(2,808)	1,767	-	**39**
Investments in other associates	**1,188**	-	(166)	51	1	**1,074**
Total	**7,469**	**(5,201)**	**(2,974)**	**1,818**	**1**	**1,113**

The decrease in Eurostazioni S.p.A. refers to the repayment of a significant portion of the share capital.

The investments in associates were accounted for using the equity method, not material in terms of their impact on the total consolidated assets, either individually or in aggregate form.

12.2 Investments in Joint Ventures

The details of the item were as follows:

(in thousands of euro)	**12/31/2023**	**Increases**	**Share of net income / (loss)**	**Share of other components recognised in Equity**	**12/31/2024**
Xushen Tyre (Shanghai) Co., Ltd.	**64,538**	-	25,137	4,071	**93,746**
PT Evoluzione Tyres	**14,390**	-	1,001	287	**15,678**
Middle East and North Africa Tyre Company	**-**	12,071	(500)	(1,318)	**10,253**
Total	**78,928**	**12,071**	**25,638**	**3,040**	**119,677**

The Group holds:

- a 49% stake in the company Xushen Tyre (Shangai) Co., Ltd. a joint venture which, through the company Jining Shenzhou Tyre Co., Ltd. owns a Consumer tyre manufacturing plant in China. The plant provides the necessary production flexibility for the High Value segment, given the evolution of the Chinese market, the expected developments in the electric car segment and the increasing share of homologations obtained for the Original Equipment channel in China, Japan and Korea. As announced on August 1, 2018, the joint venture agreement relative to Xushen Tyre (Shanghai) Co., Ltd. provides for a for a Call Option in favour of Pirelli Tyre S.p.A., exercisable from January 1, 2021 until March 31, 2026, which - if exercised - would allow Pirelli Tyre S.p.A. to increase its stake in the company to up to 70%. Pirelli Tyre S.p.A. has notified the shareholders of Xushen Tyre (Shanghai) Co., Ltd. of its intention to not exercise the option until December 31, 2025, without prejudice to the right to exercise the option thereafter, and in any case, by March 31, 2026;

- a 63.04% stake of in PT Evoluzione Tyres, an entity which operates in Indonesia and is active in the production of tyres for motorcycles. Even though the company is 63.04% owned, due to the contractual agreements between the Shareholders, it falls under the definition of a joint venture, in that the governance rules explicitly provide for the unanimous approval of decisions regarding significant business activities.

- a 25% investment stake in the Middle East and North Africa Tyre Company, with the remaining 75% owned by Saudi Arabia's Public Investment Fund (PIF). Even though the company is only 25% owned, due to the contractual agreements between the Shareholders it falls under the definition of a joint venture, in that the governance rules explicitly provide for the unanimous consent of decisions regarding significant business activities. The joint venture, which includes the construction of a manufacturing plant, will produce high quality car tyres under the Pirelli brand, and will produce and market the tyres under a new local brand for the national and regional market.

The investments in joint ventures were not relevant in terms of their impact on the total consolidated assets, either individually or in aggregate form.

13. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Other financial assets at fair value through Other Comprehensive Income amounted to euro 63,294 thousand at December 31, 2024 (euro 52,837 thousand at December 31, 2023). Movements were as follows:

(in thousands of euro)	
Opening balance at 01/01/2024	**52,837**
Translation differences	9
Increases	644
Decreases	(27)
Fair Value adjustment through Other Comprehensive Income	9,822
Other	9
Closing balance 12/31/2024	**63,294**

The composition of the item by individual security is as follows:

(in thousands of euro)		**12/31/2024**	**12/31/2023**
RCS MediaGroup S.p.A.		21,929	18,299
	Total	**21,929**	**18,299**
Unlisted securities			
Fin. Priv. S.r.l.		29,297	23,416
Fondo Anastasia		-	24
Istituto Europeo di Oncologia S.r.l.		8,580	8,357
TIcom I LP		199	190
Telco S.r.l.		450	450
Other companies		2,839	2,101
	Total	**41,365**	**34,538**
Total other financial assets at Fair Value through Other Comprehensive Income		**63,294**	**52,837**

The **fair value adjustments through Other Comprehensive Income** equalled a positive net amount of euro 9,822 thousand, and mainly refers to the RCS MediaGroup S.p.A. (positive to the amount of euro 3,630 thousand) and Fin. Priv. S.r.l. (positive to the amount of euro 5,881 thousand).

For listed securities, the fair value corresponds to the stock market price at December 31, 2024. For unlisted securities, the fair value was determined by using estimates based on the best available information.

14. DEFERRED TAX ASSETS AND LIABILITIES

Their composition is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Deferred tax assets	228,740	202,849
Deferred tax liabilities	(990,250)	(990,870)
Total	**(761,510)**	**(788,021)**

Deferred tax assets and deferred tax liabilities are offset when the deferred taxes refer to the same legal entity and the same taxation authority.

The item **deferred tax liabilities** mainly refers to the difference between the tax value and the carrying amount of assets identified at the date of acquisition of the Pirelli Group by Marco Polo Industrial Holding S.p.A., recorded in the Consolidated Financial Statements following the merger by incorporation of the Parent company, Marco Polo Industrial Holding S.p.A. into Pirelli, which took place during the course of 2016.

Their composition of deferred taxes gross of the offsets carried out, was as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Deferred tax assets	**447,653**	**428,504**
- of which within 12 months	223,268	242,113
- of which beyond 12 months	224,385	186,391
Deferred tax liabilities	**(1,209,163)**	**(1,216,525)**
- of which within 12 months	(209,360)	(190,225)
- of which beyond 12 months	(999,803)	(1,026,300)
Total	**(761,510)**	**(788,021)**

The composition of deferred taxes related to temporary differences and tax losses carried forward, is shown in the following table:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Deferred tax assets		
Provisions for liabilities and charges	64,725	78,740
Property, plant and equipment	10,968	14,851
Leases	52,529	46,611
Provision for employee benefit obligations	59,015	44,751
Inventories	61,215	58,546
Tax losses carried forward	130,396	86,447
Trade receivables and other receivables	36,980	41,331
Trade payables and other payables	10,891	11,686
Other	20,934	45,541
Total	**447,653**	**428,504**
Deferred tax liabilities		
Intangible assets	(871,193)	(907,594)
Property, plant and equipment	(150,802)	(150,979)
Leases	(50,005)	(45,699)
Provision for employee benefit obligations	(47,481)	(35,880)
Derivatives	(3,575)	(7,035)
Other	(86,107)	(69,338)
Total	**(1,209,163)**	**(1,216,525)**

The item ***"Other"*** related to **deferred tax assets,** mainly includes deferred tax assets recognised on surplus non-deducted interest expenses (euro 5,523 thousand) and on the benefit derived from ACE (Allowance for Corporate Equity) (euro 11,872 thousand).

The item ***"Other"*** related to **deferred tax liabilities**, mainly includes deferred tax liabilities recorded on the undistributed gains of the subsidiaries for which distribution in future financial years is probable (euro 70,386 thousand).

The tax effect of gains and losses recognised directly in equity was positive to the amount of euro 13,224 thousand (euro 12,692 thousand for 2023), and is reported in the Statement of Comprehensive Income. These changes were mainly due to tax effects connected to actuarial gains/losses on employee benefits, and to the fair value adjustment of cash flow hedge derivatives.

At December 31, 2024 the value of unrecognised deferred tax assets on tax losses amounted to euro 104,770 thousand, while those related to temporary differences amounted to euro 58,653 thousand. The latter item mainly includes unrecognised deferred tax assets on interest payables. Deferred tax assets were not recognised, in that no taxable income was expected in order to justify their recoverability.

The amounts for tax losses according to their expiry date, for which no deferred tax assets were recognised, are shown below:

(in thousands of euro) **Year of expiry**	**12/31/2024**	**12/31/2023**
2025	7,180	7,180
2026	5,077	5,090
2027	3,648	3,648
2028	424	424
2029	675	675
2030	20	20
2031	33	33
With no expiry date	479,403	530,278
Total	**496,460**	**547,348**

Of the total tax losses with no expiry date, euro 473,890 thousand refers to losses attributable to subsidiaries in the UK, Spain and Brazil.

15. TRADE RECEIVABLES

Trade receivables were as follows:

(in thousands of euro)	**12/31/2024**			**12/31/2023**		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Trade receivables	696,198	-	696,198	720,406	-	720,406
Bad debt provision	(73,283)	-	(73,283)	(71,000)	-	(71,000)
Total	**622,915**	**-**	**622,915**	**649,406**	**-**	**649,406**

The gross value of trade receivables amounted to euro 696,198 thousand (euro 720,406 thousand at December 31, 2023). At the reporting date, receivables which were past due by more than 30 days gross of credit notes to be issued and net of credit enhancement instruments, amounted to 14% of the total exposure (18% at December 31, 2023).

Receivables which were past due and not yet due were evaluated in accordance to the Group's policy described in the section on the adopted accounting standards.

The impaired receivables include both significant individual positions subject to individual impairment and positions with similar credit risk characteristics which were grouped and impaired on a collective basis. The calculation of the impairment is based on (i) a matrix which includes the credit ratings of customers, provided by independent market assessors and on (ii) the value of receivables, which takes the collateral and related insurance coverage into account. The credit ratings of customers takes into account, among other factors, the effects of exogenous risks, including if the customers are exposed, in the specific markets in which they operate, to risks related to climate change, which determines the probability of default used in the calculation, and impacts the credit limits granted by the insurance company to each counterparty. This influences the probability of default used in the calculation, and impacts the credit limits set by the insurance company for each counter-party.

The **changes in the bad debt provision** were as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Opening balance	**71,000**	**69,877**
Translation differences	(3,220)	(2,553)
Accruals	20,075	11,419
Decreases	(4,731)	(1,921)
Releases	(9,841)	(5,822)
Closing balance	**73,283**	**71,000**

Accruals to the bad debt provision are recognised net of releases, in the Income Statement under *"Net Impairment of Financial Assets"*, (Note 35).

The carrying amount of trade receivables is considered to approximate their fair value.

Of the trade receivables that were fully impaired and subject to legal action, it is estimated that an amount not exceeding 10% of their gross value could be recovered.

16. OTHER RECEIVABLES

Other receivables were as follows:

(in thousands of euro)	**12/31/2024**			**12/31/2023**		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Financial receivables	225,955	112,600	113,355	229,856	122,430	107,426
Trade accruals and deferrals	41,531	6,251	35,280	33,447	3,986	29,461
Receivables from employees	6,244	589	5,655	8,579	459	8,120
Receivables from social security and welfare institutions	941	-	941	2,168	-	2,168
Receivables from tax authorities not related to income taxes	388,198	161,203	226,995	473,852	253,513	220,339
Other receivables	99,529	37,195	62,334	91,687	37,839	53,848
	762,398	**317,838**	**444,560**	**839,589**	**418,227**	**421,362**
Bad debt provision for other receivables and financial receivables	(8,862)	(8,312)	(550)	(11,715)	(9,602)	(2,113)
Total	**753,536**	**309,526**	**444,010**	**827,874**	**408,625**	**419,249**

Financial receivables non-current (euro 112,600 thousand) refers mainly to euro 60,523 thousand, the sum deposited as guarantees for tax and legal disputes in relation to the subsidiary Pirelli Pneus Ltda. (Brazil) and remunerated at market rates, to euro 15,451 thousand, the sum deposited in escrow accounts in favour of the pension funds of Pirelli UK Ltd., to euro 14,960 thousand in contributions paid in cash at the time of signing an association in participation contract and to euro 7,791 thousand in loans, disbursed in favour of the Indonesian joint venture PT Evoluzione Tyres.

Financial receivables current (euro 113,355 thousand) refers mainly to euro 78,552 thousand for the short-term portion of loans disbursed to the joint venture, Jining Shenzhou Tyre Co., Ltd., for which there was no significant increase in credit risk compared to the date of disbursement.

The item **bad debt provision for other receivables and financial receivables** (euro 8,862 thousand) mainly includes euro 8,369 thousand related to the impairment of financial receivables.

The item **receivables from tax authorities not related to income taxes** (euro 388.198 thousand compared to euro 473,852 thousand for at December 31, 2023) is mainly comprised of receivables for IVA (value added tax) and other indirect taxes whose recoverability is expected in future financial years. This decrease compared to December 31, 2023 mainly refers to the impact of the exchange rate effect (negative to the amount of euro 59,718 thousand), especially for the Brazilian subsidiaries whose currencies depreciated during the course of the year, and to the reclassification to other receivables - current of euro 13,894 thousand related to the sale of tax receivables to third parties by the Brazilian subsidiary Pirelli Comercial de Pneus Brasil Ltda.

Other receivables non-current (euro 37,195 thousand) refers mainly to amounts deposited as guarantees for legal and tax disputes for the Brazilian companies (euro 34,965 thousand).

Other receivables current (euro 62,334 thousand) includes:

- advances to suppliers amounting to euro 17,935 thousand;
- receivables from the sale of tax receivables to third parties by the Brazilian affiliate Pirelli Comercial de Pneus Brasil Ltda. to the amount of euro 13,894 thousand. These receivables were fully collected in January 2025;
- receivables from associates and joint ventures to the amount of euro 7,766 thousand, mainly for royalties and the sale of materials and moulds;
- receivables to the amount of euro 6,715 thousand in yet to be collected state grants.
- receivables from the Prometeon Group to the amount of euro 3,830 thousand mainly for royalties;
- receivables for insurance reimbursements and other indemnities to the amount of euro 2,064 thousand;

For other receivables current and non-current, the carrying amount is considered to approximate their fair value.

17. TAX RECEIVABLES

Tax receivables refer to income taxes which amounted to euro 46,962 thousand (of which euro 9,973 thousand was non-current) compared to euro 43,892 thousand at December 31, 2023 (of which euro 11,318 thousand was non-current).

18. INVENTORIES

Inventories were as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Raw and auxiliary materials and consumables	217,797	198,585
Sundry materials	23,750	16,294
Unfinished and semi-finished products	100,285	83,580
Finished products	1,125,814	1,072,160
Advances to suppliers	61	817
Total	**1,467,707**	**1,371,436**

The impairment loss on inventories, expressed net of reversals, amounted to euro 17,826 thousand (an impairment loss of euro 6,383 thousand in 2023).

Inventories were not subject to any guarantee restrictions.

19. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT

Other financial assets at fair value through the Income Statement - current amounted to euro 165,965 thousand at December 31, 2024, compared to euro 228,759 thousand at December 31, 2023.

The amount at December 31, 2024 included euro 147,079 thousand (euro 196,198 thousand at December 31, 2023), relative to investments made by the Argentine subsidiary in listed dollar-linked bond instruments, to mitigate the effects of depreciation on the local currency. The decrease compared to the amount at December 31, 2023, was due, in addition to the change in fair value of the instruments, to the divestment carried out during the first half-year amounting to approximately US$ 60 million, which was used by the Argentine subsidiary to settle trade payables and other outstanding intra-group debts and payables towards third-party suppliers.

For unlisted securities, the fair value was determined by using estimates based on the best available information.

Changes in the fair value for the period were recognised in the Income Statement under *"Financial Income"* (Note 37).

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents went from euro 1,252,769 thousand at December 31, 2023 to euro 1,502,741 thousand at December 31, 2024, and refer to current bank account balances and short-term bank deposits.

Details of the change in the balance are provided in the Consolidated Statement of Cash Flows.

They are concentrated in the treasury centres of the Group, and in companies that generate liquidity and use it locally. They are mainly deployed, in accordance with risk diversification principles and in compliance with minimum rating levels, on the market for deposits withshort-term maturities with bank counter-parties at interest rates that are aligned with the prevailing market conditions. The credit risk associated with cash and cash equivalents is considered to be limited as the counter-parties are represented by leading national and international banking institutions.

For the purposes of the Statement of Cash Flow, the balance of cash and cash equivalents was recorded net of bank overdrafts, in the amount of euro 1,469 thousand at December 31, 2024 (euro 3,918 thousand at December 31, 2023).

21. EQUITY

21.1 Attributable to the Owners of the Parent Company

Equity attributable to the Owners of the Parent Company went from euro 5,494,393 thousand at December 31, 2023 to euro 5,756,071 thousand at December 31, 2024.

The subscribed and paid-up **share capital** at December 31, 2024 amounted to euro 1,904,375 thousand and was represented by 1,000,000,000 registered ordinary shares without indication of their nominal value.

The **translation reserve**, generated by the conversion into euro of the financial statements of subsidiaries that use a currency other than the euro as their functional currency, was negative to the amount of euro 834,999 thousand at December 31, 2024. Movements for the year included a negative change of euro 167,719 thousand, mainly related to the subsidiaries in Brazil, Mexico and Argentina, which was partially offset by a positive change in China and the United States.

Other reserves with changes in the Statements of Comprehensive Income went from a negative euro 22,600 thousand at December 31, 2023 to a negative euro 54,438 thousand at December 31, 2024, mainly due to the negative effect of actuarial losses on pension funds (euro 39,051 thousand) and of the cash flow hedge reserve (euro 15,798 thousand), which was partially offset by financial assets at fair value through Other Comprehensive Income (positive changes to the amount of euro 9,822 thousand), and the tax effect related to actuarial losses on pension funds and to the fair value adjustment of derivatives designated as cash flow hedges (positive to the amount of euro 13,189 thousand).

Other reserves/retained earnings went from euro 4,279,898 thousand at December 31, 2023 to euro 4,741,133 thousand at December 31, 2024, essentially due to the net result for the financial year (positive to the amount of euro 467,981 thousand), to hyperinflation in Argentina and Turkey (positive changes to the amount of euro 175,233 thousand and euro 16,500 thousand, respectively, which was counterbalanced by a negative translation reserve of euro 29,897 thousand and euro 4,561 thousand, respectively) and by approved dividends (negative to the amount of euro 198,000 thousand).

21.2 Attributable to Non-Controlling Interests

Equity attributable to Non-Controlling Interests went from euro 125,201 thousand at December 31, 2023 to euro 156,183 thousand at December 31, 2024, an increase due to the positive change attributable to the results for the period to the amount of euro 33,123 thousand, and gains from foreign currency translation differences which amounted to euro 2,779 thousand, net of dividends paid to minority shareholders to the amount of euro 5,134 thousand.

22. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in the non-current portion of provisions that occurred during the period are shown below:

PROVISION FOR LIABILITIES AND CHARGES - NON-CURRENT PORTION *(in thousands of euro)*	**12/31/2023**	**Currency translation differences**	**Increases**	**Uses**	**Releases**	**Reclass.**	**12/31/2024**
Provision for labour disputes	16,929	(2,654)	8,470	(5,147)	(2,675)	-	14,923
Provision for tax risks not related to income taxes	4,218	(522)	44	(292)	(868)	-	2,580
Provision for environmental risks	35,748	(1,315)	-	(447)	(30)	-	33,956
Provision for other risks and expenses	52,653	417	9,852	(9,510)	(324)	(3,424)	49,664
Total	**109,548**	**(4,074)**	**18,366**	**(15,396)**	**(3,897)**	**(3,424)**	**101,123**

Increases mainly refer to accruals to the provisions for labour disputes particularly for the Brazilian subsidiaries to the amount of euro 7,079 thousand. With regard to other risks, the increase for the period mainly refers to the STI (Short Term Incentive) and LTI (2023-2025 and 2024-2026 Long Term Incentive) Plans for the Directors participating in the plan.

Uses were mainly attributable to labour disputes for the settlement of ongoing litigation. With regard to other risks, the use resulted from the partial liquidation of the provision for severance indemnities paid to Directors.

Reclassifications refer mainly to the reclassification from non-current provisions to other payables, of the portions of the 2022-2024 LTI and STI Plan accrued in previous years, which will be paid out during the first half-year of 2025.

Movements in the current portion of provisions that occurred during the period, are shown below:

PROVISION FOR LIABILITIES AND CHARGES - CURRENT PORTION *(in thousands of euro)*	**12/31/2023**	**Currency translation differences**	**Increases**	**Uses**	**Releases**	**Business combination**	**12/31/2024**
Provision for labour disputes	394	(40)	177	-	(322)	-	209
Provision for tax risks not related to income taxes	2,439	(418)	657	(12)	(1,276)	2,213	3,603
Provision for environmental risks	2,424	(46)	199	(527)	-	-	2,050
Provision for restructuring and reorganisation	1,827	(150)	-	(1,677)	-	-	-
Provision for product claims and warranties	12,874	152	1,029	(312)	(1,751)	-	11,992
Provision for other risks and expenses	15,365	6	9,017	(7,478)	(3,401)	-	13,509
Total	**35,323**	**(496)**	**11,079**	**(10,006)**	**(6,750)**	**2,213**	**31,363**

Increases to the provisions for other risks were mainly attributable to the purchase of greenhouse gas emission allowances, consistent with the provisions of the European Emission Trading Schemes to the amount of euro 6,622 thousand, and to provisions for insurance risks.

Uses refer to greenhouse gas emission allowances, consistent with European Emission Trading Schemes, to the amount of euro 6,125 thousand.

The **releases** related to other risks mainly refer to provisions for work place accidents and commercial risks.

23. PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS AND OTHER ASSETS

Provisions for Employee Benefit Obligations and Other Assets – non-current portion

The item is composed as follows:

(in thousands of euro)	**31/12/2024**	**31/12/2023**
Pension funds in surplus	93,838	115,894
Total other assets	**93,838**	**115,894**
Pension funds in deficit	63,577	68,554
Employees' leaving indemnities (TFR - Italian companies)	20,978	19,830
Healthcare plans	11,434	12,079
Other benefits	88,051	79,755
Total provisions for employee benefit obligations	**184,040**	**180,218**

Pension Funds

The following table shows the **composition of pension funds at December 31, 2024:**

(in thousands of euro)	Germany	Sweden	Total unfunded pension funds	USA	UK	Switzerland	Total funded pension funds	Total
				12/31/2024				
Present value of liabilities	59,483	2,068	**61,551**	75,160	685,282	34,084	**794,526**	**856,077**
Fair value of plan assets				(76,571)	(777,709)	(32,058)	**(886,338)**	**(886,338)**
Total Assets in surplus				(1,411)	(92,427)		**(93,838)**	**(93,838)**
Total Liabilities in deficit	59,483	2,068	**61,551**			2,026	**2,026**	**63,577**
Total pension funds								**(30,261)**

The following table shows the **composition of pension funds at December 31, 2023:**

(in thousands of euro)	Germany	Sweden	Total unfunded pension funds	USA	UK	Switzerland	Total funded pension funds	Total
				12/31/2023				
Present value of liabilities	62,115	2,229	**64,344**	78,358	719,618	35,077	**833,053**	**897,397**
Fair value of plan assets				(77,526)	(835,512)	(31,699)	**(944,737)**	**(944,737)**
Total Assets in surplus					(115,894)		**(115,894)**	**(115,894)**
Total Liabilities in deficit	62,115	2,229	**64,344**	832		3,378	**4,210**	**68,554**
Total pension funds								**(47,340)**

The characteristics of the main pension funds in place at December 31, 2024 were as follows:

- **Germany**: this is an unfunded defined benefits plan based on final salary. This fund guarantees a pension in addition to the state pension. The plan was closed in October 1982. Consequently, the participants to this plan are employees who were hired prior to that date;

- **USA***:* this is a funded defined benefits plan based on final salary, and is administered through a Trust. This fund guarantees a pension in addition to the state pension. The plan was closed in 2001 and frozen in 2003 for employees who then transferred to a defined contribution scheme. All the participants of the plan are non-active;

- **UK**: these are funded defined benefits plans based on salary trends. These funds guarantee a pension in addition to the state pension and are administered through Trust. The plans, managed by the subsidiary Pirelli Tyres Ltd. were closed in 2001 to new entrants and frozen during the course of 2010 for employees hired prior to 2001, who were then offered a transfer to defined contribution schemes. The plan managed by the subsidiary Pirelli UK Ltd., which includes employees from the Cables and Systems division sold in 2005, had already been frozen in 2005 at the date of the disposal. The surplus recognised at December 31, 2024 relative to provisions still outstanding was equal to the recoverable amount, assuming the gradual extinguishing of the plan liabilities over time. All the participants of the plan are non-active;

- **Sweden**: this a defined benefits plan (ITP2), which is closed to new entrants. The only participants are retired employees (pensioners) and holders of deferred pensions. It is based on percentages applied to different wage and salary brackets. All the participants in the plan are non-active;

- **Switzerland**: these are funded defined benefit plans that guarantee a pension in addition to the state pension and are open to new employees. The pension is based on contributions paid.

Movements for 2024 in the defined benefits pension funds (refers to funded and unfunded pension funds), were as follows:

(in thousands of euro)	Present value of gross liabilities	Fair value of plan assets	Total
Opening balance at January 1, 2024	897,397	(944,737)	(47,340)
Currency translation differences	37,192	(42,351)	(5,159)
Movements through Income Statement:			
- current service costs	1,033	-	1,033
- past service costs	3,282	-	3,282
- interest expense / (income)	40,731	(44,622)	(3,891)
	45,046	**(44,622)**	**424**
Remeasurements recognised in equity:			
- actuarial (gains) / losses from change in demographic assumptions	(2,381)	-	(2,381)
- actuarial (gains) / losses from change in financial assumptions	(57,737)	-	(57,737)
- experience adjustment (gains) / losses	(238)	-	(238)
- return on plan assets, net of interest income	-	96,322	96,322
	(60,356)	**96,322**	**35,966**
Employer contributions	-	(14,057)	(14,057)
Employee contributions	588	(588)	-
Benefits paid	(63,790)	58,507	(5,283)
Other	-	5,188	5,188
Closing balance at December 31, 2024	**856,077**	**(886,338)**	**(30,261)**

Movements for 2023 in the defined benefits pension funds (refers to funded and unfunded pension funds), were as follows:

(in thousands of euro)	Present value of gross liabilities	Fair value of plan assets	Impact of minimum funding requirement/asset ceiling	Total
Opening balance at January 1, 2023	907,014	(957,552)	228	(50,310)
Currency translation differences	14,034	(16,394)	4	(2,356)
Movements through Income Statement:				
- current service costs	874	-		874
- past service costs	(20)	-		(20)
- interest expense / (income)	43,187	(47,031)		(3,844)
	44,041	**(47,031)**	**-**	**(2,990)**
Remeasurements recognised in equity:				
- actuarial (gains) / losses from change in demographic assumptions	(24,757)	-		(24,757)
- actuarial (gains) / losses from change in financial assumptions	22,365	-		22,365
- experience adjustment (gains) / losses	(3,032)	-		(3,032)
- return on plan assets, net of interest income	-	35,539		35,539
- change in asset ceiling	-	-	(232)	(232)
	(5,424)	**35,539**	**(232)**	**29,883**
Employer contributions	-	(21,763)		(21,763)
Employee contributions	618	(618)		-
Benefits paid	(62,894)	57,480		(5,414)
Employer settlement payment	-	-		-
Other	8	5,602		5,610
Closing balance at December 31, 2023	**897,397**	**(944,737)**	**-**	**(47,340)**

Current and past service costs are included under *"Personnel Expenses"* (Note 32), and net interest payables are included under *"Financial Expenses"* (Note 38).

The following table shows the **composition of funded pension fund assets:**

(in thousand of euro)	12/31/2024				12/31/2023			
	listed	**unlisted**	**total**	**%**	**listed**	**unlisted**	**total**	**%**
Shares	18,275	113,171	131,446	14.8%	22,660	142,736	165,396	17.5%
Bonds	453,548	17,450	470,998	53.1%	426,206	36,332	462,538	49.0%
Insurance policies	-	4,734	4,734	0.5%	-	5,409	5,409	0.6%
Deposits	86,919	5,812	92,731	10.5%	46,134	25,065	71,199	7.5%
Balanced funds	13,828	13,899	27,727	3.1%	14,386	34,085	48,471	5.1%
Real Estate	9,576	42,601	52,177	5.9%	7,993	43,253	51,246	5.4%
Derivatives	130,119	(23,594)	106,525	12.1%	130,853	9,625	140,478	14.9%
Total	**712,265**	**174,073**	**886,338**	**100.0%**	**648,232**	**296,505**	**944,737**	**100.0%**

The main risks to which the Group is exposed in relation to the pension funds are detailed as follows:

- the volatility of the pension fund assets: in order to be able to balance liabilities, the investment strategy cannot limit its horizons exclusively to risk free assets. This implies that some investments, such as listed securities represent high volatility in the short-term, and this exposes the plans to the risk of short-term declines in asset values and consequently increased imbalances. However, this risk is mitigated by diversifying investments into numerous investment classes, through different investment managers, through different investment styles and with exposures to multiple factors which are not perfectly correlated to each other. Moreover, the investments are continuously revised in response to market conditions, and adjusted in order to maintain the overall risk at acceptable levels;

- variations in bond yields and expected inflation: expectations of falling bond yields and/or rising inflation lead to an increase in the value of liabilities. The plans reduce this risk through investments in liability hedging assets. In the UK, the protection provided by a portfolio of this type has been built up over the past few years and, since the second quarter of 2014, has reached a coverage level of approximately 100% of the liabilities covered by assets.

- life expectancy: the increase in life expectancy leads in an increase in the value of the liabilities for defined benefit plans. The UK plans completed a process during the course of 2016 that allowed them, through so-called longevity swaps which were entered into with a pool of insurers, to cover approximately 100% of this risk. However, prudent assumptions are still used to assess residual risks and the adequacy of these assumptions is reviewed periodically.

In the UK the management of the plan assets has been delegated, under the supervision and within a precise mandate assigned by the Trustees, to a Fiduciary Manager who operates in accordance with a Liability Driven Investment (LDI) model, that is, using the liabilities as the benchmark, in order to minimise the volatility (and therefore the risk) of the deficit, which has in fact been reduced by more than one third compared to the levels which existed prior to its introduction (at the beginning of 2011).

The key parameters of this mandate were as follows:

- a mix of assets that is managed dynamically over time rather than through a fixed strategic allocation;
- hedged coverage of approximately 100%-115% (of the asset value) of the risk associated with interest rates and inflation expressed as a percentage of the asset value - through the use of debt instruments (government bonds) and derivatives;
- the management of exchange rate risk, with the objective of hedging at least 70% of the exposure to the foreign currencies in the portfolio, through the use of forward contracts.

In the UK, the funding arrangements and funding policies are reviewed every three years. The last review was completed in June 2024, and the next one will begin in April 2026. In the United States funding assessments are carried out on an annual basis.

The contributions which are expected to be paid into unfunded pension funds during the 2025 financial year amount to euro 5,134 thousand, while for funded pension funds the amount expected is euro 7,505 thousand.

Employees' Leaving Indemnities (TFR)

Movements for the year in the provision for employees' leaving indemnities were as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Opening balance	**19,830**	**20,064**
Movements through Income Statement:		
- current service cost	155	121
- interest expense	769	917
Remeasurements recognised in equity:		
- actuarial (gains) / losses from changes in financial assumptions	231	598
- effect of experience adjustments	1,281	-
Liquidation/advances	(1,140)	(1,772)
Other	(148)	(98)
Closing balance	**20,978**	**19,830**

The current service cost, for services rendered by employees, is included under *"Personnel Expenses"* (Note 32) and interest payables are included under *"Financial Expenses"* (Note 38).

Healthcare Plans

This item refers exclusively to the healthcare plan in place in the United States.

(in thousands of euro)	**USA**
Liabilities recognised in the Financial Statements at 12/31/2024	11,434
Liabilities recognised in the Financial Statements at 12/31/2023	12,079

Movements for the period were as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Opening balance	**12,079**	**13,075**
Translation differences	712	(442)
Movements through Income Statement:		
- current service cost	1	1
- interest expense	544	634
Remeasurements recognised in equity:		
- actuarial / (gains) losses from changes in financial assumptions	1	221
- effect of experience adjustments	(904)	(471)
Grant/benefits paid	(999)	(939)
Closing balance	**11,434**	**12,079**

The service cost is included under *"Personnel Expenses"* (Note 32), and interest payables are included under *"Financial Expenses"* (Note 38).

The contributions which are expected to be paid into the healthcare plan during the 2025 financial year, amount to euro 1,353 thousand.

Additional Information on Post-Employment Benefits

Net actuarial losses accrued during 2024 and recorded directly in Other Comprehensive Income amounted to euro 38,637 thousand, (net actuarial losses for 2023 had amounted to euro 30,025 thousand).

The main actuarial assumptions used at **December 31, 2024** were the following:

	Italy	**Germany**	**Sweden**	**UK**	**USA**	**Switzerland**
Discount rate	3.25%	3.35%	3.40%	5.60%	5.30%	0.95%
Inflation rate	2.00%	2.00%	1.80%	3.37%	N/A	0.75%

The main actuarial assumptions used at **December 31, 2023** were the following:

	Italy	**Germany**	**Sweden**	**UK**	**USA**	**Switzerland**
Discount rate	3.40%	3.50%	3.10%	4.80%	4.90%	1.45%
Inflation rate	2.00%	2.00%	1.60%	3.29%	N/A	1.75%

The following table presents an analysis of the payment deadlines relative to post-employment benefits:

(in thousands of euro)	**within 1 year**	**1 to 2 years**	**3 to 5 years**	**6 to 10 years**	**Total**
Pension funds	63,373	63,810	194,668	332,213	654,064
Employees' leaving indemnities (TFR)	2,344	2,089	6,308	10,271	21,012
Healthcare plans	1,353	1,317	3,650	4,795	11,115
Total	**67,070**	**67,216**	**204,626**	**347,279**	**686,191**

The weighted average duration of post-employment benefit obligations equalled 10.85 years for pension funds (11.19 years at December 31, 2023), 6.52 years for employees' leaving indemnities (8.00 years at December 31, 2023) and 6.52 years for medical assistance plans (6.68 years at December 31, 2023).

The following table shows a sensitivity analysis for the relevant actuarial assumptions at the end of the financial year:

(in %)		**Impact on post employment benefits**			
	Change in assumptions	**Increase in assumptions**		**Decrease in assumptions**	
Discount rate	0.25%	decrease of	2.50%	increase of	2.64%
Inflation rate (only UK plans)	0.25%	increase of	1.94%	decrease of	1.91%

At the end of the 2023 financial year the situation was as follows:

(in %)		**Impact on post employment benefits**			
	Change in assumptions	**Increase in assumptions**		**Decrease in assumptions**	
Discount rate	0.25%	decrease of	2.67%	increase of	2.80%
Inflation rate (only UK plans)	0.25%	increase of	2.13%	decrease of	2.10%

The sole purpose of the above analysis is to estimate the change in the liabilities, based on changes in the discount rates and in the inflation rate in the UK, which are close to the central assumption for those rates, rather than referring to an alternative set of assumptions.

This sensitivity analysis on the liability for post-employment benefits is based on the same methodology used to calculate the liability recognised in the Financial Statements.

Other Long-Term Benefits

The composition of other benefits was as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Long Term Incentive plans	32,403	24,532
Jubilee awards and other long-term benefits	44,554	43,961
Leaving indemnities	11,094	11,262
Total	**88,051**	**79,755**

The item ***Long-Term Incentive Plans*** refers to the amount allocated for the 2023-2025 and 2024-2026 three-year monetary LTI Plans for the Group's management, while the portion related to the 2022 - 2024 Plan was reclassified from provisions for employee benefit obligations to payables to employees under the item *"Other Payables"* (Note 26), as it will be settled during the first half-year of 2025. It should be noted that the existing incentive plans are based on a rolling mechanism (a new three-year Incentive Plan will therefore be reintroduced each year). For further details, reference should be made to the Remuneration Report in the 2024 Annual Report.

24. BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Borrowings from banks and other financial institutions were as follows:

(in thousands of euro)		12/31/2024			12/31/2023	
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Bonds	1,679,980	1,189,839	490,141	1,095,029	1,095,029	-
Borrowings from banks	1,578,285	1,496,460	81,825	2,316,825	1,696,123	620,702
Borrowings from other financial institutions	27,820	-	27,820	29,494	-	29,494
Lease liabilities	485,628	380,467	105,161	482,485	383,389	99,096
Accrued financial expenses and deferred financial income	51,282	409	50,873	37,759	-	37,759
Other financial payables	6,460	1,423	5,037	2,614	137	2,476
Total	**3,829,455**	**3,068,598**	**760,857**	**3,964,205**	**3,174,678**	**789,527**

The item **bonds** refers to:

- the non-interest-bearing senior unsecured guaranteed equity-linked bond loan (*"Convertible Bond Loan"*), [ISIN: XS2276552598] with a nominal value of euro 500 million maturing on December 22, 2025. This bond loan, reserved for institutional investors, was issued by Pirelli & C. S.p.A. on December 22, 2020, guaranteed by Pirelli Tyre S.p.A. and admitted to trading on the Vienna MTF, a multilateral trading facility operated by the Vienna Stock Exchange The bond is convertible, at the discretion of the bondholders, into new ordinary shares of the Company at a price of euro 5.9522 per share (originally euro 6.235 per share), subject to further anti-dilutive adjustments provided for in the bond agreement. At December 31, 2024, the transaction was fully classified under financial payables - current to the amount of euro 490.1 million. The difference from the nominal value refers to the fair value of the option held by the bond subscribers to convert the bond into new ordinary shares of the Company at a predefined price. This value was recorded at inception under equity reserves in the amount of euro 41.2 million (net of transaction costs);
- the rated sustainability-linked bond loan the *"Bond SLB EUR 600m 4.25% due 01/28*" [ISIN: XS2577396430] with a nominal value of euro 600 million, placed on January 11, 2023 with international institutional investors, with a fixed coupon of 4.25% and maturing in January 2028. The transaction, fully classified under financial payables - non-current, was issued as part of the EMTN Programme (Euro Medium Term Note Programme), and approved by the Board of Directors on February 23, 2022. These securities are listed on the Luxembourg Stock Exchange. The agreement governing these securities provides for a coupon increase of 0.25% for each of the two contractually stipulated sustainability parameters (linked to the

Group's sustainability targets), in the event that either of the respective targets is not met by 2025. At December 31, 2024, the rating assigned by the rating agency Fitch on this instrument was BBB, revised upwards in July 2024, while the rating assigned by the rating agency Standard & Poor's was BBB-.

- rated sustainability-linked bond *"Bond SLB EUR 600m 3.875% due 07/29"* [ISIN: XS2847641961] with a nominal value of euro 600 million, placed on July 2, 2024 with international institutional investors, with a fixed coupon of 3.875% and maturing in July 2029. The transaction, fully classified under financial payables non-current, was issued as part of the EMTN Programme (Euro Medium Term Note Programme). These securities are listed on the Luxembourg Stock Exchange. The agreement governing the bonds provides for a coupon increase of 0.25% for each of the two contractually stipulated sustainability parameters (linked to the Group's new sustainability targets that were validated by SBTi in September 2024) in the event that either of the respective targets is not met by 2027. At December 31, 2024, the rating assigned by the rating agency Fitch on this instrument was BBB, revised upwards during July 2024, while the rating assigned by the rate agency Standard & Poor's was BBB-.

It should also be noted that at December 31, 2023, the item *"bonds"* included the *"Schuldschein"* financing to the amount of euro 20.0 million. This financing was fully repaid in July 2024.

The **carrying amount for the item bonds** was determined as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Nominal value	1,700,000	1,120,000
Equity component of the convertible bond	(41,791)	(41,791)
Transaction costs	(16,048)	(11,244)
Bond discount	(3,780)	(1,776)
Amortisation of effective interest rate	8,294	5,085
Non-monetary interest convertible bond loan	33,305	24,755
Total	**1,679,980**	**1,095,029**

The item **borrowings from banks**, which amounted to euro 1,578,285 thousand, is subdivided as follows:

(in thousands of euro)				**12/31/2024**		
	Due Date	**Interest rate**	**Nominal value**	**Balance**	**Non - current**	**Current**
Club Deal EUR 1.6bn ESG 2022 5y	02/22/2027	EURIBOR + spread	600,000	598,778	598,778	-
Bilateral ESG EUR 300m 2023 2,5y facility	02/27/2026	EURIBOR + spread	300,000	299,715	299,715	-
Club Deal EUR 600m ESG 2024 4,5y	10/20/2028	EURIBOR + spread	600,000	597,967	597,967	-
Borrowings from banks of foreing companies				81,825	-	81,825
Total borrowings from banks				**1,578,285**	**1,496,460**	**81,825**

The item mainly refers to:

- the use of the *"Club Deal EUR 1.6bn ESG 2022 5y"* financing by Pirelli & C. S.p.A. to the amount of euro 598,778 thousand, and classified under financial payables - non-current. This financing facility, with a floating interest rate (EURIBOR + spread), is guaranteed by Pirelli Tyre S.p.A, and was signed on February 21, 2022, with a pool of leading Italian and international banks, with a five-year maturity. This facility, which is parametrised to the Group's ESG objectives, consists of three tranches totalling euro 1.6 billion, distributed as follows:
    - the Pirelli & C. S.p.A. term loan with a nominal value of euro 600,000 thousand which was fully utilised and a revolving cash credit facility for euro 100,000 thousand, which at December 31, 2024 had not been utilised;
    - the Pirelli International Treasury S.p.A. revolving cash credit facility for euro 900,000 thousand, which at December 31, 2024 had not been utilised.

  It should be noted that following the most recent reporting for the sustainable KPIs and having achieved the objectives for the year, the Group is benefiting from the related incentives to reduce the cost of the credit facility.

- the *"Bilateral ESG 300m 2023 2.5y facility"* for euro 299,715 thousand related to the bilateral financing for a nominal amount of euro 300 million, disbursed in July 2023 in favour of Pirelli & C. S.p.A. by a leading bank, maturing in February 2026 and guaranteed by Pirelli Tyre S.p.A. This financing, at a floating rate (EURIBOR + spread), is parametrised to some of the Group's sustainability targets and is classified under financial payables - non-current. It should be noted that following the most recent reporting for the sustainable KPIs and having achieved the objectives for the year, starting in June 2024, the Group began to benefit from the related incentives to reduce the cost of the credit facility.

- the *"Club Deal EUR 600m ESG 2024 4.5y"* financing for euro 597,967 thousand, related to the euro 600 million credit facility at a floating rate (EURIBOR + spread), guaranteed by Pirelli Tyre S.p.A., and signed on March 22, 2024 with a pool of leading Italian and international banks, and maturing in four and a half years. This financing - classified under financial payables – non current - is parametrised to some of the Group's sustainability targets, with annual reporting to commence with the publication of the Consolidated Financial Statements for 2024;

- euro 31,007 thousand (euro 141,175 thousand at December 31, 2023) related to financing disbursed in Brazil by local and international banks, and entirely classified under borrowings from banks - current;

- borrowings from banks and the use of credit facilities disbursed to subsidiaries in China to the amount of euro 17,751 thousand and classified under current borrowings from banks (euro 27,322 thousand at December 31, 2023), and in Turkey to the amount of euro 27,861 thousand and classified under current borrowings from banks (euro 20,240 thousand at December 31, 2023).

It should also be noted that in December 2023, a revolving committed credit facility the *"Club Deal EUR 500m ESG 2023 4y RCF"* for euro 500 million was signed with a select pool of international banks, maturing in four years (December 2027), guaranteed by Pirelli Tyre S.p.A. and parameterised to the Group's new sustainability targets (reporting to commence with the data for 2024). At December 31, 2024, the credit facility was unutilised;

It should be noted that at December 31, 2023, the item *"Borrowings from banks of foreign companies"* included euro 25,204 thousand related to the Russian subsidiary. These credit facilities resulted as unutilised at December 31, 2024.

It should also be noted that since July 2024 the Group has been benefiting from a reduction in the margins of the bank debt facilities held by Pirelli & C S.p.A. and Pirelli International Treasury S.p.A., thanks to the improvement of the Group's credit rating to BBB by the Fitch rating agency.

At December 31, 2023, the item borrowings from banks included the *"Club Deal EUR 800m ESG 2020 5y"* financing for euro 798.4 million and the *"Bilateral ESG 400m 2021 3y facility"* for euro 399.6 million. These credit facilities were fully repaid during the course of 2024.

At December 31, 2024, the Group had a liquidity margin of euro 3,168,706 thousand, calculated as the sum of cash and cash equivalents which equalled euro 1,502,741 thousand, other current financial assets at fair value through the Income Statement to the amount of euro 165,965 thousand and unutilised credit facilities to the amount of euro 1,500,000 thousand. The above-mentioned liquidity margin is sufficient to cover financial debt maturities, until the third quarter of 2029.

With regard to **lease liabilities** the change compared to the previous financial year, refers to the remeasurement of existing contracts, which was more than offset by the payment of leasing fees.

Non-discounted future payments for lease contracts, for which the exercise of extension options is not considered to be reasonably certain, and which were therefore not included in the item lease liabilities, amounted to euro 145,379 thousand (euro 148,501 thousand at December 31, 2023).

Accrued financial expenses and deferred financial income (euro 51,282 thousand), mainly refers to accrued interest on bond loans to the amount of euro 35,972 thousand (euro 24,780 thousand at December 31, 2023), and to accrued interest on borrowings from banks to the amount of euro 13,533 thousand (euro 11,939 thousand at December 31, 2023).

The **change in total borrowings from banks and other financial institutions for 2024** is composed as follows:

(in thousands of euro)	
Borrowings from banks and other financial institutions at December 31, 2023	**3,964,205**
Repayment of "Club Deal EUR 800m ESG 2020 5y" financing	(800,000)
Bond repayment "Schuldschein"	(20,000)
Repayment of "Bilateral EUR 400m ESG 2021 3y" financing	(400,000)
Transaction cost	(9,353)
Issuance of "Club Deal EUR 600m ESG 2024 4.5y" financing	600,000
Issuance of "SLB EUR 600m 3.875% due 07/29"	600,000
Financial inflows for the local credit facilties of Group companies	122,888
Financial outflows for the local credit facilties of Group companies	(268,450)
Repayment of lease liabilities	(128,929)
Cash changes	**(303,844)**
Amortised cost for the period	15,036
Translation differences and other changes for the period	11,430
Increases in lease liabilities	112,948
Remeasurement and early termination	29,680
Non-cash changes	169,094
Borrowings from banks and other financial institutions at December 31, 2024	**3,829,455**

The **change in total borrowings from banks and other financial institutions for 2023** is composed as follows:

(in thousands of euro)	
Borrowings from banks and other financial institutions at December 31, 2022	**4,490,500**
Bond repayment "EMTN program"	(125,000)
Bond repayment "Schuldschein"	(223,000)
Repayment Bilateral EUR 600m 2019 facility	(600,000)
Repayment “Club Deal EUR 400m ESG 2022 19m” financing	(400,000)
Transaction costs	6,866
Issuance of bilateral 300m 2023 facility	300,000
Issuance of "SLB notes" EUR 600m	600,000
Financial inflows for the local credit facilties of Group companies	204,726
Financial outflows for the local credit facilties of Group companies	(293,061)
Repayment of lease liabilities	(120,455)
Cash changes	**(649,925)**
Amortised cost for the period	14,959
Translation differences and other changes for the period	(13,799)
Increases in lease liabilities	70,110
Remeasurement and early termination	52,360
Non-cash changes	**123,630**
Borrowings from banks and other financial institutions at December 31, 2023	**3,964,205**

At December 31, 2024, there were no financial payables secured by collateral guarantees (pledges and mortgages).

For current financial payables, it is considered that their carrying amount approximates their relative fair value.

For non-current financial payables, their fair value is shown below, compared with their carrying amount:

(in thousands of euro)	**12/31/2024**		**12/31/2023**	
	Carrying amount	***Fair value***	**Carrying amount**	***Fair value***
Bonds	1,189,840	1,237,350	1,095,029	1,114,812
Borrowings from banks	1,496,460	1,522,611	1,696,123	1,724,866
Accrued financial expenses and deferred financial income	409	409	-	-
Other financial payables	1,423	1,423	137	137
Total	**2,688,132**	**2,761,793**	**2,791,289**	**2,839,815**

The fair value of the two rated sustainability-linked bonds issued by Pirelli & C. S.p.A. under the EMTN programme are listed, and therefore were measured with reference to year-end prices. The fair values are classified as level 1 of the hierarchy provided for by IFRS 13 - Fair Value Measurement.

The fair value of borrowings from banks, was calculated by discounting each expected debt cash flow at the market swap-rate for the currency and the relevant maturity date, increased by the Group's credit rating for other debt instruments that are similar in nature and technical characteristics, and therefore rank in level 2 of the hierarchy as provided for by IFRS 13 - Fair Value Measurement.

The **apportionment of borrowings from banks and other financial institutions according to the currency of origin of the debt**, was as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
EUR	3,413,219	3,592,999
GBP (British Pound Sterling)	148,134	22,265
BRL (Brasilian Real)	76,646	50,872
CNY (Chinese Renminbi)	57,600	48,487
SEK (Swedish Krona)	38,189	25,742
USD (US Dollar)	33,299	157,047
TRY (Turkish Lira)	29,600	23,306
AUD (Australian Dollar)	9,933	3,107
CAD (Canadian Dollar)	6,596	321
RUR (Russian Rouble)	1,879	28,584
Other currencies	14,359	679
Total	**3,829,455**	**3,964,205**

At December 31, 2024, there were outstanding interest rate derivatives on some floating-rate debt.

Considering the effects of hedging derivatives, the Group's exposure to changes in interest rates on financial payables, both in terms of the type of interest rate and in terms of the date of the renegotiation of the same (resetting), was subdivided between:

- floating rate payables to the amount of euro 1,042,066 thousand, whose interest rate is subject to a reset during the course of 2025;

- fixed rate payables to the amount of euro 2,696,612 thousand, (euro 2,210,984 thousand excluding lease liabilities), whose interest rate is not subject to any reset until the natural maturity of the debt to which it refers (euro 626,305 thousand with maturity in the next twelve months and euro 2,070,307 thousand euro with maturity beyond twelve months).

With reference to the cost of debt, the year-on-year figure at December 31, 2024, (calculated as the average for the last twelve months), stood at 5.06%, substantially in line with the level of the previous year (5.08% at December 31, 2023).

With reference to the presence of financial covenants, it should be noted that two bank facilities held by the Russian subsidiary LLC *"Pirelli Tyre Russia"* carry the following financial covenants:

a) Facility 1 unutilised at 12/31/2024: a maximum ratio between the net debt and the gross operating margin, and a maximum ratio of net debt to equity;

b) Facility 2 unutilised at 12/31/2024: a maximum ratio between the net debt and the gross operating margin, and a maximum ratio between short-term debt plus interest paid and the gross operating margin.

The failure to comply with the above mentioned financial covenants is identified as an event of default or non-performance.

Specifically, an event of default or non-performance will result in the termination of the contract and the early repayment of the financing. It should be noted that at December 31, 2024, no event of default or non-performance event had occurred.

With regard to other financial payables, at December 31, 2024, the Group was not subject to financial covenants.

The *"Club Deal EUR 16bn ESG 2022 5y"*, the *"Bilateral EUR 300m ESG 2023 2.5y facility"*, the *"Club Deal EUR 500m ESG 2023 4y RCF"*, the *"Club Deal EUR 600m ESG 2024 4.5y*", the *"Convertible Bond Loan"*, the *"Bond SLB EUR 600m 4.25% due 01/28"* and the *"Bond SLB EUR 600m 3.875% due 07/29"* contain Negative Pledge clauses and other customary provisions whose terms are consistent with the market standards for each of the above types of financial instrument.

25. TRADE PAYABLES

Trade payables were composed as follows:

(in thousands of euro)	12/31/2023			12/31/2022		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Trade payables	1,948,169	-	1,948,169	1,864,417	-	1,864,417
Bill and notes payable	133,448	-	133,448	135,001	-	135,001
Total	**2,081,617**	**-**	**2,081,617**	**1,999,418**	**-**	**1,999,418**

For trade payables, it is considered that their carrying amount approximates their relative fair value.

The increase in trade payables, compared to the previous financial year, was consistent with the growth of the business, and the concentration of the capitalisation of investment projects in the last quarter of the year. Trade payables accounted for 30.7% of sales, essentially in alignment with the percentage at December 2023 (30.1%).

26. OTHER PAYABLES

Other payables were as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Accrued expenses and deferred income	64,941	43,392	21,549	58,149	38,664	19,485
Tax payables not related to income taxes	94,166	8,954	85,212	98,643	7,209	91,434
Payables to employees	173,408	1,532	171,876	187,192	2,458	184,734
Payables to social security and welfare intitutions	74,004	25,198	48,806	77,112	28,436	48,676
Dividends approved	81	-	81	1,374	-	1,374
Contract liabilities	6,161	10	6,151	3,222	10	3,212
Other payables	59,930	861	59,069	64,413	1,155	63,257
Total Other payables	**472,691**	**79,947**	**392,744**	**490,105**	**77,932**	**412,173**

Accrued expenses and deferred income - non-current refers to euro 41,570 thousand in capital contributions received for investments made mainly in Romania, whose benefits are recognised in the Income Statement in proportion to the costs for which the contribution was disbursed.

Accrued expenses and deferred income - current includes euro 14,396 thousand in government grants and tax incentives received mainly in Italy and Romania and euro 1,480 thousand for insurance coverage costs in some European countries.

The item **tax payables not related to income taxes** is mainly comprised of IVA (value added tax) payables and other indirect taxes, withholding taxes for employees and other taxes not related to income taxes.

The item **payables to employees** mainly includes amounts matured during the period but not yet paid.

The item **contract liabilities** from contracts with customers, refers to advance payments received from customers for which the performance obligation had not yet been completed, pursuant to the provisions of IFRS 15.

The item **other payables** (euro 59,930 thousand) mainly includes:

- euro 15,398 thousand in payables to Directors, Auditors and supervisory bodies;
- euro 14,470 thousand in payables to representatives, agents, professionals and consultants;
- euro 8,215 thousand in refunds received from the tax authorities, for tax disputes;

  whose outcome in the final judgement remains uncertain;
- euro 5,734 thousand for payables related to customs duties, import and transport costs.

27. TAX PAYABLES

Tax payables were for the most part for national and regional income taxes in different countries and amounted to euro 67,151 thousand, (of which euro 4,001 thousand was for non-current payables), compared to euro 119,584 thousand at December 31, 2023, (of which euro 14,391 thousand was for non-current payables). Income tax payables included the assessments made by Management, regarding any potential effects of uncertainty the treatment of income taxes.

28. DERIVATIVE FINANCIAL INSTRUMENTS

The item includes the fair value measurement of derivative instruments. The **details** are as follows:

(in thousands of euro)	12/31/2024				12/31/2023			
	Non-current assets	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**
Derivative Financial Instruments not in Hedge Accounting								
Foreign exchange derivatives - commercial positions		5,746		(5,313)		5,667		(3,058)
Foreign exchange derivatives - included in net financial position		16,577		(3,503)		7,360		(18,184)
Derivative Financial Instruments in Hedge Accounting								
- cash flow hedge:								
Foreign exchange derivatives - commercial positions				(1,305)				
Interest rate derivatives - included in net financial position	4,326				12,886			
	4,326	**22,323**	**-**	**(10,121)**	**12,886**	**13,027**	**-**	**(21,242)**
Total derivatives included in net financial position	4,326	16,577	-	(3,503)	12,886	7,360	-	(18,184)

Derivative Financial Instruments not in Hedge Accounting

The value of **foreign exchange derivatives** included in current assets and liabilities corresponds to the fair value measurement of forward foreign exchange buy/sell contracts outstanding at the closing date for the period. These are transactions which mirror the commercial and financial transactions of the Group, and for which the hedge accounting option has not been adopted. Their fair value was determined by using the forward exchange rate at the reporting date.

Derivative Financial Instruments in Hedge Accounting

The value of **interest rate derivatives** recognised under non-current assets to the amount of euro 4,326 thousand, refers to the fair value of five interest rate swaps used to hedge the following financing contracts:

Derivative	Hedged element	Notional amount (Millions of EUR)	Start date	Maturity	
IRS	Club Deal EUR 1.6bn ESG 2022 5y	500.0	February 2023	February 2026	receive floating / pay fixed

Cash flow hedge accounting was adopted. The object of the hedge is the future interest flows on floating-rate liabilities in EUR.

The change in the fair value for the period was positive to the amount of euro 3,393 thousand. This change was entirely suspended under Other Comprehensive Income.

Income to the amount of euro 17,887 thousand was reversed to the Income Statement under the item *"Financial Expenses"* (Note 38), correct the financial expenses recognised on the hedged liability. This amount was mainly composed of:

- euro 11,882 thousand in interest receivables on the IRS in hedge accounting;
- euro 5,466 thousand, which corresponds to the positive portion of the cash flow hedge reserve matured on the *forward start pre-hedge receive floating EURIBOR/pay fixed EURIBOR IRSs* that were closed early in 2022. This amount corrects the financial expenses of the relative hedge item, a sustainability-linked bond issued in January 2023, for the total nominal amount of euro 600 million;
- euro 488 thousand, which corresponds to the fair value of two IRSs closed early in July 2024, following the early repayment of the hedged item which was represented by the *"Schuldschein"* bond loan.

A change of +0.5% in the EURIBOR curve, all other conditions being equal, would result in a positive change of euro 1,801 thousand in the equity of the Group, while a change of -0.5% in the same EURIBOR curve, all other conditions being equal, would result in a negative change of euro 1,845 thousand in the equity of the Group. Both amounts are reported net of the tax effect.

Hedging relationships relative to any IRS are considered prospectively effective when the following conditions are met:

- there exists a financial relationship between the hedging instrument and the hedged item, in that the characteristics of the hedging instrument (the nominal interest rate, the reset of the interest rate and the frequency of interest liquidation), are substantially aligned with those of the hedged item. As a consequence, any changes in the fair value of the hedging instrument regularly offsets that of the hedged item;

- the effect of credit risk is not dominant within the hedging relationship: under the Group's operating regulations, derivatives are traded only with counter-parties with a high credit standing, and the credit quality of the portfolio of outstanding derivatives is constantly monitored;

- the designated hedge ratio is aligned with that used for financial risk management purposes and is equal to 100% (1:1).

The ineffectiveness of the hedging relationship is calculated at each reporting date using the Dollar Offset method, which involves comparing any changes in the risk-adjusted fair value of the hedging instrument with changes in the risk-free fair value of the hedged item, by identifying a hypothetical derivative with the same characteristics as the underlying financial liability.

The possible causes of ineffectiveness are as follows:

- the application of credit risk adjustments only to the hedging instrument but not to the hedged item;

- the hedged item incorporates a floor that is not reflected in the hedging instrument;

- the misalignment between the effective contractual conditions of the future transaction and those of the hedging instrument.

The value of **foreign exchange derivatives**, recognised under current liabilities to the amount of euro 1,305 thousand, refers to the fair value measurement of six Average Rate Forwards (ARF):

Derivative	Hedged element	Notional amount (millions of USD)	Start date	Maturity
Average Rate Forward	Highly probable forecast sales in USD	75.0	November 2024	February to July 2025

Cash flow hedge accounting was adopted for these derivatives. The object of the hedge is the exchange rate risk connected with the variability in revenues generated by future sales denominated in a foreign currency and the related collection cash flows. Particularly, the risk is attributable to the variability of the EUR/USD exchange rate.

The change in the fair value for the period was negative to the amount of euro 1,305 thousand. This change was entirely suspended under Other Comprehensive Income. The ARF contracts are designated as hedging instruments in their entirety (full Fair Value Approach).

For each designated hedging relationship, the amounts that accumulate in the cash flow hedge reserve are reversed to the Income Statement, when the underlying hedged item is recognised (in other words, at the end of the month of the sale), and are included in the item *"Revenues from sales and services".*

At December 31, 2024, losses of euro 816 thousand were reversed to the Income Statement.

All other conditions being equal, a change in the EUR/USD exchange rate of +10 basis points would result in a positive change of euro 6,302 thousand in the equity of the Group, while a change of -10 basis points would result in a negative change of euro 7,625 thousand in the equity of the Group.

Hedging relationships related to ARFs are considered prospectively effective when the following conditions are met:

- there is a financial relationship between the hedging instrument and the hedged item, as the characteristics of the hedging instrument (notional amounts, the underlying exchange rate and maturities) are substantially aligned with those of the hedged item and, consequently, changes in the fair value of the hedging instrument will offset those of the hedged item on a regular basis;

- the effect of credit risk is not dominant within the hedging relationship: under the Group's operating regulations, derivatives are traded only with counter-parties with a high credit standing, and the credit quality of the portfolio of outstanding derivatives is constantly monitored;

- the designated hedge ratio is aligned with that used for financial risk management purposes and is equal to 100% (1:1).

In addition to the qualitative assessment of forward-looking effectiveness, in order to demonstrate the actual effectiveness of hedging relationships, a verification is performed on a periodic basis, as to whether the total amount of effective sales in a foreign currency is equal to or greater than the total projected foreign currency exposure designated as the hedged item. Any designated amounts in excess of effective foreign currency sales recorded in a given month are considered as over-hedging, only if such amount cannot be reasonably attributed to recognised sales in a foreign currency in the following two months.

Based on current risk management practices, the only potential source of ineffectiveness for designated hedging relationships is represented by any over-hedging situation, which may occur when effective sales volumes in foreign currencies are less than those hedged and the excess amounts cannot be attributed to recognised sales in the following two months. The change in the fair value of over-hedged amounts, which were previously deferred to the cash flow hedge reserve, is reclassified to the Income Statement without any adjustment to revenues.

29. COMMITMENTS AND RISKS

COMMITMENTS FOR THE PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The commitments to purchase property, plant and equipment and intangible assets amounted to euro 152,568 thousand and euro 1,442 thousand respectively, and refer mainly to subsidiaries in Romania, Italy, Germany, Mexico, the UK and the United States.

COMMITMENTS FOR LEASE CONTRACTS

At December 31, 2024, the total amount for non-discounted future payments for lease contracts not yet in force and against which no financial debt was recognised, equalled euro 63,465 thousand, and mainly refers to the lease contracts for new warehouses in Brazil, Thailand and Poland, and new offices and points of sale in Sweden.

COMMITMENTS FOR FUTURE CAPITAL SUBSCRIPTIONS

They refer to the commitment of Pirelli Tyre S.p.A. for the subscription of the share capital of the joint venture Middle East and North Africa Tyre Company for a total amount of payments in Saudi riyals equivalent to 56 million dollars, of which 12.5 million were already paid in 2024 (see Note 12.2) and an additional 13.25 million paid in February 2025.

OTHER RISKS

Litigations against the Companies of the Prysmian Group before the Milan Court of Appeal

In June 2024, Pirelli appealed to the Court of Appeal of Milan against the ruling of the Court of Milan published in May 2024, concerning the dispute between Pirelli and some companies of the Prysmian Group. The Court ruled that Pirelli and Prysmian Cavi e Sistemi S.r.l. (*"Prysmian CS"*) must jointly bear an equal share of the European Commission's sanction (already paid by these parties) as well as any damages that they may be ordered to pay jointly and severally in the follow-on proceedings brought by Terna, (see below - Other *Disputes Consequent to the Decision of the European Commission*), rejecting the reciprocal requests for full indemnification made by the parties.

This dispute is a consequence of the decision issued on April 2, 2014 by the European Commission (later confirmed in the final instance by the Court of Justice of the European Union on October 28, 2020) at the conclusion of the antitrust investigation into restrictive conduct in the European high voltage electrical cable market. The Commission's decision had imposed a sanction on Prysmian *CS,* as it was directly involved in the cartel, a portion of which (euro 67 million) Pirelli, despite not having been found to be directly involved in the activities of the cartel, had been held to be jointly and severally liable with Prysmian CS, based solely on the application of the EU principle, the so-called *"parental liability",* since during part of the period of the infraction, the share capital of the current Prysmian CS was held, either directly or indirectly by Pirelli.

On December 31, 2020, Pirelli proceeded to pay its share of the aforementioned sanction to the European Commission (corresponding to 50% of the sanction, plus interest), for which it had previously made appropriate provisions.

Pending the settlement of the aforementioned EU Court proceedings, in 2014 and in 2019, Pirelli brought two proceedings before the Court of Milan, (the first) against Prysmian CS and (the second) against Prysmian CS and Prysmian S.p.A., to obtain, in addition to the reimbursement of the sanction imposed by the European Commission, a judgment requiring that these parties hold Pirelli harmless and indemnified against any charges, expenses, costs and/or damages arising from claims by public and/or private third parties in connection with and/or consequential to the facts that are the subject of the European Commission's decision.

Pirelli has also requested that the liabilities of Prysmian CS and Prysmian S.p.A. be determined in relation to certain unlawful conduct connected with the aforesaid anti-competitive cartel put in place by them and, as a consequence, be ordered to pay compensation for all damages suffered and to be suffered by Pirelli.

Prysmian CS and Prysmian S.p.A. entered an appearance in the above proceedings, seeking the dismissal of Pirelli's claims and, by way of a counter-claim, to be held harmless and indemnified by Pirelli against any consequences arising from claims by private and/or public third parties relating to, connected with and/or consequential to the facts that are the subject of the decision of the European Commission.

In April 2021, the two lawsuits (that of 2014 and that of 2019) were joined, and, in 2022, two segments of the proceedings brought by Terna S.p.A. - Rete Elettrica Nazionale ("Terna"), against amongst others, Pirelli, Prysmian CS and Prysmian S.p.A., were also joined. With regard to these segments, Pirelli, on the one hand, and Prysmian CS and Prysmian S.p.A., on the other, have submitted reciprocal indemnity claims with regard to what they were ordered to pay to Terna (refer to the section below - *Other Disputes Consequent to the Decision of the European Commission*).

Based on careful analyses supported by authoritative external legal opinions, the assessment of the risk related to the disputes described above is such as to not require the allocation of any specific provision in the Consolidated Financial Statements at December 31, 2024.

Other Disputes Consequent to the Decision of the European Commission

In November, 2015, a number of companies of Prysmian Group served Pirelli with a summons in a lawsuit for the compensation of damages brought before the London High Court of Justice against them and other defendants of the Decision of the European Commission of April 2, 2014, by National Grid and Scottish Power, the companies who claim to have been harmed by the cartel. Specifically, the companies of the Prysmian Group have requested that Pirelli, by reason of its role as Parent

Company for part of the period of the cartel, hold them harmless with respect to any obligations to pay damages (as yet unquantifiable) to the National Grid and Scottish Power. As the aforementioned action, brought before the Court of Milan in November 2014, is still pending, Pirelli has challenged the lack of jurisdiction of the London High Court of Justice claiming that, that any decision on the merits must be referred to the Court that had previously heard the case. In April 2016, the High Court of Justice, at the request of Pirelli and the companies in the Prysmian Group, suspended the lawsuit against Pirelli until final judgement is passed, that would settle the already pending Italian proceedings.

In April 2019, Terna filed a lawsuit before the Court of Milan, jointly and severally against Pirelli, three Prysmian Group companies and another company named in the aforementioned European Commission decision, in order to obtain compensation for the damage allegedly suffered as a consequence of the anti-competitive conduct, currently quantified by the plaintiff as totalling euro 199.9 million. Pirelli entered the proceedings, disputing Terna's claims, and similar to the other defendants and against them filed a counter-claim for recourse in the unlikely event that it is held jointly and severally liable for the anti-competitive cartel.

In October 2021, the Judge dismissed from the proceedings, the portion of the litigation consisting of the cross indemnity claims between Pirelli, on the one hand, and Prysmian CS and Prysmian S.p.A., on the other, ordering that it be joined with the litigation pending between the two parties before the Court of Milan (refer to the section above - *Litigations against the Companies of the Prysmian Group before the Milan Court of Appeal*).

Lastly, also in April 2019, the Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, served a writ of summons against Pirelli, some of the Prysmian Group companies and other defendants in the aforementioned decision of the European Commission, suing them jointly and severally to obtain compensation for the damages allegedly suffered as a result of the alleged anti-competitive conduct for the total amount of euro 472 million, which was quantified during the course of the proceedings. These proceedings were brought before the Court of Amsterdam, which with its ruling dated November 25, 2020, upheld the objection raised by Pirelli and excluded its own jurisdiction over Pirelli. In February 2021, the plaintiffs appealed against this ruling before the Amsterdam Court of Appeal, proceedings that have to date been suspended, following an incidental question raised by the Amsterdam Court of Appeal itself before the Court of Justice of the European Union.

Based on careful analyses supported by authoritative external legal opinions, the assessment of the risk related to the disputes described above is such as to not require the allocation of any specific provision in the Consolidated Financial Statements at December 31, 2024.

US Class Actions

On January 30, 2024, the European Commission announced the opening of an investigation against certain tyre manufacturers active in the European Economic Area, for alleged violations of the

European Union competition laws, through the possible collusion of prices for new replacement tyres for cars and trucks, to be sold in the European Economic Area. At the same time, the Commission has conducted inspections at the offices of the aforementioned tyre manufacturers, including those of Pirelli. The latter confirmed the probity of its operations and to have always acted in compliance with the applicable antitrust laws and regulations.

Following the European Commission's announcement of the aforementioned actions, in February 2024, a number of class action suits - later merged into a single proceeding - were commenced before the US Courts, relating to alleged similar issues that allegedly occurred in the United States. The claims for damages have not been quantified. In February, 2025, the Federal Court of Ohio, before which these class actions had been joined, rejected the plaintiffs' appeal in its entirety, granting the latter a deadline for the possible filing of a new complaint based on different arguments, which was filed in April 2025.

Based on the assessment carried out, supported by authoritative external legal opinions, Pirelli, also in light of the limited information available to date, did not consider it necessary to recognise any specific provision in the Consolidated Financial Statements at December 31, 2024.

Tax Disputes

The subsidiaries Pirelli Pneus Ltda., Pirelli Comercial de Pneus Brasil Ltda. and Pirelli Neumaticos SAIC, with headquarters in Brazil and in Argentina, are involved invarious tax disputes and proceedings. The most significant are described below:

Brazil - Litigation concerning the IPI Tax Rate applicable to specific Types of Tyres

Pirelli Pneus Ltda. is party to a tax dispute with the Brazilian tax authorities concerning the IPI tax rate (Imposto sobre Produtos Industrializados or tax on industrialised products) specifically concerning the tax rate applicable to the production and importation of tyres for the Sports Utility Vehicle (*"SUV"*), vans and other light industrial transportation vehicles (such as, for example, trucks). According to statements by the Brazilian tax authorities in the tax assessment notices issued during the course of 2015, 2017 and 2021 the aforementioned tyres should have been subjected to the IPI tax rate for the production and importation of tyres for cars – with an applicable rate of 15% - instead of the 2% rate applied by Pirelli Pneus Ltda., as is required for the production and importation of tyres destined for heavy industrial use vehicles. To date, the dispute is pending before the competent tax commissions and the Group believes it has a good chance of winning in court. This position is also supported by (i) an appraisal prepared by a Brazilian government institution (the INT - National Institute of Technology) specifically commissioned for this purpose by Pirelli Pneus Ltda, who concluded their analysis by equating, in light of their similar characteristics, the tyres in question with those intended for heavy industrial vehicles, (ii) judicial decisions favourable to taxpayers.

The risk is estimated at approximately euro 42 million, inclusive of tax, interests and penalties.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

Brazil - Litigation concerning Transfer Pricing applied to some Intra-group Transactions

Pirelli Pneus Ltda. is involved in a dispute with the Brazilian tax authorities for income tax purposes (*IRPJ - Imposto sobre a renda das pessoas jurídicas*) and social security contributions (*CSLL - Contribuição Social sobre o Lucro Líquido*) due from the company for the 2008, 2011 and 2012 tax periods, deriving from the application of the so-called transfer pricing regulations to import transactions with related parties. Based on the notices of assessment served on the company during the course of 2013, 2015 and 2016, the Brazilian tax authorities are mainly contesting the incorrect application by the company, of the methodology provided for by the administrative practice in force at the time (*IN - Instrução Normativa 243*), for the assessment of transfer prices applied to the importation of goods from related parties.

To date, part of this litigation is pending before the competent administrative-judicial jurisdictions, and part of it was settled during the first half-year of 2023. The Group maintains that it has a good chance of winning and, in this regard, Pirelli Pneus Ltda has already obtained some favourable rulings from the administrative court, which has recognised the company's arguments by reducing the amount originally contested by the Brazilian tax authorities.

In light of the above, the risk is estimated at approximately euro 20 million inclusive of taxes, sanctions and interest.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

Brazil - Disputes concerning the IPI Tax Rate for the Sale of Tyres to the Automotive Sector

Pirelli Pneus Ltda. is also party to a dispute concerning the IPI tax rate, (*Imposto sobre Produtos Industrializados* or tax on industrialised products), concerning the sale of components to companies operating in the automotive sector. According to what was claimed by the Brazilian tax authorities in a notice of assessment issued in 2013, Pirelli Pneus Ltda. was not entitled to benefit, with reference to its secondary headquarters located in the city of Ibiritè in the Federal State of Minas Gerais, from the IPI exemption provided for by law in the case of sales of particular components, to companies operating in the automotive sector. All administrative proceedings have been concluded, resulting in a reduction of the originally contested amount. The remaining amount is currently being disputed in the judicial system. The Group believes it has well-founded grounds to contest the tax administration's claim and, therefore, has a good chance of winning.

The risk is estimated at approximately euro 19 million, inclusive of tax, interest and penalties.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

Brazil - Litigation concerning the Tax Impact deriving from the so called "Plano Verão"

Pirelli Pneus is involved in a tax dispute with the Brazilian tax authoritiesfor the period from 1989 to 1994 as a result of the so-called *"Plano Verão"*. The Plano Verão was an economic measure introduced by the then Brazilian government to control the phenomenon of hyperinflation that was affecting the country, through a price freeze. However, the difference between the real inflation and indexed inflation had the effect of creating significant distortions in the financial statements of companies and ultimately, the amount of taxes paid by them. Pirelli Pneus Ltda. used the real inflation rate for its financial statement assessments, and, at the same time, initiated legal proceedings to assert its arguments regarding the correct amount of taxes owed. During the course of the aforementioned proceedings, Pirelli Pneus Ltda. first adhered to a tax amnesty to settle the dispute in question and, only later, on the basis of a ruling by the Brazilian Supreme Court with binding *erga omnes* effects, did it request the annulment of the effects of the amnesty it had previously adhered to.

The proceedings are pending before the competent judicial courts and the risk is estimated to be up to a maximum euro 33 million, inclusive of taxes, interest and sanctions.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

Brazil - Litigation concerning "ICMS Substituicão Tributária" (Tax Substitution case)

Pirelli Comercial de Pneus Brasil Ltda. has become involved in a new dispute concerning ICMS (Imposto sobre Circulaçao de Mercadorias e Serviços - Substituicão Tributária) tax credits. According to the claims made in a notice of assessment issued during 2022 by the Brazilian tax authorities for the 2018 and 2019 tax periods, Pirelli Comercial de Pneus Brasil Ltda. allegedly transferred ICMS-ST credits to Pirelli Pneus without the prior formal authorisation of the Brazilian tax authorities.

In 2023, Pirelli Pneus also received a contestation from the State of São Paulo on the same matter, for allegedly failing to comply with formal obligations in relation to the use of the ICMS-ST credits transferred by Pirelli Comercial.

Proceedings are pending before the competent administrative bodies and the risk is estimated at approximately euro 56 million, including taxes, interest and penalties.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

Brazil - Litigation concerning ICMS Tax Credits for the Purchase of Assets Used in the Industrial Process and for the Purchase of Fixed Assets

Pirelli Pneus Ltda. is involved in a new tax dispute concerning ICMS (Imposto sobre Circulaçao de Mercadorias e Serviços) tax credits. n August 2024, the Company was assessed by the State of São Paulo for a series of alleged irregularities related to the recording of ICMS credits against the purchase of tangible assets used in the Company's industrial process.

As also demonstrated during the tax audit, the Group believes it has well-founded reasons to contest the tax authorities' claim and, therefore, a good chance of winning.

Proceedings are pending before the competent administrative bodies and the risk is estimated at approximately euro 17 million, including taxes, interest and penalties.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

Argentina - Customs dispute concerning Import Values

The subsidiary Pirelli Neumaticos SAIC, based in Argentina, is involved in a number of disputes and tax proceedings, in which the Argentine customs authorities claim that the value of certain imports - from other Group companies - of finished products and raw materials should have included royalties paid to the Pirelli Tyre S.p.A. Group company, for the licence to use patents and for technical assistance.

On the same subject, the Company is a party to various litigations in progress with the Argentine customs authorities that concern the years from 2009 to 2019. In particular, in one of the disputed cases, the customs authority ruled in Pirelli's favour to annul the dispute with reference to the importation of finished products and limiting it exclusively to the importation of raw materials.

The risk is estimated at approximately euro 10 million, inclusive of tax, interests and penalties.

The risk of losing the case has not been assessed as probable and, therefore, no provision has been recognised in the Financial Statements for this dispute.

30. REVENUES FROM SALES AND SERVICES

Revenues from sales and services were as follows:

(in thousands of euro)	**2024**	**2023**
Revenues from the sales of goods	6,567,533	6,471,590
Revenues from services	205,791	178,473
Total	**6,773,324**	**6,650,063**

These revenues are mainly generated by the sales of tyres and related services to customers represented by both distributors and end customers.

For information on the breakdown of sales according to geographical region, please refer to Note 9, "*Operating Segments*".

For further information on the performance of revenues from sales and services, refer to the section *"Group Performance and Results"* in the Directors' Report on Operations, which is an integral part of this document.

31. OTHER INCOME

The item is composed as follows:

(in thousands of euro)	**2024**	**2023**
Sales of Industrial products	111,071	127,529
Other income from the Prometeon Group	39,854	34,105
Recoveries and reimbursements	39,449	26,664
Government grants	25,431	33,961
Gains on disposal of property, plant and equipment	2,027	1,142
Rent income	2,776	2,912
Income from subleases of right of use assets	949	911
Other income	124,898	101,770
Total	**346,455**	**328,994**

The item **sales of industrial products** mainly refers to revenues generated by the sale of tyres for trucks and agricultural vehicles, purchased mainly from the Prometeon Group, and which are sold by the distribution network controlled by the Pirelli Group, mainly in Brazil.

The item **other income from the Prometeon Group** mainly includes:

- euro 16,000 thousand for the license agreement for the use of the Pirelli trademark;
- euro 14,800 thousand for the license agreement for know-how;
- euro 1,218 thousand for services rendered;

- euro 765 thousand for the sales of raw materials, semi-finished and finished products.

The item **recoveries and reimbursements** includes, in particular:

- tax refunds and customs duty refunds totalling euro 13,672 thousand, received mainly by the Brazilian subsidiary;
- tax refunds totalling euro 3,895 thousand due to rebates obtained in Germany for excise duties on electricity to the amount of euro 2,243 thousand, and on gas to the amount of euro 1,652 thousand;
- income from the sale of tyres for testing, and the recovery of transport expenses in Germany to the amount of euro 1,717 thousand.

The item **other** mainly includes income related to the sale of goods and services, in connection with sports events linked to sponsorship agreements to the amount of euro 42,198 thousand, royalties from third parties to the amount of euro 29,252 thousand, of which euro 11,721 thousand was from the joint venture the Middle East and North Africa Tyre Company for the supply of know-how in the construction of the tyre factory in Saudi Arabia (Note 12), and income from the sale of tyres and scrap materials carried out in the United Kingdom totalling euro 1,309 thousand.

32. PERSONNEL EXPENSES

The item is composed as follows:

(in thousands of euro)	**2024**	**2023**
Wages and salaries	997,875	947,717
Social security and welfare contributions	187,899	182,179
Costs for employee leaving indemnities and similar	24,330	18,732
Costs for defined contribution pension funds	27,872	25,807
Costs for defined benefit pension funds	4,394	703
Costs for jubilee awards	13,076	13,603
Costs for defined contribution healthcare plans	33,403	25,954
Other costs	12,448	10,616
Total	**1,301,297**	**1,225,311**

33. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

The item is composed as follows:

(in thousands of euro)	**2024**	**2023**
Amortisation	137,994	139,091
Depreciation of owned tangible assets	323,025	317,599
Depreciation of right of use	111,701	101,287
Impairment net of reversals	2,098	30,086
Impairment of right of use	132	400
Total	**574,950**	**588,463**

For the composition of the depreciation of the right of use, reference should be made to Note 10.2, *"Right of Use"*.

34. OTHER COSTS

The item is subdivided as follows:

(in thousands of euro)	**2024**	**2023**
Selling costs	374,074	408,643
Purchases of goods for resale	449,028	416,141
Advertising	260,653	252,921
Fluids and energy	240,066	305,521
Warehouse operating costs	111,535	91,175
IT expenses	68,785	67,347
Consultants	72,573	50,873
Maintenance	83,898	69,944
Insurance	35,749	34,717
Leases and rentals	46,326	42,224
Outsourcing	51,721	45,784
Stamp duties, levies and local taxes	42,486	33,158
Other provisions accruals for liabilities and charges	22,823	28,172
Travel expenses	40,568	38,323
Remuneration for Key Managers	25,722	23,855
Cleaning expenses	23,486	19,031
Canteen	30,726	26,578
Security expenses	16,725	14,644
Waste disposal	14,048	12,530
Telephone expenses	5,170	5,254
Other	211,237	189,108
Total	**2,227,399**	**2,175,943**

The item **fluids and energy** includes the cost of purchasing greenhouse gas emission allowances and renewable energy certificates. The decrease in this item compared to the previous year is consistent with the decrease in gas and electricity prices during 2024.

The item **leases and rentals** is composed as follows:

- euro 23,220 thousand for lease contracts with a duration of less than twelve months (euro 21,023 thousand for 2023);
- euro 13,029 thousand for lease contracts with variable instalments not linked to indices or rates, (for example, inflation or the EURIBOR), but linked for example, to usage (euro 11,866 thousand at December 31, 2023);
- euro 10,078 thousand for lease contracts for assets with a low unit value (euro 9,335 thousand at December 31, 2023).

The item **other** also includes, labour provided by third parties to the amount of euro 15,131 thousand, (euro 23,661 thousand in 2023), expenses for the testing of technology to the amount of euro 17,310 thousand (euro 18,154 thousand in 2023), membership fees to the amount of euro 10,405 thousand (euro 10,074 thousand in 2023) and transport costs for materials to the amount of euro 19,488 thousand (euro 18,758 thousand in 2023).

35. NET IMPAIRMENT OF FINANCIAL ASSETS

This item, which was negative to the amount of euro 10,303 thousand compared to euro 5,263 thousand for 2023, mainly included the net impairment of trade receivables to the amount of euro 10,320 thousand (net impairment of euro 5,597 thousand for 2023).

36. NET INCOME/(LOSS) FROM EQUITY INVESTMENTS

36.1 Share of Net Income/(Loss) from Equity Investments in Associates and Joint Ventures

The share of the net income/(loss) from equity investments in associates and joint ventures, which is accounted for using the equity method, was positive to the amount of euro 27,456 thousand and mainly refers to the investment in the joint venture Xushen Tyre (Shanghai) Co., Ltd. which was positive to the amount of euro 25,137 thousand (positive to the amount of euro 9,505 thousand for 2023), and in the joint venture PT Evoluzione Tyres in Indonesia, which was positive to the amount of euro 1,001 thousand (positive to the amount of euro 840 thousand for 2023).

36.2 Dividends

In 2024, these amounted to euro 3,932 thousand and mainly included dividends received from Fin. Priv. S.r.l. (euro 2,110 thousand) and the RCS Mediagroup S.p.A. (euro 1,729 thousand). In 2023 they had amounted to euro 4,269 thousand.

37. FINANCIAL INCOME

The item is composed as follows:

(in thousands of euro)	**2024**	**2023**
Interest income	42,350	46,424
Other financial income	21,287	5,080
Net interest on provisions for employee benefit obligations	985	612
Fair value measurement of other financial assets	56,859	170,838
Fair value measurement of foreign exchange derivatives	14,370	-
Fair value measurement of other derivatives	475	2,707
Total	**136,326**	**225,661**

Interest income which totalled euro 42,350 thousand, mainly included:

- euro 32,881 thousand in interest receivables from financial institutions, associates and joint ventures;
- euro 4,149 thousand in interest on fixed-income securities;
- euro 3,412 thousand in interest accrued on security deposits provided by the Brazilian subsidiaries as a guarantee for legal and tax disputes.
- euro 1,248 thousand in interest on other types of securities;

The item **other financial income** amounted to euro 21,287 thousand and includes interest accrued on tax and social security receivables from the Brazilian subsidiaries.

The **fair value measurement of other financial assets** was positive to the amount of euro 56,859 thousand and refers to the fair value measurement of dollar-linked bond instruments in which the Argentine subsidiary has invested in order to mitigate the effects of depreciation on the local currency. The exchange rate component of the fair value measurement of dollar-linked bond instruments amounted to euro 35,249 thousand, and partially offsets the combined effect of the total of euro 136,330 thousand comprised on the one hand, of the Argentine net monetary loss of euro 92,520 thousand and on the other hand, of the effect of the Argentine subsidiary's net losses on exchange rates which amounted to euro 43,810 thousand. Reference should be made to Note 38, *"Financial Expenses"* for further details.

The item **fair value measurement of foreign exchange derivatives** refers to forward foreign exchange buy/sell transactions to hedge commercial and financial transactions, in accordance with the Group's exchange rate risk management policy. For transactions still open at period-end, the fair value is determined by applying the forward exchange rate at the reporting date. Fair value measurement consists of two elements: the interest component, which is linked to the interest rate differential between the currencies covered by the individual hedges, equal to a net cost of euro 27,418 thousand, and the exchange rate component, equal to a net income of euro 41,788 thousand.

38. FINANCIAL EXPENSES

The item is composed as follows:

(in thousands of euro)	**2024**	**2023**
Interest expenses	168,671	181,600
Commissions	28,513	26,223
Net monetary loss	82,067	41,298
Other financial expenses	15,180	3,481
Interest expenses on lease liabilities	23,283	23,189
Net losses on exchange rates	105,197	84,957
Fair value measurement of foreign exchange derivatives	-	59,016
Total	**422,911**	**419,764**

Interest which totalled euro 168,671 thousand, and mainly included:

- euro 95,314 thousand incurred from bank financing facilities held by Pirelli & C. S.p.A;
- euro 49,660 thousand in financial expenses related to bond loans, of which euro 26,721 thousand was related to the *"Bond SLB EUR 600m 4.25% due 01/28",* euro 12,342 thousand was related to the *"Bond SLB EUR 600m 3.875% due 07/29"*, euro 9,934 thousand was related to the monetary and non-monetary interest from the *"Convertible Bond Loan"*, and euro 664 thousand was related to the *"Schuldschein"* financing, which in all cases were issued by Pirelli & C. S.p.A.;
- euro 17,400 thousand in net interest receivables which included interest on Interest Rate Swaps, for which hedge accounting was adopted to rectify the flow of financial expenses for the bank credit facilities and bond loans mentioned above.in the preceding point. For further details, reference should be made to Note 28, *"Derivative Financial Instruments"*;
- euro 31,536 thousand in financial expenses related to bank loans held by foreign subsidiaries.

The item **commissions**, to the amount of euro 28,513 thousand includes, in particular, euro 10,287 thousand in costs for the assignment of receivables with non-recourse clauses, mainly in South America, Italy and Germany, and euro 18,226 thousand related to expenses for sureties and other banking commissions.

The item **net monetary loss** refers to the effect on monetary items deriving from the application of IAS 29 - Financial Reporting in Hyperinflationary Economies, by the Argentine subsidiary Pirelli Neumaticos SAIC, which was negative to the amount of euro 92,520 thousand and by the Turkish subsidiaries Pirelli Otomobil Lastikleri A.S. and Pirelli Lastikleri Dis Ticaret A.S., which was positive to the amount of euro 10,453 thousand (reference should be made to Note 42 *“Hyperinflation”* for further details).

The item **net losses on exchange rates** which amounted to euro 105,197 thousand (gains amounted to euro 446,179 thousand and losses amounted to euro 551,376 thousand) refers to, the adjustment of period-end exchange rates for items expressed in currencies other than the functional currency and still outstanding at the closing date of the Consolidated Financial Statements, and to the net gains realised on items closed during the course of the period.

When comparing the net losses on exchange rates of euro 105,197 thousand, recognised on the receivables and payables in currencies other than the functional currency of the various subsidiaries, with the fair value measurement of the exchange rate component of the foreign exchange derivatives used for hedging, which amounted to a net income of euro 41,788 thousand, the result is a negative imbalance of euro 63,409 thousand. This imbalance includes a net loss on exchange rates for the Argentine subsidiary Pirelli Neumaticos SAIC of euro 43,810 thousand, which was partially offset by the positive fair value measurement of other financial assets, as described in Note 37, *“Financial Income”*. Net of the aforementioned Argentine effect, however, the imbalance would have been a negative euro 19,599 thousand, mainly due to the impossibility of efficient financial hedging, mainly in Egypt.

Interest includes euro 8.3 million paid to suppliers with whom, as part of the normal management and optimisation of working capital, the Group has commercial agreements in place - mainly in Brazil - for the deferral of payment terms. The total for the related trade payables at December 31, 2024 amounted to euro 140.3 million.

39. TAXES

Taxes were composed as follows:

(in thousands of euro)	**2024**	**2023**
Current taxes	151,883	205,140
Deferred taxes	(5,194)	(70,942)
Total	**146,689**	**134,198**

Taxes in 2024 amounted to euro 146,689 thousand against a net income before taxes of euro 647,793 thousand, compared to the amount of euro 134,198 thousand in 2023 against a net income before taxes of euro 630,103 thousand. The tax rate for 2024 stood at 22.6% compared to 21.3% for 2023. Taxes in 2024 reflected the positive effect of approximately euro 30 million relative to the positive development of some tax disputes concerning previous years. Taxes for 2023 included the Patent Box tax benefits for the 2020-2022 three-year period of approximately euro 40 million.

The reconciliation between theoretical and effective taxes is as follows:

(in thousands of euro)	**2024**	**2023**
A) Net income/(loss) before taxes	**647,793**	**630,103**
B) Theoretical taxes	**164,588**	**174,129**
Main causes for variations between theoretical and effective taxes:		
Taxes incentives	(53,394)	(87,815)
Non-deductible costs	11,707	16,647
Taxes on undistributed income of subsidiaries and other non-recoverable withholding taxes	11,927	14,566
Other	11,861	16,672
C) Effective taxes	**146,689**	**134,198**
Theoretical tax rate (B/A)	25.4%	27.6%
Effective tax rate (C/A)	22.6%	21.3%

The negative impact on the tax rate from non-deductible costs and other items, was more than compensated in 2024 by the tax incentives from which the Group mainly benefits in Italy, including the Patent Box and ACE (Allowance for Corporate Equity) relative to previous financial years.

The item "*Other*" was mainly impacted by the adjustment of deferred taxes for the Brazilian subsidiaries and the effect of hyperinflation in Argentina and Turkey, net of changes in the Provision for tax risks, also due to the positive developments in some tax disputes concerning previous years.

The Group's theoretical tax burden is calculated by taking into account the nominal tax rates of the countries where the Group's main companies operate, as shown below:

	2024	2023
Europe and Turkey		
Italy	29.57%	29.57%
Germany	30.00%	30.00%
Romania	16.00%	16.00%
Great Britain	25.00%	23.50%
Turkey	25.00%	25.00%
Russia, Nordics and MEAI		
Russia	20.00%	20.00%
North America		
USA	25.50%	25.50%
Mexico	30.00%	30.00%
South America		
Argentina	35.00%	35.00%
Brazil	34.00%	34.00%
APAC		
China	25.00%	25.00%

The following table shows the incidence of taxes paid during the financial year, which amounted to euro 158,488 thousand (euro 138,998 thousand in 2023), by geographic region:

- 27% Europe (33% in 2023);
- 32% APAC (36% in 2023);
- 11% Russia and MEAI (3% in 2023);
- 12% South America (8% in 2023);
- 18% North America (20% in 2023).

Taxes paid refers to the total amount of income taxes effectively paid during the fiscal period by the companies of the Group in their respective tax residence jurisdictions, to income tax prepayments paid in 2024, to income taxes paid during 2024 but relative to previous financial years (for example; income tax balances relative to 2023), or payments relative to tax assessments for previous financial years. Taxes paid also include withholding taxes incurred on cross-border payments such as dividends, interest and royalties and reported in the tax residence jurisdiction of the percipient.

40. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share are determined by the ratio between the earnings/(losses) attributable to the Parent Company and the weighted average number of ordinary shares outstanding during the period, with the exclusion of treasury shares.

(in thousands of euro)	**2024**	**2023**
Net income/(loss) attributable to the Parent Company	467,981	479,080
Weighted average number of ordinary shares outstanding (in thousands)	1,000,000	1,000,000
Earnings /(losses) per ordinary share (in euro per share)	**0.468**	**0.479**

It should be noted that basic and diluted earnings/(losses) per share are the same. It should also be noted that the option to convert the shares of the bond loan, did not have a dilutive effect as the average market price of the shares, was lower than the exercise price of the option itself during the course of 2024.

41. DIVIDENDS PER SHARE

During the course of 2024, Pirelli & C. S.p.A. distributed to its shareholders a unit dividend of euro 0.198 per ordinary share from its 2023 results, equal to a total dividend pay-out of euro 198 million gross of withholding taxes.

42. HYPERINFLATION

Based on the provisions of the Group's accounting standards, hyperinflation accounting was adopted by the Argentine subsidiaries, Pirelli Neumaticos SAIC and Latam Servicios Industriales S.A. as of July 1, 2018 and December 15, 2022 respectively, and by the Turkish subsidiaries Pirelli Otomobil Lastikleri A.S. and Pirelli Lastikleri Dis Ticaret A.S., as of June 30, 2022.

For the Argentine company, the price index used for the application of hyperinflation accounting was the National Consumer Price Index (CPI) published by the National Institute of Statistics and Census (INDEC), equal to an official annual value of 117.33%.

For the Turkish companies, the price index used was the National Consumer Price Index (TUFE) published by the Turkish Statistical Institute (TUIK), equal to an official annual value of 44.38%.

Net losses on the net monetary position were recorded in the Income Statement as *"Financial Expenses"* (Note 38), to the amount of euro 82,067 thousand.

43. RELATED PARTY TRANSACTIONS

Related Party Transactions, including intra-group transactions, do not qualify as either atypical or unusual, but are part of the ordinary course of business for companies of the Group. Such transactions, when not settled under standard conditions, or dictated by specific regulatory conditions, are in any case regulated by conditions consistent with those of the market and carried out in compliance with the provisions contained in the Procedure for Related Party Transactions which the Company has adopted.

The following table summarises the items from the Statement of Financial Position, the Income Statement and the Statement of Cash Flows that include Related Party Transactions and their relative impact.

STATEMENT OF FINANCIAL POSITION *(in millions of euro)*	12/31/2024	of which related parties	% incidence	12/31/2023	of which related parties	% incidence
Non current assets						
Other receivables	**309.5**	7.8	2.5%	**408.6**	7.2	1.8%
Current assets						
Trade receivables	**622.9**	11.0	1.8%	**649.4**	9.4	1.4%
Other receivables	**444.0**	91.0	20.5%	**419.2**	98.7	23.5%
Non-current liabilities						
Borrowings from banks and other financial institutions	**3,068.6**	15.8	0.5%	**3,174.7**	8.3	0.3%
Other payables	**79.9**	-	n.a.	**77.9**	0.2	0.3%
Provisions for liabilities and charges	**101.1**	19.4	19.2%	**109.5**	22.1	20.2%
Provisions for employee benefit obligations	**184.0**	7.8	4.2%	**180.2**	3.2	1.8%
Current liabilities						
Borrowings from banks and other financial institutions	**760.9**	3.7	0.5%	**789.5**	2.2	0.3%
Trade payables	**2,081.6**	129.0	6.2%	**1,999.4**	126.1	6.3%
Other payables	**392.7**	22.9	5.8%	**412.2**	21.4	5.2%

INCOME STATEMENT *(in millions of euro)*	2024	of which related parties	% incidence	2023	of which related parties	% incidence
Revenue from sales and services	**6,773.3**	61.5	0.9%	**6,650.1**	31.0	0.5%
Other income	**346.5**	80.5	23.2%	**329.0**	60.1	18.3%
Raw materials and consumables used (net of changes in inventories)	**(2,177.4)**	(18.1)	0.8%	**(2,216.1)**	(11.0)	0.5%
Personnel expenses	**(1,301.3)**	(16.7)	1.3%	**(1,225.3)**	(17.4)	1.4%
Other costs	**(2,227.4)**	(326.9)	14.7%	**(2,175.9)**	(325.0)	14.9%
Financial income	**136.3**	3.5	2.6%	**225.7**	3.1	1.4%
Financial expenses	**(422.9)**	(3.3)	0.8%	**(419.8)**	(0.8)	0.2%
Net income / (loss) from equity investments	**31.4**	27.5	n.a.	**15.9**	11.6	n.a.

STATEMENT OF CASH FLOWS *(in millions of euro)*	12/31/2024	of which related parties	% incidence	12/31/2023	of which related parties	% incidence
Net cash flow provided by / (used in) operating activities	**1,292.6**	(226.5)	n.a.	**1,359.9**	(290.1)	n.a.
Net cash flow provided by / (used in) investing activities	**(421.3)**	1.0	n.a.	**(392.9)**	(0.3)	n.a.
Net cash flow provided by / (used in) financing activities	**(610.7)**	(4.1)	n.a.	**(979.6)**	(4.0)	n.a.

Related Party Transactions are detailed below, subdivided according to the counterparty:

STATEMENT OF FINANCIAL POSITION	12/31/2024				12/31/2023			
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**
Other non-current receivables	7.8	-	-	**7.8**	7.2	-	-	**7.2**
of which financial	*7.8*	*-*	*-*	***7.8***	*7.2*	*-*	*-*	***7.2***
Trade receivables	9.4	1.6	-	**11.0**	7.8	1.5	-	**9.4**
Other current receivables	87.1	3.9	-	**91.0**	88.0	10.7	-	**98.7**
of which financial	*78.6*	*-*	*-*	***78.6***	*75.0*	*-*	*-*	***75.0***
Borrowings from banks and other financial institutions non-current	6.3	9.5	-	**15.8**	7.9	0.4	-	**8.3**
Other non-current payables	-	-	-	**-**	-	-	0.2	**0.2**
Provisions for liabilities and charges non-current	-	-	19.4	**19.4**	-	-	22.1	**22.1**
Provisions for employee benefit obligations non-current	-	-	7.8	**7.8**	-	-	3.2	**3.2**
Borrowings from banks and other financial institutions current	2.4	1.3	-	**3.7**	2.1	0.2	-	**2.2**
Trade payables	69.5	59.5	-	**129.0**	45.7	80.4	-	**126.1**
Other current payables	-	0.4	22.5	**22.9**	0.1	0.8	20.5	**21.4**

INCOME STATEMENT	2024				2023			
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**
Revenues from sales and services	58.9	2.6	-	**61.5**	29.2	1.8	-	**31.0**
Other income	40.5	39.9	-	**80.5**	18.9	41.2	-	**60.1**
Raw materials and consumables used (net of change in inventories)	(9.3)	(8.7)	-	**(18.1)**	(2.1)	(8.9)	-	**(11.0)**
Personnel expenses	-	-	(16.7)	**(16.7)**	-	-	(17.4)	**(17.4)**
Other costs	(230.4)	(70.8)	(25.7)	**(326.9)**	(209.3)	(91.8)	(23.9)	**(325.0)**
Financial income	2.9	0.6	-	**3.5**	2.8	0.2	-	**3.1**
Financial expenses	(0.4)	(2.9)	-	**(3.3)**	(0.5)	(0.3)	-	**(0.8)**
Net income/ (loss) from equity investments	27.5	-	-	**27.5**	11.6	-	-	**11.6**

STATEMENT OF CASH FLOWS	2024				2023			
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**
Net income / (loss) before taxes	(110.3)	(39.4)	(42.4)	**(192.1)**	(149.3)	(57.8)	(41.2)	**(248.3)**
Reversal of Financial (income) / expenses	(2.5)	2.3	-	**(0.2)**	(2.3)	0.1	-	**(2.2)**
Reversal of share of net result from associates and joint ventures	(27.5)	-	-	**(27.5)**	(11.6)	-	-	**(11.6)**
Reversal of accruals to provisions and other accruals	-	-	14.2	**14.2**	-	-	12.3	**12.3**
Change in Trade receivables	(1.3)	(0.1)	-	**(1.5)**	1.2	0.1	-	**1.3**
Change in Trade payables	(21.9)	8.9	-	**(13.0)**	12.3	(40.5)	-	**(28.1)**
Change in Other receivables	3.1	6.9	-	**10.0**	(3.8)	13.6	-	**9.8**
Change in Other payables	(0.0)	0.4	(8.1)	**(7.7)**	0.1	(0.0)	(20.6)	**(20.5)**
Use of Provisions for liabilities and charges	-	-	(8.8)	**(8.8)**	-	-	(2.6)	**(2.6)**
Net cash flow provided by / (used in) operating activities	**(160.4)**	**(21.1)**	**(45.1)**	**(226.5)**	**(153.5)**	**(84.5)**	**(52.1)**	**(290.1)**
Disposals of equity investments in associates and JV	-	-	-	**-**	-	-	-	**-**
Change in Financial receivables from associates and JV	(0.5)	-	-	**(0.5)**	(0.3)	-	-	**(0.3)**
Dividends received	1.5	-	-	**1.5**	-	-	-	**-**
Net cash flow provided by / (used in) investing activities	**1.0**	**-**	**-**	**1.0**	**(0.3)**	**-**	**-**	**(0.3)**
Repayment of principal and payment of interest for lease liabilities	(2.5)	(1.6)	-	**(4.1)**	(3.0)	(0.9)	-	**(4.0)**
Net cash flow provided by / (used in) financing activities	**(2.5)**	**(1.6)**	**-**	**(4.1)**	**(3.0)**	**(0.9)**	**-**	**(4.0)**

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

Transactions - Statement of Financial Position

The item **other non-current receivables** refers to a loan granted by Pirelli Tyre S.p.A. to the Indonesian joint venture PT Evoluzione Tyres.

The item **trade receivables** includes receivables for the purchase of raw material and for services rendered, mainly to the Chinese joint venture Jining Shenzhou Tyre Co., Ltd., to the amount of euro 9.1 million.

The item **other current receivables** mainly refers to receivables from the Jining Shenzhou Tyre Co., Ltd., for royalties to the amount of euro 3 million, and for various services to the amount of euro 4.5 million.

The financial portion refers to the financing granted by the Pirelli Tyre Co., Ltd. to the Jining Shenzhou Tyre Co., Ltd.

The item **borrowings from banks and other financial institutions non-current** refers to the payables of the company Pirelli Deutschland GmbH to the company Industriekraftwerk Breuberg GmbH, for the hire of machinery.

The item **borrowings from banks and other financial institutions current** refers to a portion of the aforementioned short-term debt.

The item **trade payables** mainly refers to trade payables to the Jining Shenzhou Tyre Co., Ltd.

Transactions - Income statement

The item **revenues from sales and services** mainly refers to the sales of raw materials and semi-finished products to the Jining Shenzhou Tyre Co., Ltd.

The item **other income** refers to royalties to the amount of euro 13.3 million, mainly from the joint venture the Middle East and North Africa Tyre Company, and to the recharging of expenses to the amount of euro 4 million.

The item **other costs** mainly refers to costs for:

- the purchase of tyres from Jining Shenzhou Tyre Co., Ltd. to the amount of euro 139.6 million;
- the purchase of Motorcycle products from PT Evoluzione Tyres to the amount of euro 46.2 million;
- purchase of energy and fees for the operational management by Industriekraftwerk Breuberg Gmbh totalling euro 30.5 million.

The item **financial income** refers mainly to interest on loans disbursed to the two joint ventures.

OTHER RELATED-PARTY TRANSACTIONS

The transactions detailed below refer mainly to transactions with the Aeolus Tyre Co., Ltd. and to transactions with the Prometeon Group, companies belonging to the Sinochem Group. It should be noted, that in the second quarter of 2024, the existing agreements between the Pirelli Group, the Aeolus Tyre Co., Ltd. and the Prometeon Tyre Group S.r.l., regarding technology and trademark licenses were subjected to a review aimed, among other things, at renegotiating its duration and the amounts of royalties due. As part of the review, a new lease agreement was also signed for the production site in Izmit (Turkey), replacing the previous one. The Related Party Transaction figures included in this document, therefore, reflect the impacts of the transaction described above.

Transactions - Statement of Financial Position

The items **trade receivables** and other current receivables refer mainly to receivables from companies of the Prometeon Group.

The item **borrowings from banks and other financial institutions current** refers to the payables of Pirelli Otomobil Lastikleri A.S. to Prometeon Turkey Endüstriyel ve Ticari Lastikler A.S. for machine hire.

The item **trade payables** mainly refers to payables to companies of the Prometeon Group to the amount of euro 57.5 million.

Transactions - Income statement

The item **other income** comprises, amounts from the companies of the Prometeon Group, mainly:

- the licence agreement for know-how charged by Pirelli Tyre S.p.A. to the amount of euro 14.8 million;
- royalties recorded by Pirelli Tyre S.p.A. in respect of the license agreement for the use of the Pirelli trademark to the amount of euro 16 million;
- logistics services rendered by the Spanish company Pirelli Neumaticos S.A. - Sociedad Unipersonal to the amount of euro 1.2 million.

The item **raw materials and consumables used** refers mainly to costs payable to companies of the Sinochem Group for the purchase of direct materials, consumables and compounds, of which euro 8.4 million were costs to payables the Chinese company, Pirelli Tyre Co., Ltd.

The item **other costs** mainly includes:

- the purchase of truck products for a total amount of euro 62.2 million of which euro 61 million was made by the Brazilian company Comercial e Importadora de Pneus Ltda. and subsequently resold to retail customers, and euro 1.3 million made by the German company Driver Reifen und KFZ-Technik GmbH;
- costs incurred by the Pirelli Tyre (Jiaozuo) Co., Ltd. for electricity expenses payable to the Aeolus Tyre Co., Ltd. to the amount of euro 4.2 million.

REMUNERATION FOR DIRECTORS AND KEY MANAGERS

Remuneration for Directors and Key Managers can be summarised as follows:

- the Statement of Financial Position items **provisions for liabilities and charges non-current** and **provisions for employee benefit obligations non-current**, include the provisions for the monetary three-year 2023-2025 and 2024-2026 Long Term Incentive Plans (LTI) to the amount of euro 8.6 million, (euro 5.9 million at December 31, 2023), the provisions for the Short Term Incentive Plan (STI) to the amount of euro 6.4 million (euro 7.2 million at December 31, 2023), as well as severance indemnities to the amount of euro 12.2 million (euro 16.8 million at December 31, 2023);

- the Statement of Financial Position item **other current payables** includes the short-term portion related to the STI and LTI Plans;

- the items **personnel expenses** and **other costs** include euro 3.1 million related to employees' leaving indemnities (TFR) and severance indemnities (euro 4 million for 2023), as well as provisions for short-term benefits to the amount of euro 14.1 million (euro 13.8 million for 2023) and for long-term benefits, to the amount of euro 13.4 million (euro 10.5 million for 2023).

44. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

In **February 2025**, Pirelli & C. S.p.A. and some of its Italian subsidiaries, committed to purchasing an amount of tax credits (so-called *"Superbonus Credits")* on a monthly basis for the 2025-2027 period from a bank with a high credit standing, for a total amount of euro 420 million, for the almost immediate use of offsetting various types of tax liabilities.

In **April 2025**, the US administration announced the introduction of tariffs for the Auto & Parts sector starting from May 3, 2025, and reciprocal tariffs on various countries, the latter being temporarily suspended. Additionally, tariffs on products compliant with the USMCA agreements from Mexico and Canada are also temporarily suspended. Pirelli, in light of the high uncertainties regarding US tariffs, confirms the targets communicated to the market on February 26. The group has nonetheless defined a plan to mitigate the impact of US tariffs – should the currently announced measures come into effect – with the aim of ensuring the Adjusted Ebit and cash targets at the lower end of the guidance range, as stated in the paragraph "Outlook for 2025" of the Directors' Report on Operations, thereby achieving the deleverage objective.

On **April 23, 2025**, Pirelli and CTS, an independent operator specializing in retail and services in the tire industry active in Northern Europe, signed a preliminary agreement for a long-term strategic partnership. This partnership will enable Pirelli to strengthen its commercial presence and High Value strategy in the region, while CTS will further enhance its ability to serve customers throughout Sweden. The operation involves CTS acquiring Däckia AB from Pirelli, which currently consists of a network of 60 directly owned stores and 42 affiliates operating in Sweden. The preliminary value of the acquisition is approximately 260 million SEK (around 24 million euros). The transaction, subject to customary closing conditions and regulatory approvals, is expected to be finalized by July 2025. Simultaneously, an agreement between Pirelli and Däckia for the supply of tires until 2030 will come into effect. This agreement will ensure the distribution of Pirelli products and its role as the main supplier. The alliance will allow Pirelli to rely on a more structured distribution system, with an expected greater market coverage, and on the retail specialization that distinguishes CTS in the region.

45. OTHER INFORMATION

Information on Climate Change

The Group presented the update of its sustainability targets in the 2024 - 2025 Industrial Plan Update presented to the financial community on March 6, 2024. The Group's performance at December 31, 2024 is described in the section "*Consolidated Sustainability Reporting*" to which reference should be made.

The Group's updated forecasts which, based on internal estimates, represent the net benefits from future cash flows, take the risks related to climate change into account, by setting the related objectives and performance targets, and in particular:

- **in the production processes**, in terms of reducing absolute Scope 1 and 2 CO_2 emissions, increasing the share of electrical energy from renewable sources and improving the efficiency in the use of energy and natural resources;
- at **product and raw materials level**, through the evolution of product ranges with a lower environmental impact throughout their respective life cycles, while at the same time ensuring greater driving safety, and in terms of increasing the share of bio-based and recycled materials used in the new product lines;
- **as part of the supply chain**, through targets for the reduction of absolute Scope 3 CO_2 emissions, particularly associated with raw materials suppliers.

The achievement of these objectives requires further specific actions, some of which have already been initiated and are reflected, where applicable, in the forecasts of the economic and financial flows for 2025. These actions include:

- the purchase of Energy Attribute Certificates (EAC) for electrical energy at almost all of the Group's production sites. These are instruments that certify the renewable origin of the energy sources used, and for 2024 were recorded under other costs;
- the procurement of electrical energy through Power Purchase Agreements for the dedicated supply from renewable sources at the Merlo (Argentina), Campinas (Brazil) and Feira de

Santana (Brazil) production sites. The cost of these contracts were classified under other costs;

- investment projects for greater energy efficiency, which were already initiated in 2021, with investments commencing in 2023, for the electrification of the vulcanisers. Investments in 2024 amounted to euro 9.1 million for energy efficiency improvement projects and euro 27.1 million for the electrification of the vulcanising presses, and are included in the increases in property, plant and equipment.

  With reference to investments for new products, it should be noted that the assets used to date for tyre production do not need to be replaced, but will be subject to possible improvements. Instead, with reference to projects to achieve greater energy efficiency, mainly improvements and the purchases of additional components for existing assets are planned. Lastly, the projects to electrify the vulcanising presses used in the production process, involve the replacement of the non-material components of existing assets. Therefore, the types of investments mentioned above do not impact the valuation of the useful lives of the assets currently in use or the recoverability of their carrying amount at December 31, 2024;

- research and development costs for the development of new products and operating costs for improving energy efficiency.

With regard to the impact on the financial structure, it should be noted that at December 31, 2024, financing geared to sustainability indexes accounted for almost 70.1% of the Group's total gross debt. Specifically, the Group had outstanding "sustainable" bank facilities to the amount of euro 3.0 billion, of which euro 1.5 billion resulted as used at December 31, 2024, and euro 1.5 billion was available in the form of a revolving committed credit facility, as well as euro 1.2 billion in sustainability-linked bonds (the so-called SLBs).

For further information, reference should be made to Note 24, *"Borrowings from Banks and Other Financial Institutions"* and Note 4, *"Financial Risk Management Policies".*

With regard to risks linked to climate change, Pirelli monitors these elements of uncertainty (both physical - acute and chronic - and transitional) along its value chain through sensitivity analyses and risk assessments, to assess and quantify the financial impacts (risks and opportunities) linked to climate change and water stress, and to put in place appropriate prevention and mitigation measures to protect its business. One instrument to support these analyses is the Group's Climate Change and the related Water Stress Risk Assessment, which is updated periodically to integrate these analyses with forecasts for the medium to long-term time period, with respect to the IPPC (Intergovernmental Panel on Climate Change) climate scenarios, which represent a projection of global temperature increases at the end of the century of between <1.5°C (RCP 1.9) and >4°C (RCP 8.5), and the IEA (International Energy Agency) projections for energy transition which take into consideration the different levels of ambition and speed in the implementation of climate policies (Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero by 2050 (NZE)).

As regards the physical risks, the potential impacts are projected over a time frame up to 2050, against the various IPCC climate scenarios, by assessing the potential damage to assets and the business interruption days for the Group's manufacturing plants and for strategic suppliers, arising from the main risks (including flooding, drought, wildfire and storms). In terms of potentially critical issues, assessed according to the Group's rating scales, no significant impacts are identified in the short-medium term (2024-2030), while elements of uncertainty persist on the horizon leading up to 2050.

Instead, with regard to transition risks, the Group went on to evaluate, among other factors, the introduction and/or tightening of the current CO_2 emission pricing schemes in the countries in which it operates. The potential impacts, linked to an increase in the costs of production, have been estimated based on different evolutions in the cost of acquiring CO_2 emission allowances, deriving both from the forecasts published by the IEA for the STEPS, APS, NZE scenarios, as well as from the three possible carbon intensity pathways for the Group. No material impact emerged for the short (2024) and medium term, while there were elements of uncertainty regarding the long-term (2050), particularly in the event of the NZE and APS scenarios occurring.

At December 31, 2024, no risks of probable cash outflows had emerged that would require the accrual of specific provisions in the Financial Statements.

The impacts of the actions taken to achieve the Plan's objectives and the related risks described above, were taken into account in the performance of the impairment test on goodwill and on the Pirelli Brand at December 31, 2024. In particular, with reference to the period of the Plan, the new cash flows forecast by management for 2025 were taken into account and, with reference to the medium-long term, the impacts were assessed through stress tests to evaluate the sustainability of the recoverable amount for goodwill and for the Pirelli Brand.

For more information, reference should be made to Note 10, *"Intangible Assets".*

For more information on climate change and in particular on the related risks and the objectives and actions implemented by the Group, reference should be made to "E1 - Climate Change" within the section "*Consolidated Sustainability Reporting*".

Research and Development Expenses

Research & Development expenses for 2024 amounted to euro 289.5 million and represented 4.3% of sales, and refer to expenses for product and process innovation, as well as for the development of new materials. The portion allocated to research and development for High Value activities amounted to euro 272.8 million and equalled 5.3% of High Value revenues. For further details, reference should be made to the section "Research and Development Activities" in the Directors' Report on Operations, which is an integral part of this document.

Remuneration for Directors and Statutory Auditors

The remuneration paid to the Directors and Statutory Auditors was as follows:

(in thousands of euro)	**2024**	**2023**
Directors	25,722	23,855
Statutory Auditors	495	393
Total	**26,217**	**24,248**

Average Employee Headcounts

The average headcount for employees, sub-divided by category, for the companies included in the Scope of Consolidation were as follows:

	2024	**2023**
Executives and white collar staff	6,235	6,171
Blue collar staff	23,633	23,367
Temporary workers	1,483	1,688
Total	**31,351**	**31,226**

Remuneration for Independent Auditing Firms

Pursuant to the applicable regulations, total fees for the 2024 financial year for auditing and non-audit services rendered by the company PricewaterhouseCoopers S.p.A. and by entities belonging to its network, are shown below:

(in thousands of euro)	**Company that provided the service**	**Company that received the service**	**Partial fees**	**Total fees**	
Independent auditing services	PricewaterhouseCoopers S.p.A.	Pirelli & C. S.p.A.	92		
	PricewaterhouseCoopers S.p.A.	Subsidiaries	1,471		
	Network PricewaterhouseCoopers	Subsidiaries	1,678	**3,241**	*79%*
Independent certification services (1)	PricewaterhouseCoopers S.p.A.	Pirelli & C. S.p.A.	513		
	PricewaterhouseCoopers S.p.A.	Subsidiaries	118		
	Network PricewaterhouseCoopers	Subsidiaries	33	**664**	*16%*
Non-audit services	PricewaterhouseCoopers S.p.A.	Subsidiaries	74		
	Network PricewaterhouseCoopers	Pirelli & C. S.p.A.	125		
	Network PricewaterhouseCoopers	Subsidiaries	13	**212**	*5%*
				4,117	100%

(1) the item "Independent certification services" indicates the amounts paid for other services that require the issuance of an auditor's report, as well as the amounts paid for the so-called certification services, as they are concomitant with the statutory auditing services.

Information required by Law No. 124/2017 Art. 1 paragraphs 125-129

With reference to the company Pirelli Tyre S.p.A., the main contributions received from the Government in 2024, are reported below:

- with reference to the agreement signed with MiSE (the Ministry of Economic Development, now the Ministry of Enterprises and Made in Italy), during the 2019 financial year, for the funding of three Research and Development projects, up to a maximum of euro 6.3 million in total. During the current financial year, the company has received instalments amounting to euro 1.2 million, (CUP - Unique Project Code - B46G21000050005, CUP B42C21000730005, and CUP B42C21000740005);

- with reference to the agreement signed with MiSE (the Ministry of Economic Development, now the Ministry of Enterprises and Made in Italy) during the 2022 financial year, for the funding of a Research and Development project in the field of Digital Solutions, up to a maximum of euro 2.6 million. During the current financial year, the company had received instalments amounting to euro 2.4 million, (CUP B49J22003730005);

- under the *Fondo Crescita Sostenibile* (Sustainable Growth Fund), the company received a grant decree from the MIMIT (the Ministry of Economic Development and Made in Italy) for the funding of Research and Development activities, up to a maximum of euro 5.9 million, (CUP B49J24002180005);

- under the PNRR (National Recovery and Resilience Plan), the Company obtained approval from MOST (the National Centre for Sustainable Mobility), funded by the MUR (the Ministry of Universities and Research), for the funding of two Research and Development projects under the *“Flagship Line B*” funding schemes, totalling euro 2.7 million, (CUP B43D21010580004). It should also be noted, that under the same funding scheme, Pirelli Digital Solutions received approval for euro 0.1 million;

- under the European Life 2023 programme, Pirelli Tyre obtained approval from the European Commission for the funding of a Research and Development project, up to a maximum of euro 0.2 million, of which euro 0.1 million has already been received;

For the sake of completeness, it should also be noted that under the Industrial Transition Fund, Pirelli Industrie Pneumatici received a grant decree from MIMIT, for the funding of investments in energy saving, up to a maximum of euro 4.7 million, (CUP C39C23000640005).

Additionally, it should be noted that the following funding programmes are still active, although no instalments have been received in the current financial year:

- under the PNRR (National Recovery and Resilience Plan), during the 2022 financial year, Pirelli Tyre obtained a grant decree from the MUR (the Ministry of Universities and Research), for the funding of Research and Development activities under *“MOST”* - *“Centro Nazionale* *di Mobilità Sostenibile"* (the National Centre for Sustainable Mobility), up to a maximum of euro 1.2 million, (CUP B43D21010580004);

- under the PNRR (National Recovery and Resilience Plan), during the 2023 financial year, the same company obtained approval from MOST (the National Centre for Sustainable Mobility), financed by MUR (the Ministry of Universities and Research), for the funding of Research and Development activities under the *"POC – Proof of Concept"* and *"Scalability Grant"* funding schemes, totalling euro 0.2 million, (CUP B43D21010580004);

- during the 2023 financial year, the company Pirelli Digital Solutions S.r.l. signed a Regional Programme Agreement with the Puglia Region, who will provide the funding of investments and R&D activities at the new Digital Solutions Centre in Bari, up to a maximum of euro 4.9 million in non-repayable grants, of which euro 2.4 million has already been received.

Lastly, also under the PNRR, Pirelli & C. obtained a grant decree from MUR (the Ministry of Universities and Research) for the funding of Research and Development activities within the Ecosystem for Innovation framework of *"MUSA – Multilayered Urban Sustainability Action"*, up to a maximum of euro 0.4 million.

Atypical and/or Unusual Transactions

Pursuant to CONSOB Notice No. 6064293 of July 28, 2006, it should be noted that during the course of the 2024 financial year, that no atypical and/or unusual transactions as defined in the aforesaid Notice, were carried out by the Company.

Exchange Rates

The main exchange rates used for consolidation were as follows:

(local currency vs euro)	Period-end Exchanges Rates		Change in %	Average Exchange Rates		Change in %
	12/31/2024	**12/31/2023**		**2024**	**2023**	
Thai Bhat	**35.6760**	37.9730	(6.05%)	**38.1865**	37.6275	1.49%
Swedish Krona	**11.4865**	11.0960	3.52%	**11.4322**	11.4755	(0.38%)
Australian Dollar	**1.6772**	1.6263	3.13%	**1.6397**	1.6286	0.69%
Canadian Dollar	**1.4948**	1.4642	2.09%	**1.4821**	1.4594	1.55%
Singaporean Dollar	**1.4164**	1.4591	(2.93%)	**1.4458**	1.4522	(0.44%)
US Dollar	**1.0389**	1.1050	(5.98%)	**1.0824**	1.0812	0.11%
Swiss Franc	**0.9412**	0.9260	1.64%	**0.9526**	0.9719	(1.98%)
Egyptian Pound	**52.8872**	34.2093	54.60%	**49.1521**	33.2384	47.88%
Turkish Lira (°)	**36.7429**	32.5739	12.80%	**36.7429**	32.5739	12.80%
Romanian Leu	**4.9741**	4.9746	(0.01%)	**4.9746**	4.9465	0.57%
Argentinian Peso (°)	**1,072.1448**	893.3373	20.02%	**1,072.1448**	893.3373	20.02%
Mexican Peso	**21.0567**	18.6988	12.61%	**19.7818**	19.2060	3.00%
South African Rand	**19.6188**	20.3477	(3.58%)	**19.8297**	19.9520	(0.61%)
Brazilian Real	**6.4363**	5.3516	20.27%	**5.8325**	5.4022	7.97%
Chinese Renminbi	**7.4680**	7.8264	(4.58%)	**7.7084**	7.6184	1.18%
Saudi Arabian Riyal	**3.9029**	4.1639	(6.27%)	**4.0615**	4.0566	0.12%
Russian Rouble	**106.1028**	99.1919	6.97%	**100.2028**	92.1863	8.70%
British Pound Sterling	**0.8292**	0.8691	(4.59%)	**0.8466**	0.8699	(2.67%)
Japanese Yen	**163.0600**	156.3300	4.30%	**163.8519**	151.9632	7.82%

(°) average exchange rates equal period-end exchange rates from the application of IAS 29 - Financial reporting in Hyperinflationary economies

Net Financial Position

(Alternative Performance Indicators not provided for by the accounting standards).

(in thousands of euro)	Note	12/31/2024	of which related parties (note 43)	12/31/2023	of which related parties (note 43)
Current borrowings from banks and other financial institutions	**24**	760,856	*3,707*	789,527	*2,242*
Current derivative financial instruments (liabilities)	**28**	3,503		18,183	
Non-current borrowings from banks and other financial institutions	**24**	3,068,599	*15,825*	3,174,678	*8,326*
Non-current derivative financial instruments (liabilities)	**28**	-		-	
Total gross debt		**3,832,958**		**3,982,388**	
Cash and cash equivalents	**20**	(1,502,741)		(1,252,769)	
Other financial assets at fair value through Income Statement	**19**	(165,965)		(228,759)	
Current financial receivables **	**16**	(113,297)	*(78,552)*	(106,065)	*(74,992)*
Current derivative financial instruments (assets)	**28**	(16,577)		(7,360)	
Net financial debt *		**2,034,378**		**2,387,435**	
Non-current derivative financial instruments (assets)	**28**	(4,326)		(12,886)	
Non-current financial receivables **	**16**	(104,288)	*(7,791)*	(112,829)	*(7,240)*
Total net financial (liquidity) / debt position		**1,925,764**		**2,261,720**	

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

** The item "financial receivables" is reported net of the relative provisions for impairment which amounted to euro 8,369 thousand at December 31, 2024 (euro 10,968 thousand at December 31, 2023).

Net financial debt is summarised below, based on the format provided by the ESMA guidelines:

(in thousands of euro)	12/31/2024	12/31/2023
Cash and cash equivalents	(1,502,741)	(1,252,769)
Other current financial assets	(295,839)	(342,184)
of which Current financial receivables	*(113,297)*	*(106,065)*
of which Current derivative financial instruments (assets)	*(16,577)*	*(7,360)*
of which Other financial assets at fair value through Income Statement	*(165,965)*	*(228,759)*
Liquidity	**(1,798,580)**	**(1,594,953)**
Current borrowings from banks and other financial institutions	760,856	789,527
Current derivative financial instruments (liabilities)	3,503	18,183
Current financial debt	**764,359**	**807,710**
Current net financial debt	**(1,034,221)**	**(787,243)**
Non-current borrowings from banks and other financial institutions	3,068,599	3,174,678
Non-current derivative financial instruments (liabilities)	-	-
Non-current financial debt	**3,068,599**	**3,174,678**
Total net financial debt *	**2,034,378**	**2,387,435**

* Pursuant to CONSOB Notice dated July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

SCOPE OF CONSOLIDATION

List of companies included in consolidation using line-by-line method

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Europe						
Austria						
Pirelli GmbH	Agent	Vienna	Euro	726,728	100.00%	Pirelli Tyre (Suisse) S.A.
Belgium						
Pirelli Tyres Belux S.A.	Agent	Brussels	Euro	700,000	99.996%	Pirelli Tyre (Suisse) S.A.
					0.004%	Pneus Pirelli S.A.S.
France						
Pneus Pirelli S.A.S.	Distributor	Villepinte	Euro	1,515,858	100.00%	Pirelli Tyre S.p.A.
Germany						
Deutsche Pirelli Reifen Holding GmbH	Holding	Breuberg / Odenwald	Euro	7,694,943	100.00%	Pirelli Tyre S.p.A.
Driver Handelssysteme GmbH	Service provider	Breuberg / Odenwald	Euro	26,000	100.00%	Deutsche Pirelli Reifen Holding GmbH
Pirelli Deutschland GmbH	Manufacturer and distributor	Breuberg / Odenwald	Euro	23,959,100	100.00%	Deutsche Pirelli Reifen Holding GmbH
Pirelli Personal Service GmbH	Service provider	Breuberg / Odenwald	Euro	25,000	100.00%	Deutsche Pirelli Reifen Holding GmbH
PK Grundstuecksverwaltungs GmbH	Dormant	Breuberg / Odenwald	Euro	26,000	100.00%	Deutsche Pirelli Reifen Holding GmbH
Driver Reifen und KFZ-Technik GmbH	Distribution chain	Breuberg / Odenwald	Euro	259,225	100.00%	Deutsche Pirelli Reifen Holding GmbH
Greece						
Elastika Pirelli C.S.A.	Distributor	Elliniko-Argyroupoli	Euro	11,630,000	99.90%	Pirelli Tyre S.p.A.
					0.10%	Pirelli Tyre (Suisse) S.A.
Pirelli Hellas S.A. (in liquidation)	Under liquidation	Athens	US $	22,050,000	79.86%	Pirelli Tyre S.p.A.
The Experts in Wheels - Driver Hellas S.A.	Service provider	Elliniko-Argyroupoli	Euro	100,000	74.80%	Elastika Pirelli C.S.A.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Italy						
Driver Italia S.p.A.	Service provider	Milan	Euro	350,000	71.21%	Pirelli Tyre S.p.A.
Driver Servizi Retail S.p.A.	Service provider	Milan	Euro	120,000	100.00%	Pirelli Tyre S.p.A.
HB Servizi S.r.l.	Service provider	Milan	Euro	10,000	100.00%	Pirelli & C. S.p.A.
Maristel S.r.l.	Service provider	Milan	Euro	50,000	100.00%	Pirelli & C. S.p.A.
NewCo Micromobility S.r.l.	Service provider	Milan	Euro	10,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Digital Solutions S.r.l.	Service provider	Milan	Euro	500,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Industrie Pneumatici S.r.l.	Manufacturer	Settimo Torinese (To)	Euro	40,000,000	100.00%	Pirelli Tyre S.p.A.
Pirelli International Treasury S.p.A.	Financial	Milan	Euro	125,000,000	70.00%	Pirelli Tyre S.p.A.
					30.00%	Pirelli & C. S.p.A.
Pirelli Servizi Amministrazione e Tesoreria S.p.A.	Service provider	Milan	Euro	2,047,000	100.00%	Pirelli & C. S.p.A.
Pirelli Sistemi Informativi S.r.l.	Service provider	Milan	Euro	1,010,000	100.00%	Pirelli & C. S.p.A.
Pirelli Tyre S.p.A.	Principal	Milan	Euro	558,154,000	100.00%	Pirelli & C. S.p.A.
Poliambulatorio Bicocca S.r.l.	Service provider	Milan	Euro	10,000	100.00%	Pirelli Tyre S.p.A.
The Netherlands						
Pirelli China Tyre N.V.	Holding and Agent	Rotterdam	Euro	38,045,000	100.00%	Pirelli Tyre S.p.A.
Poland						
Driver Polska Sp. z o.o.	Service provider	Warsaw	Pol. Zloty	100,000	69.00%	Pirelli Polska Sp. z o.o.
Pirelli Polska Sp. z o.o.	Distributor	Warsaw	Pol. Zloty	625,771	100.00%	Pirelli Tyre S.p.A.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
United Kingdom						
CTC 2008 Ltd.	Dormant	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli UK Tyres Ltd.
Pirelli Cif Trustees Ltd.	Trustees	Burton-on-Trent	British Pound Sterling	4	50.00%	Pirelli General & Overseas Pension Trustees Ltd.
					50.00%	Pirelli Tyres Pension Trustees Ltd.
Pirelli International Limited (ex Pirelli International plc)	Dormant	Burton-on-Trent	Euro	5,000,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Motorsport Services Ltd.	Service provider	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli UK Ltd.
Pirelli General & Overseas Pension Trustees Ltd.	Trustees	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli UK Ltd.
Pirelli Tyres Ltd.	Dormant	Burton-on-Trent	British Pound Sterling	16,000,000	100.00%	Pirelli UK Tyres Ltd.
Pirelli Tyres Pension Trustees Ltd.	Trustees	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli Tyres Ltd.
Pirelli UK Ltd.	Holding	Burton-on-Trent	British Pound Sterling	163,991,278	100.00%	Pirelli & C. S.p.A.
Pirelli UK Tyres Ltd.	Manufacturer and distributor	Burton-on-Trent	British Pound Sterling	85,000,000	100.00%	Pirelli Tyre S.p.A.
Slovakia						
Pirelli Slovakia S.R.O.	Distributor	Bratislava	Euro	6,639	100.00%	Pirelli Tyre S.p.A.
Romania						
Pirelli Tyres Romania S.r.l.	Manufacturer and distributor	Slatina	Rom. Leu	2,189,797,300	100.00%	Pirelli Tyre S.p.A.
Russia						
Closed Joint Stock Company "Voronezh Tyre Plant"	Manufacturer	Voronezh	Russian Rouble	1,520,000,000	100.00%	Limited Liability Company Pirelli Tyre Russia
Limited Liability Company Pirelli Tyre Services	Service provider	Moscow	Russian Rouble	54,685,259	95.00%	Pirelli Tyre (Suisse) S.A.
					5.00%	Pirelli Tyre S.p.A.
Limited Liability Company "Industrial Complex Kirov Tyre"	Manufacturer	Kirov	Russian Rouble	348,423,221	100.00%	Limited Liability Company Pirelli Tyre Russia
Limited Liability Company "Pirelli Tyre Russia"	Manufacturer and distributor	Moscow	Russian Rouble	6,153,846	65.00%	Pirelli Tyre (Pty) Ltd.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Spain						
Euro Driver Car S.L.	Service provider	Valencia	Euro	960,000	58.44%	Pirelli Neumaticos S.A. - Sociedad Unipersonal
Neumaticos Arco Iris S.A.	Service provider	Valencia	Euro	302,303	66.20%	Pirelli Neumaticos S.A. - Sociedad Unipersonal
Pirelli Neumaticos S.A. - Sociedad Unipersonal	Distributor	Valencia	Euro	25,075,907	100.00%	Pirelli Tyre S.p.A.
Sweden						
Dackia Aktiebolag	Distribution chain	Stockholm	Swed. Krona	31,000,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Tyre Nordic Aktiebolag	Distributor	Stockholm	Swed. Krona	950,000	100.00%	Pirelli Tyre S.p.A.
Switzerland						
Driver (Suisse) S.A.	Service provider	Bioggio	Swiss Franc	100,000	100.00%	Pirelli Tyre (Suisse) S.A.
Pirelli Group Reinsurance Company S.A.	Insurance	Basel	Swiss Franc	3,000,000	100.00%	Pirelli & C. S.p.A.
Pirelli Tyre (Suisse) S.A.	Distributor / Distribution chain	Basel	Swiss Franc	1,000,000	100.00%	Pirelli Tyre S.p.A.
Turkey						
Pirelli Lastikleri Dis Ticaret A.S.	Service provider	Istanbul	Turkish Lira	50,000	100.00%	Pirelli Otomobil Lastikleri A.S.
Pirelli Otomobil Lastikleri A.S.	Manufacturer and distributor	Istanbul	Turkish Lira	190,000,000	100.00%	Pirelli Tyre S.p.A.
Hungary						
Pirelli Hungary Tyre Trading and Services Ltd.	Distributor	Budapest	Hun. Forint	3,000,000	100.00%	Pirelli Tyre S.p.A.
North America						
Canada						
Pirelli Tire Inc.	Agent	St-Laurent (Quebec)	Can. $	6,000,000	100.00%	Pirelli Tyre (Suisse) S.A.
U.S.A.						
Pirelli North America Inc.	Holding	New York (New York)	US $	10	100.00%	Pirelli Tyre S.p.A.
Pirelli Tire LLC	Manufacturer and distributor	Rome (Georgia)	US $	1	100.00%	Pirelli North America Inc.
Prestige Stores LLC	Dormant	Los Angeles (California)	US $	10	100.00%	Pirelli Tire LLC

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Central/South America						
Argentina						
Pirelli Neumaticos S.A.I.C.	Manufacturer and distributor	Buenos Aires	Arg. Peso	2,948,055,176	99.83%	Pirelli Tyre S.p.A.
					0.17%	Pirelli Pneus Ltda.
Latam Servicios Industriales S.A.	Service provider	Buenos Aires	Arg. Peso	100,000	95.00%	Pirelli Neumaticos S.A.I.C.
					5.00%	Pirelli Pneus Ltda.
Brazil						
Comercial e Importadora de Pneus Ltda.	Distribution chain	Sao Paulo	Bra. Real	381,473,982	100.00%	Pirelli Comercial de Pneus Brasil Ltda.
Pirelli Comercial de Pneus Brasil Ltda.	Distributor	Sao Paulo	Bra. Real	710,994,861	85.00%	Pirelli Tyre S.p.A.
					15.00%	Pirelli Latam Participaçoes Ltda.
Pirelli Latam Participaçoes Ltda.	Holding	Sao Paulo	Bra. Real	701,959,921	100.00%	Pirelli Tyre S.p.A.
Pirelli Ltda.	Service provider	Sao Paulo	Bra. Real	14,000,000	100.00%	Pirelli & C. S.p.A.
Pirelli Pneus Ltda.	Manufacturer and distributor	Campinas (Sao Paulo)	Bra. Real	3,527,941,893	85.03%	Pirelli Tyre S.p.A.
					14.97%	Pirelli Latam Participaçoes Ltda.
Comércio e Importação Multimarcas de Pneus Ltda.	Dormant	Sao Paulo	Bra. Real	128,191,500	97.12%	Pirelli Pneus Ltda.
					2.45%	Pirelli Tyre S.p.A.
					0.43%	Pirelli Latam Participaçoes Ltda.
C.P.Complexo Automotivo de Testes, Eventos e Entretenimento Ltda.	Service provider	Elias Fausto (Sao Paulo)	Bra. Real	89,812,000	60.00%	Pirelli Pneus Ltda.
					40.00%	Pirelli Comercial de Pneus Brasil Ltda.
TLM - Total Logistic Management Serviços de Logistica Ltda.	Service provider	Sao Paulo	Bra. Real	3,074,417	99.99%	Pirelli Pneus Ltda.
					0.01%	Pirelli Ltda.
Hevea-Tec Industria E Comercio Ltda.	Manufacturer	Sao Paulo	Bra. Real	23,300,000	100.00%	Comércio e Importação Multimarcas de Pneus Ltda.
Chile						
Pirelli Neumaticos Chile Ltda.	Distributor	Santiago	US $	3,520,000	85.25%	Pirelli Comercial de Pneus Brasil Ltda.
					14.73%	Pirelli Latam Participaçoes Ltda.
					0.02%	Pirelli Ltda.
Colombia						
Pirelli Tyre Colombia S.A.S.	Distributor	Santa Fe De Bogota	Col. Peso/000	1,863,222,000	85.00%	Pirelli Comercial de Pneus Brasil Ltda.
					15.00%	Pirelli Latam Participaçoes Ltda.
Mexico						
Pirelli Neumaticos S.A. de C.V.	Manufacturer and distributor	Silao	Mex. Peso	11,595,773,848	99.83%	Pirelli Tyre S.p.A.
					0.17%	Pirelli Latam Participaçoes Ltda.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Africa						
Egypt						
Pirelli Egypt Tyre Trading S.A.E.	Holding	Giza	Egy. Pound	84,250,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Egypt Consumer Tyre Distribution S.A.E.	Distributor	Giza	Egy. Pound	89,000,000	99.89%	Pirelli Egypt Tyre Trading S.A.E.
					0.06%	Pirelli Tyre S.p.A.
					0.06%	Pirelli Tyre (Suisse) S.A.
South Africa						
Pirelli Tyre (Pty) Ltd.	Distributor	Gauteng 2090	S.A. Rand	11	100.00%	Pirelli Tyre S.p.A.
E-VOLUTION Tyre South Africa (Pty) Ltd.	Holding	Gauteng 2090	S.A. Rand	100	100.00%	Pirelli Tyre (Pty) Ltd.
Oceania						
Australia						
Pirelli Tyres Australia Pty Ltd.	Distributor	Pyrmont (NSW)	Aus. $	150,000	100.00%	Pirelli Tyre (Suisse) S.A.
Asia						
Saudi Arabia						
Pirelli Middle East Limited	Service provider	Riyadh	Riyal Saudita	500,000	100.00%	Pirelli Tyre S.p.A.
China						
Pirelli Logistics (Yanzhou) Co., Ltd.	Service provider	Jining	Chinese Yuan	5,000,000	100.00%	Pirelli Tyre Co., Ltd.
Pirelli Tyre (Jiaozuo) Co., Ltd.	Manufacturer	Jiaozuo	Chinese Yuan	350,000,000	80.00%	Pirelli Tyre S.p.A.
Pirelli Tyre Co., Ltd.	Manufacturer and distributor	Yanzhou	Chinese Yuan	2,471,150,000	90.00%	Pirelli China Tyre N.V.
Pirelli Tyre Trading (Shanghai) Co., Ltd.	Service provider	Shanghai	US $	700,000	100.00%	Pirelli China Tyre N.V.
Korea						
Pirelli Korea Ltd.	Distributor	Seoul	Korean Won	100,000,000	100.00%	Pirelli Asia Pte Ltd.
United Arab Emirates						
Pirelli Tyre MEAI DMCC	Distributor	Dubai	AED	50,000	100.00%	Pirelli Asia Pte Ltd.
Japan						
Pirelli Japan Kabushiki Kaisha	Distributor	Tokyo	Jap. Yen	2,200,000,000	100.00%	Pirelli Tyre S.p.A.
Singapore						
Pirelli Asia Pte Ltd.	Distributor	Singapore	Sing. $	2	100.00%	Pirelli Tyre (Suisse) S.A.
Thailand						
Pirelli Tyre (Thailand) Ltd.	Distributor	Bangkok	Baht Thailandese	102,000,000	99.00%	Pirelli Tyre S.p.A.
					1.00%	Pirelli Asia Pte Ltd.

List of investments accounted for using the equity method

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Europe						
Germany						
Industriekraftwerk Breuberg GmbH	Electricity generation	Hoechst / Odenwald	Euro	1,533,876	26.00%	Pirelli Deutschland GmbH
Greece						
Eco Elastika S.A.	Tyres	Athens	Euro	60,000	20.00%	Elastika Pirelli C.S.A.
Italy						
Consorzio per la Ricerca di Materiali Avanzati (CORIMAV)	Financial	Milan	Euro	103,500	100.00%	Pirelli & C. S.p.A.
Eurostazioni S.p.A.	Financial	Rome	Euro	100,000	32.71%	Pirelli & C. S.p.A.
Poland						
Centrum Utylizacji Opon Organizacja Odzysku S.A.	Tyres	Warsaw	Pol. Zloty	1,008,000.00	20.00%	Pirelli Polska Sp. z o.o.
Slovakia						
ELT Management Company Slovakia S.R.O.	Tyres	Bratislava	Euro	132,000.00	20.00%	Pirelli Slovakia S.R.O.
Romania						
Eco Anvelope S.A.	Tyres	Bucarest	Rom. Leu	160,000	20.00%	Pirelli Tyres Romania S.r.l.
Spain						
Signus Ecovalor S.L.	Tyres	Madrid	Euro	200,000	20.00%	Pirelli Neumaticos S.A. - Sociedad Unipersonal
Asia						
China						
Xushen Tyre (Shanghai) Co, Ltd	Tyres	Shanghai	Renminbi	1,050,000,000	49.00%	Pirelli Tyre S.p.A.
Jining Shenzhou Tyre Co, Ltd	Tyres	Jining City	Renminbi	1,050,000,000	100.00%	Xushen Tyre (Shanghai) Co, Ltd
Saudi Arabia						
“Middle East and North Africa Tyre Company (Joint Stock Company)”	Tyres	King Abdullah Economic City	Saudi Riyal	386,250,000	25.00%	Pirelli Tyre S.p.A.
Indonesia						
PT Evoluzione Tyres	Tyres	Subang	Rupee	1,313,238,780,000	63.04%	Pirelli Tyre S.p.A.

ANNUAL FINANCIAL STATEMENTS

AT DECEMBER 31, 2024

STATEMENT OF FINANCIAL POSITION *(in euro)*

	Note	12/31/2024		12/31/2023	
			of which related parties (Note 39)		of which related parties (Note 39)
Property, plant and equipment	8	56,974,549		62,770,446	
Intangible assets	9	2,279,489,673		2,278,775,885	
Investments in subsidiaries	10	4,621,948,778		4,624,448,778	
Investments in associates	11	142,750		6,374,500	
Other financial assets at fair value through other comprehensive income	12	60,547,868		50,748,726	
Other receivables	13	386,547	-	1,700,615,890	*1,700,000,000*
Derivative financial instruments	17	4,264,020	*4,264,020*	12,751,956	*12,751,956*
Non-current assets		**7,023,754,185**		**8,736,486,181**	
Trade receivables	14	61,647,402	*60,718,230*	55,664,952	*54,682,932*
Other receivables	13	1,997,593,674	*1,983,088,116*	193,859,523	*180,323,214*
Cash and cash equivalents	15	51,426		34,444	
Tax receivables	16	76,071,161	*75,106,559*	34,811,976	*34,559,526*
Derivative financial instruments	17	32,633	*32,633*	6,884	*6,884*
Current assets		**2,135,396,296**		**284,377,779**	
Total assets		**9,159,150,481**		**9,020,863,960**	
Shareholders' equity:					
- Share capital		1,904,374,936		1,904,374,936	
- Other reserves		2,207,708,767		2,208,899,752	
- Retained earnings reserve		639,392,383		594,508,404	
- Net income of the year		302,024,244		242,882,239	
Total shareholders' equity	18	**5,053,500,330**		**4,950,665,331**	
Borrowings from banks and other financial institutions	19	2,713,507,974		2,823,717,789	
Other payables	23	94,990	-	405,644	*211,511*
Provisions for liabilities and charges	20	39,061,625	*19,436,998*	43,837,587	*22,144,151*
Provision for deferred tax liabilities	24	604,848,558		577,994,950	
Employee benefit obligations	21	17,664,521	*3,812,746*	15,490,804	*3,180,768*
Non-current liabilities		**3,375,177,668**		**3,461,446,774**	
Borrowings from banks and other financial institutions	19	548,294,500	*1,191,027*	443,660,509	*762,197*
Trade payables	22	30,533,740	*3,756,857*	28,344,467	*3,422,612*
Other payables	23	77,042,938	*32,247,713*	84,008,389	*33,240,532*
Provisions for liabilities and charges	20	50,700,000		31,200,000	
Employee benefit obligations	21	820,000		820,000	
Tax payables	25	23,073,662	*22,779,424*	20,714,671	*20,714,671*
Derivative financial instruments	17	7,643	*7,643*	3,819	*3,819*
Current liabilities		**730,472,483**		**608,751,855**	
Total Liabilities and Equity		**9,159,150,481**		**9,020,863,960**	

INCOME STATEMENT *(in euro)*

	Note	2024		2023	
			of which related parties (Note 39)		**of which related parties (Note 39)**
Revenues from sales and services	27	86,322,108	*86,303,243*	72,998,400	*72,988,718*
Other income	28	142,757,052	*132,932,073*	120,864,873	*116,905,955*
Raw materials and consumables used	29	(281,839)		(302,204)	
Personnel expenses	30	(75,930,545)	*(11,060,985)*	(75,579,525)	*(10,123,237)*
Amortisation, depreciation and impairment	31	(10,762,435)		(10,288,263)	
Other costs	32	(137,014,078)	*(40,633,757)*	(118,949,871)	*(38,131,203)*
Net impairment loss on financial assets	33	(56,320)		-	
Operating income (loss)		**5,033,943**		**(11,256,590)**	
Net income (loss) from equity investments	34	319,892,369		277,269,278	
- gains on equity investments		-	-	*288,065*	*288,065*
- losses on equity investments		*(23,031,178)*	*(23,031,178)*	*(6,600,000)*	*(6,600,000)*
- dividends		*342,923,547*	*339,084,585*	*283,581,213*	*280,117,016*
Financial income	35	88,512,713	*87,981,604*	91,420,273	*91,390,202*
Financial expenses	36	(132,356,398)	*11,902,213*	(137,146,716)	*9,088,261*
Net income (loss) before taxes		**281,082,627**		**220,286,245**	
Taxes	37	20,941,617		*22,595,994*	
Total net income of the year		**302,024,244**		**242,882,239**	

STATEMENT OF COMPREHENSIVE INCOME *(in euro)*

		Note	2024	2023
A	**Net income of the year**		**302,024,244**	**242,882,239**
	- Remeasurement of employee benefits	21	(72,218)	(40,979)
	- Tax effect		17,332	9,835
	- Fair value adjustment of other financial assets at fair value through other comprehensive income	12	9,821,838	4,598,465
B	**Total items that may not be reclassified to income statement**		**9,766,952**	**4,567,321**
	Fair value adjustment of derivatives designated as cash flow hedge:			
	- Gains / (losses) for the year	17	3,355,864	(4,576,185)
	- (Gains) / losses reclassified to income statement	17	(17,771,913)	(17,542,816)
	- Tax effect		3,459,852	5,308,560
C	**Total items reclassified / that may be reclassified to income statement**		**(10,956,197)**	**(16,810,441)**
D	**Total other components of comprehensive income (B+C)**		**(1,189,245)**	**(12,243,120)**
A+D	**Total comprehensive income / (loss) for the financial year**		**300,834,999**	**230,639,119**

STATEMENT OF CHANGES IN EQUITY *(in euro)* (note 18)

	Share Capital	Legal Reserve	Share Premium Reserve	Concentration Reserve	Other Reserves	Other O.C.I. Reserves (*)	Merger Reserve	Reserve from results carried forward	Net result of the year	Total
Total at 12/31/2022	**1,904,374,936**	**380,874,988**	**630,380,599**	**12,466,897**	**133,734,599**	**40,947,360**	**1,022,927,715**	**559,833,511**	**252,485,607**	**4,938,026,212**
Dividend distribution as per resolution of June 29, 2023	-	-	-	-	-	-	-	-	(218,000,000)	(218,000,000)
Result carried forward	-	-	-	-	-	-	-	34,485,607	(34,485,607)	-
Other components of comprehensive income	-	-	-	-	-	(12,243,120)	-	-	-	(12,243,120)
Result for the year	-	-	-	-	-	-	-	-	242,882,239	242,882,239
Total comprehensive income/(loss) for the year	-	-	-	-	-	*(12,243,120)*	-	-	*242,882,239*	*230,639,119*
Other changes	-	-	-	-	-	(189,286)	-	189,286	-	-
Total at 12/31/2023	**1,904,374,936**	**380,874,988**	**630,380,599**	**12,466,897**	**133,734,599**	**28,514,954**	**1,022,927,715**	**594,508,404**	**242,882,239**	**4,950,665,331**
Dividend distribution as per resolution of May 28, 2024	-	-	-	-	-	-	-	-	(198,000,000)	(198,000,000)
Result carried forward	-	-	-	-	-	-	-	44,882,238	(44,882,238)	-
Other components of comprehensive income	-	-	-	-	-	(1,189,245)	-	-	-	(1,189,245)
Result for the year	-	-	-	-	-	-	-	-	302,024,244	302,024,244
Total comprehensive income/(loss) for the year	-	-	-	-	-	(1,189,245)	-	-	302,024,244	300,834,999
Other changes	-	-	-	-	-	(1,741)	-	1,741	-	-
Total at 12/31/2024	**1,904,374,936**	**380,874,988**	**630,380,599**	**12,466,897**	**133,734,599**	**27,323,968**	**1,022,927,715**	**639,392,383**	**302,024,244**	**5,053,500,330**

(in euro) **BREAKDOWN OF OTHER O.C.I. RESERVES ***

	Reserve for fair value adjustment of financial assets at fair value through other comprehensive income	Cash flow hedge reserve	Reserve Remeasurement for employee benefit	Tax effect	**Total other O.C.I. Reserves**
Balance at 12/31/2022	**(207,901)**	**51,430,207**	**2,145,272**	**(12,420,218)**	**40,947,360**
Other components of comprehensive income	4,598,465	(22,119,001)	(40,979)	5,318,395	(12,243,120)
Other changes	(189,286)	-	-	-	(189,286)
Balance at 12/31/2023	**4,201,278**	**29,311,206**	**2,104,293**	**(7,101,823)**	**28,514,954**
Other components of comprehensive income	9,821,838	(14,416,049)	(72,218)	3,477,184	(1,189,245)
Other changes	(1,741)	-	-	-	(1,741)
Balance at 12/31/2024	**14,021,375**	**14,895,157**	**2,032,075**	**(3,624,639)**	**27,323,968**

CASH FLOW STATEMENT *(in euro)*

		Note	2024	2023
	Net income (loss) before taxes		281,082,627	220,286,245
	Reversals of amortisation, depreciation, impairment losses	31	10,762,435	10,288,263
	Reversal of accruals/releases	32	20,599,242	19,776,987
	Reversal of (Financial income)/financial expenses	36	43,843,685	45,726,443
	Reversal of Dividends	34	(342,923,547)	(283,581,213)
	Reversal of (gain)/losses on investments	34	23,031,178	6,311,935
	Change in Trade receivables	14	(6,038,770)	(11,666,278)
	Change in Trade payables	22	1,066,805	4,590,969
	Change in Other receivables	13	1,864,200	1,670,935
	Change in Other payables	23	(20,850,196)	898,846
	Change in Tax receivables/Tax payables	16	12,372,215	76,891,193
	Use of Provisions for employee benefit obligations	21	(24,157)	-
	Use of Other provisions	20	(9,730,378)	(2,871,356)
A	**Net cash flows provided by/(used in) operating activities**		**15,055,339**	**88,322,969**
	- of which related parties	39	*123,027,737*	*188,312,576*
	Investments in property, plant and equipment	8	(1,018,288)	(1,228,672)
	Investments in intangible assets	9	(1,552,315)	(3,491,737)
	Disposal/(Acquisition) of investments in subsidiaries	10	-	387,824
	Disposals /(Acquisition) of other non current financial assets at fair value through other comprehensive income	12	22,696	189,287
	Repayment of share capital and reserves from associates	11	5,200,572	-
	Dividends received	34	342,923,547	282,105,338
B	**Net cash provided/(used) by investment activities**		**345,576,212**	**277,962,040**
	- of which related parties	39	*344,285,157*	*279,028,965*
	Change in Financial receivables	13	(105,369,600)	344,008,736
	Financial income	35	88,512,713	68,524,537
	Change in Borrowings from banks and other financial institutions due to draw down	19	1,200,000,000	898,224,000
	Change in Borrowings from banks and other financial institutions due to repayments	19	(1,220,000,000)	(1,348,000,000)
	Dividends paid	18	(198,000,000)	(218,066,030)
	Financial expenses	36	(117,504,817)	(102,926,024)
	Repayment of principal and payment of interest for lease liabilities	19	(8,252,864)	(8,051,899)
C	**Net cash provided/(used) by financing activities**		**(360,614,568)**	**(366,286,680)**
	- of which related parties	39	*2,998,058*	*418,628,634*
D	**Total net cash generated/(used) in the year (A+B+C)**		**16,982**	**(1,671)**
E	**Opening balance of Cash and cash equivalents**		**34,444**	**36,115**
F	**Closing balance of Cash and cash equivalents (D+E)**		**51,426**	**34,444**

EXPLANATORY NOTES

1. GENERAL INFORMATION

Pirelli & C. S.p.A. (hereinafter also the “Company” or the “Parent Company”) is a corporation organized under the laws of the Republic of Italy.

Founded in 1872, it is a holding company that manages, coordinates and funds the activities of subsidiaries (hereinafter Pirelli Group).

The registered office of the Company is in Viale Piero e Alberto Pirelli 25 – Milan.

The audit of the financial statements is entrusted to PricewaterhouseCoopers S.p.A. pursuant to Legislative Decree January 27, 2010 no. 39 and in execution of the resolution of the shareholders’ meeting of August 1, 2017, which assigned the mandate to this company for each of the nine financial years ending from December 31, 2017 to December 31, 2025.

On 16 June 2023, the Prime Minister’s Office adopted a measure containing some prescriptions pertaining to Pirelli’s corporate governance (the “Golden Power Prime Ministerial Decree”). These prescriptions addressed both to the shareholder National Chemical Corporation Limited (“CNRC”) and to Pirelli itself, entail, inter alia, the obligation to adopt both “structural safeguards independent of the temporary nature of the shareholders’ agreement” and “a network of measures operating together to protect the autonomy of Pirelli & C. S.p.A. and its management, and to protect the information of strategic importance held by the Company”.

The Golden Power Prime Ministerial Decree prohibits CNRC from exercising management and coordination activities over Pirelli pursuant to Articles 2497 et seq. of the Italian Civil Code and requires it, inter alia, by way of example only:

(i) to ensure Pirelli complete autonomy in the management of relations with customers and suppliers;

(ii) to ensure that Pirelli independently prepares the strategic, industrial and financial plans and/or budgets of the Company and the Group;

(iii) to guarantee that Pirelli shall not be subject to instructions by the Sinochem Group;

(iv) not to adopt any deeds, resolutions or communications that may suggest that Pirelli’s decisions are the consequence of desires and instructions imposed upon it by CNRC;

(v) not to centralise treasury services or other financial assistance or coordination functions (e.g. cash pooling) or other technical coordination functions (e.g. integration of Pirelli’s IT systems into those of Sinochem Holdings Corporation Ltd., including those of Pirelli’s Chinese subsidiaries);

(vi) not to issue any orders or instructions and in any case not to coordinate the initiatives regarding financial and credit-related decisions and research and development in Pirelli;

(vii) not to issue directives regarding any special transactions carried out by Pirelli including, for example, the listing of financial instruments, acquisitions, disposals, concentrations, contributions, mergers, spin-offs;

(viii) not to make any crucial decisions regarding the operating strategies of Pirelli or formulate group strategic guidelines;

(ix) to guarantee the absence of any organisational-functional connections between Pirelli, on the one hand, and CNRC, on the other.

The Golden Power Prime Ministerial Decree also requires the CNRC to undertake to ensure that:

(i) the Chief Executive Officer of Pirelli, drawn from the majority slate submitted by CNRC, is indicated by Camfin;

(ii) out of 12 Directors drawn from the majority slate, 4 are appointed by Camfin;

(iii) the position of General Manager is introduced, to whom the power to implement Pirelli's business plan, budget and ordinary management is delegated;

(iv) all of Pirelli's Delegated Bodies are to be appointed exclusively from among the Directors designated by Camfin;

(v) the power to appoint and dismiss Managers and Deputy Managers of Pirelli is deferred to the Executive Vice Chairman or to the Chief Executive Officer;

(vi) Pirelli's Bylaws are amended so that, in relation to Board resolutions pertaining to the assets of strategic importance (as identified in the Golden Power Prime Ministerial Decree) in addition to the appointment and dismissal from the office of Key Managers, the proposal is reserved for the Chief Executive Officer and any decision contrary thereto may only be adopted with the vote against of at least 4/5 of the Board of Directors (thereby attributing veto power over such resolutions to the Directors elected by Camfin).

Considering the above, the majority of the Pirelli Board of Directors is now composed of independent directors, and the majority of the Directors drawn from the list submitted by the CNRC (8 out of 12) are also independent directors or directly designated by Camfin; limiting to 4 (four) the (non-executive) "non-independent" directors designated by CNRC who, in turn, will have to comply with the requirements dictated by the Golden Power Prime Ministerial Decree, including the one aimed at "ensuring the absence of organisational-functional links between Pirelli on the one hand and CNRC on the other".

Adoption of the Golden Power Prime Ministerial Decree made it necessary to carry out a number of in-depth investigations to ascertain the continued existence of MPI Italy control over Pirelli pursuant to the international accounting standard IFRS 10 "Consolidated Financial Statements". On this point, a question was submitted to Consob by the Board of Statutory Auditors and management on 15 February 2024 ("Question"). On 31 July 2024, Consob, following proceedings initiated as a result of the Question: (a) communicated the relative results to Pirelli, envisaging the obligation for the Company Board of Directors to assess the existence or otherwise of a controlling entity in accordance with IFRS 10; (b) recalled the commitment required by the Golden Power Prime Ministerial Decree on the part of CNRC not to exercise direction and coordination, and therefore the commitment not to provide directors with indications; (c) emphasised the mandatory nature of certain provisions of said Prime Ministerial Decree concerning the role of Camfin S.p.A. (e.g. regarding the appointment of the Chief Executive Officer who proposes the strategic plan, and the Executive Vice Chairman who outlines the strategies) that strengthen the autonomy of the Company's Board of Directors and that "prevent the shareholder [Marco Polo International Italy S.r.l ("MPI Italy")] from being able – even if not exercised – to influence the significant decisions of the Issuer".

The Company conducted in-depth studies assisted by opinions from leading auditing firms with reference to the correct application of the accounting standard IFRS 10, as well as additional opinions received from external legal advisors, and took into account the additional documentation submitted in the proceedings initiated by Consob following the Question, and the documentation (including briefs and opinions) provided by the other intervening parties, MPI Italy and Camfin S.p.A. ("Camfin S.p.A.").

While conducting these investigations, in order to assess the existence of control by an entity pursuant to IFRS 10, the Company focused on the three requirements of that standard, namely whether an entity has simultaneously (i) power over the investee entity; (ii) exposure or rights to variable returns arising from the relationship with the investee entity; and (iii) the ability to exercise its power over the investee entity in order to affect the amount of its returns. More specifically, focusing on the first requirement, the decisions that generally represent exercise of the power of an investor over another entity were analysed, with an indication for each one of whether MPI Italy can unilaterally take the aforesaid decisions through the rights resulting from the 2023 Shareholders' Agreement Renewal, as amended to incorporate the provisions of the Golden Power Prime Ministerial Decree. Please find below the outcome of these analyses for each decision:

- Appointment and dismissal of executive directors (Executive Vice Chairman and Chief Executive Officer): the two executive directors were assigned the first one by the parties upon appointment by Camfin and the second one by express provision of the Golden Power Prime Ministerial Decree, upon indication by Camfin. The dismissal or replacement of the CEO can only take place upon the proposal of the Executive Vice Chairman (a Camfin person), also delegated to propose a replacement who must be a director representing Camfin;

- Preparation of the budget and the business plan and any significant amendments to be submitted for approval by the Board of Directors: the proposal to the Board of Directors of the budget and business plan and any possible changes must be formulated by the CEO, appointed by Camfin. The Board of Directors has the sole right to approve the CEO proposal or to vote against it, giving adequate reasons and taking the best interests of Pirelli into account. Although MPI Italy has the right to appoint the majority of directors (four of whom "independent"), the MPI Italy right to provide guidelines to the directors it appoints is severely limited by the provisions of the Golden Power Prime Ministerial Decree; so the MPI rights do not appear to be substantive rights, in accordance with IFRS 10 provisions;

- Appointment and dismissal of key managers: the appointment or dismissal of key managers must be put forward by the CEO and any resolution against that proposal requires the favourable vote of at least 4/5 of the members of the Board of Directors – a qualified quorum higher than the number of directors appointed by MPI Italy;

- Matters reserved for the Board of Directors: although the 2023 Shareholders' Agreement envisages that certain decisions are taken by the Board of Directors with a simple majority, and thus potentially by MPI Italy through its directors, this right is severely limited by the provisions of the Golden Power Prime Ministerial Decree. So MPI rights do not appear to be substantive ones, in accordance with the provisions in IFRS 10;

- Decisions pertaining to the Pirelli strategic assets as identified by the Golden Power Prime Ministerial Decree: in accordance with provisions in the Golden Power Prime Ministerial Decree, the Bylaws envisage that in relation to board resolutions pertaining to assets of strategic importance as identified by the Prime Ministerial Decree, the proposal is reserved for the CEO and any resolution against that proposal requires the favourable vote of at least 4/5 of the members of the Board of Directors – a qualified quorum higher than the number of directors appointed by MPI Italy.

Furthermore, the Company considered that in the aforementioned provision, Consob asked the Board of Directors to assess, for the purposes of resulting decisions on the permanence of control, whether MPI Italy has the concrete capacity to dismiss the management body in the event of a disagreement with the Board of Directors on the strategic directions taken and, ultimately, on the returns that the investee generates. To this end, the Company has assessed that in the Ordinary Shareholders' Meetings held from 2018 to 2023 there was a shareholding of over 80% and in the 2024 Shareholders' Meeting it was 88%, which does not allow MPI Italy to independently decide the outcome of the Shareholders' Meeting and dismiss the administrative body in its entirety; nor can MPI Italy influence the appointment and dismissal of the Company managing bodies, devolved to Camfin, pursuant to the Golden Power Prime Ministerial Decree and the Shareholders' Agreement between Camfin and CNRC.

The result of all these considerations is that the issuance of the Golden Power Prime Ministerial Decree resulted in the loss of the unilateral control of MPI Italy (and, as a result, that of Sinochem) over Pirelli pursuant to IFRS 10 and, at the same time, Pirelli is not subject to the unilateral control of any entity under the aforementioned accounting standard.

The Board of Directors approved these Separate Financial Statements on April 28, 2025 and authorized their publication.

Significant Events 2024

On **January 30, 2024**, the European Commission announced the launch of an investigation into certain tyre manufacturers operating in the European Economic Area, for alleged infringements of EU competition law, with reference to the possible coordination of prices of new replacement tyres for cars and trucks intended for sale in the European Economic Area. At the same time, it conducted inspections at the offices of the aforementioned tyre manufacturers, including those of Pirelli. The latter, in confirming the correctness of its actions and of having always acted in compliance with the applicable legislation, has assured full collaboration to the Authority in the scope of the investigations carried out.

On **March 22, 2024**, Pirelli signed an agreement with a selected pool of international banks for a term loan credit line for an amount of euro 600 million, with maturity in October 2028. The line, stipulated as part of the usual management and optimization of the financial structure, allowed the early repayment of a portion of the debt maturing in 2025, the strengthening of the liquidity margin and the extension of debt maturities. The credit line is calibrated in line with the sustainability objectives that Pirelli has set itself in the Business Plan Update 2024-’25.

On **May 28, 2024**, the Shareholders’ Meeting approved, with over 99.8% of the capital represented, the financial statements for the 2023 financial year, closed with a net profit of the parent company of euro 242.9 million and a consolidated net profit of euro 495.9 million, resolving the distribution of a dividend of euro 0.198 per ordinary share, equal to a total dividend of euro 198 million. The dividend was paid on June 26, 2024 (ex-dividend date June 24 and record date June 25).

On **June 24, 2024**, Pirelli announced that - with reference to the interest-free senior unsecured guaranteed equity-linked bond loan called “EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025” - the conversion price of the bonds was changed from euro 6.0173 to euro 5.9522 in accordance with the bond loan regulations, effective from June 24, 2024 following the resolution of the Shareholders’ Meeting of May 28, 2024 to distribute a dividend of euro 0.198 per ordinary share.

On **June 25, 2024,** Pirelli placed with international institutional investors a sustainability-linked bond, for a total nominal amount of euro 600 million, benchmarked to Pirelli sustainability objectives validated by the Science Based Targets initiative (SBTi) on September 19, 2024, consistent with the Pirelli “Sustainability-linked financing Framework”. The issue was oversubscribed by over 4.6 times, amounting to approximately euro 2.8 billion. The transaction, which took place within the framework of the current EMTN (Euro Medium Term Note Program), allowed the debt structure to be optimized, by extending its maturities and diversifying its sources. The transaction, which allowed to improve the liquidity margin, had a settlement date of July 2, 2024. The issue has a five-year maturity and an effective yield to maturity of 3.950%, corresponding to a yield of 115 basis points above the reference rate (mid swap). The securities are listed on the Luxembourg Stock Exchange.

On **November 6, 2024**, Pirelli announced that Marco Polo International Italy Srl (“MPI”), also on behalf of China National Tire and Rubber Corp. (“CNRC”), sent Pirelli a copy of the provision of October 31, 2024 notified to CNRC by the Presidency of the Council of Ministers, which deemed it appropriate to initiate administrative proceedings for the possible violation by CNRC of the provisions contained in the Decree of the Presidency of the Council of Ministers of June 16, 2023, with which the special powers were exercised through the imposition of specific provisions, pursuant to article 2 of Legislative Decree no. 21 of March 15, 2012 (“DPCM Golden Power”). In particular, the proceedings concern the potential violation of the requirement to ensure the absence of organizational-functional connections between Pirelli on the one hand and CNRC on the other. The provision set the deadline for the conclusion of the proceedings at 120 days from the date of notification of the provision. CNRC has communicated to Pirelli that it believes it has always complied with the provisions of the Golden Power DPCM and is confident that it will clarify its position during the proceedings.

2. BASIS FOR PREPARATION

These Financial Statements have been prepared on a going concern assumption since the Directors have verified the absence of financial, operational or other types of indicators that could indicate critical issues regarding the ability of the Company to meet its obligations in the foreseeable future and in particular in the next 12 months. The description of the ways in which the Company manages financial risks is contained in Chapter 4 Financial risk management policy and Chapter 6 Capital management policy of these Explanatory Notes.

In application of Legislative Decree of February 28, 2005, no. 38, "Exercise of the options provided for by article 5 of regulation (EC) no. 1606/2002 on international accounting standards", issuers are required to prepare not only the consolidated financial statements but also the financial statements of the Company in compliance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Community (GUCE).

IFRS include all International Financial Reporting Standards, International Accounting Standards (IAS), all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC).

The financial statements have been prepared on the basis of the historical cost criterion. The following items have instead been measured at fair value:

- derivative financial instruments;
- other financial assets at fair value recorded in the other components of the comprehensive income statement;
- other financial assets at fair value through the income statement.

Financial Statements

The separate Financial Statements at December 31, 2024 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Explanatory Notes, and are accompanied by the Directors' Report on Operations.

The format adopted for the Statement of Financial Position classifies assets and liabilities as current and non-current.

The Company has opted to present the components of profit/loss for the year in a separate Income Statement, rather than include these components directly in the Comprehensive Income Statement. The income statement format adopted classifies costs by nature.

The Company opted for the presentation of the tax effects and reclassifications to the income statement of profits/losses recognized among the other components of the Comprehensive Income Statement in previous years directly in the Comprehensive Income Statement and not in the explanatory notes.

The Statement of Changes in Equity includes, in addition to the total gains/losses of the period, the amounts from transactions with equity holders and the changes in reserves during the year.

In the Cash Flow Statement, the cash flows deriving from operating activities are presented using the indirect method, according to which the profit or loss for the period is adjusted by the effects of non-monetary items, by any deferment or accrual of past or future operating receipts or payments, and by any revenue or cost items connected with the cash flows arising from investing activities or financing activities.

It shall also be noted that the Group has applied the provisions of Consob Resolution no. 15519 of July 27, 2006 in regard to the formats of financial statements and Consob Notice no. 6064293 of July 28, 2006 in regard to corporate disclosure.

In order to provide greater clarity and comparability of the financial statement items, the amount of the corresponding items of the previous year were adjusted where necessary.

All amounts included in the Notes, unless otherwise specified, are in euro thousands.

3. ACCOUNTING STANDARDS

The accounting standards used in the preparation of separate financial statements are the same as those used for the purposes of preparing the consolidated financial statements where applicable, except as indicated below.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded at cost, net of any impairment losses.

In the presence of specific impairment indicators, the value of investments in subsidiaries and associates, determined based on the historical cost basis, is tested for impairment.

The main indicators are the following:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets (inclusive of any associates goodwill) expressed in the consolidated financial statements;
- the dividend distributed by the investee exceeds the total comprehensive income of the investee company in the year to which the dividend refers;
- the operating result achieved by the investee company is significantly lower than the amount envisaged in the management plan;
- there are expectations of significantly decreasing operating results for future years;
- existence of changes in the technological, market, economic or regulatory environment in which the investee operates that may generate significant negative economic effects on the company's results.

The impairment test consists of comparing the carrying amount and the recoverable value of the investment.

If the recoverable amount of an investment is lower than the carrying amount, the latter is reduced to the recoverable amount. This reduction constitutes an impairment loss recognised in the Income Statement. In the event that the loss pertaining to the Company exceeds the carrying amount of the investment and the subsidiary is obliged to fulfil legal or implicit obligations of the subsidiary or however to cover its losses, any excess with respect to the carrying amount is recognized in a specific provision of liabilities under the provisions for risks and charges.

The recoverable amount of an investment is identified as the greater of fair value, less costs to sell, and value in use.

For the purposes of impairment testing, the fair value of an investment in a subsidiary or associate with shares listed on an active market is always equivalent to its market value, irrespective of the percentage of ownership. In the case of investments in unlisted companies, the fair value is determined using estimates based on the best information available.

For the purposes of determining the value in use of a subsidiary and associated company, an estimate is made of the future net operating cash flows discounted, net of the net financial position of the company considered at the reference date of the estimate (Discounted Cash Flow criterion – Asset side). The value in use reflects the effects of factors that may be entity specific, factors that may not be applicable to any entity.

If the reason for impairment ceases to exist, the carrying amount of the investment is recorded in the Income Statement, up to the original cost.

Impairment of financial receivables from subsidiaries and associates

The calculation of the impairment of financial receivables from subsidiaries and associates is made with reference to the expected losses in the following twelve months. This calculation is based on a matrix that includes the ratings of companies provided by independent market operators. In the event of a significant increase in the credit risk subsequent to the origin date of the receivable, the expected loss is calculated with reference to the entire life of the receivable. The Company assumes that the credit risk related to a financial instrument has not increased significantly after initial recognition, if it is determined that the financial instrument has a low credit risk at the reporting date.

The Company assesses whether there has been a significant increase in credit risk when the counterparty rating, attributed by independent market operators, undergoes a change that shows an increase in the probability of default. The Company considers a financial asset in default when internal or external information indicates that it is unlikely that the Company will receive the entire contracted amount overdue.

Dividends

Dividend income is recorded in the Income Statement when the right to receive payment is established, which normally corresponds to the resolution approved by the Shareholders' Meeting for the distribution of dividends.

It is also noted that starting from 2024, the rules of the Pillar Two model have come into effect as detailed below:

International Tax reform - Pillar Two model

The Organisation for Economic Co-operation and Development (OECD) published the new tax rules (known as "GloBe rules") of European origin for the Pillar Two model in December 2021 to implement the Global Minimum Tax. These rules aim to ensure that large multinational companies are subject to a minimum tax rate of 15%. The Pillar Two rules have been adopted by several jurisdictions where the Group operates and are applicable from January 1, 2024.

With reference to the Pillar Two regulations, please note that calculation of the related taxes for the financial statements as of December 31, 2024, was made considering that Pirelli & C. S.p.A. is the Ultimate Parent Entity (UPE) following the loss of control of MPI Italy (and, as a result, that of Sinochem) over Pirelli pursuant to IFRS No. 10 following the issuance of the Golden Power Decree on June 16, 2023 - as reported in Note 1 - General Information.

Given the novelty and complexity underlying the determination of the effective tax level, the Pillar Two legislation provides, for the first three effective periods (the so-called transitional regime valid for periods starting before December 31, 2026, and ending no later than June 30, 2028), the possibility of applying a simplified regime (the so-called transitional safe harbour tests, also known as "Transitional Safe Harbours" - "TSHs"), mainly based on available accounting information for each relevant jurisdiction. If at least one of the three tests is passed, it results in the reduction of compliance burdens and the elimination of Pillar Two taxes.

The Group has decided to opt for these TSHs and, based on the 2024 data sent by the individual subsidiaries for consolidation purposes, at least one of the related tests (i.e., de minimis test, simplified ETR test, and routine profit test) has been passed; therefore, for the 2024 financial year, no material exposure to this additional tax is due by the Group and consequently by the Company.

Regarding the accounting of deferred taxes arising from the aforementioned new tax rules, the Company as of December 31, 2024 makes use of the temporary exception provided by IAS 12.

3.1 Accounting standards and interpretations endorsed and in force from January 1, 2024

In accordance with IAS 8 "Accounting standards, changes in accounting estimates and errors", the IFRS effective from January 1, 2024 are indicated below:

- Amendments to IAS 1 - Presentation of Financial Statements - Classification of liabilities as current or non-current

  The amendments clarify the criteria that must be applied for the classification of liabilities as current or non-current and specify that the classification of a liability is not influenced by the probability that the settlement of the liabilities be deferred by twelve months following the reference year. The Company's intention to liquidate the liability in the short term has no impact on the classification. There are no impacts on the classification of financial liabilities following these amendments.

- Amendments to IAS 1 - Presentation of financial statements - non-current liabilities with covenants

  These amendments specify that the covenants to be respected after the reporting date do not affect the classification of the debt as current or non-current at the reporting date. The amendments instead require the company to provide information on these covenants in the notes to the financial statements.

  There are no impacts on the classification of financial liabilities and in terms of disclosure following these amendments.

- Amendments to IFRS 16 Leasing: Lease liabilities in a sale and leaseback transaction

  These amendments specify the requirements for accounting for a sale and a leaseback after the date of the transaction.

In particular, in the subsequent measurement of the liability deriving from the leasing contract, the seller-lessee determines the "lease payments" and the "revised lease payments" in such a way as not to record gains or losses that refer to the right of use maintained. Since no sale & leaseback transactions occurred during 2024, these amendments have no impact on the Company's financial statements at December 31, 2024.

- Amendments to IAS 7 – Cash Flow Statement and IFRS 7 – Financial instruments: Additional information – Supplier Finance arrangements

  Said amendments introduce new disclosure requirements to improve the transparency of the information provided in relation to supplier financing agreements, in particular regarding the effects of such agreements on the entity's liabilities, cash flows and exposure to liquidity risk.

- Amendments to IAS 12 - Income taxes International Tax Reform – Pillar Two model rules

  These amendments provide a temporary exemption from the accounting for deferred taxes arising from the application of the new tax rules ("GloBE rules"), of European origin, for the implementation of the Global Minimum Tax, introduced by the Organization for Economic Co-operation and Development (OECD). The OECD published Pillar Two model rules in December 2021 to ensure that large multinational companies are subject to a minimum tax rate of 15%.

  The Separate Financial Statements at December 31, 2024 make use of the temporary exception mentioned above.

3.2 International accounting standards and/or interpretations issued but not yet in force in 2024

Pursuant to IAS 8 "Accounting standards, changes in accounting estimates and errors", the following are the new Standards or Interpretations that have been issued but have not yet come into force or have not yet been endorsed by the European Union at December 31, 2024, and which are therefore not applicable, and the foreseeable impacts on the Separate Financial Statements.

None of these Standards and Interpretations have been adopted by the Group, and thus by the Company in advance.

- Amendments to IAS 21 – The effects of changes in exchange rates: lack of exchangeability

  Said amendments clarify when a currency is exchangeable for another currency and, consequently, when it is not. When a currency is not exchangeable with another, said amendments define how the exchange rate to be applied is determined. The amendments also specify the disclosure to be provided when a currency is not exchangeable.

Said amendments have been endorsed by the European Union and will be applicable from January 1, 2025. No impact on the Company's financial statements is expected as a result of these amendments.

- Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial instruments.

  Said amendments:

  - clarify the date of recognition and derecognition of certain financial assets and liabilities, providing for a new exception for certain financial liabilities settled through electronic money transfer systems. By applying this exception, a financial liability can be derecognized at an earlier date if the money transfer occurs through an electronic payment system and if specific conditions are met. In particular, the entity making the payment must not have the practical ability to withdraw, stop or cancel the payment instruction;

    - the practical possibility of accessing cash;

    - a significant settlement risk.

    This exception does not apply to payment methods, such as checks, and must be chosen for each payment system used;

  - clarify and provide further guidance for assessing whether a financial asset satisfies the "principal and interest payments only" criterion (SPPI test). The amendments concern financial assets that have the following characteristics and for which a careful assessment must be carried out:

    - contractual terms that may change cash flows based on contingent events (for example, interest rates tied to ESG objectives);

    - non-recourse characteristics, i.e. financial assets where the creditor has a right of recovery limited only to the assets given as collateral, with no further rights on the debtor's other resources;

    - contractually-linked instruments (CLI)

  - introduce new disclosure requirements for financial instruments the cash flows of which may vary due to events not directly related to changes in credit risk (for example, some instruments with characteristics linked to the achievement of ESG objectives);

  - introduce new disclosure requirements for equity instruments designated at FVOCI.

These amendments, which will come into force on January 1, 2026, have not yet been approved by the European Union. The impacts of these changes on the Company's financial statements and disclosures are being analyzed.

- IFRS 18 - Presentation and Disclosure of Financial Statements

  The key points of the new standard are as follows:

  - structure of the Income statement: all income and expense items must be classified into five categories and grouped into three subtotals. The standard provides precise indications on the classification of the various items within each category;
  - definition of Management Performance Measures (MPM), i.e. performance indicators defined by management and used in public communications. These indicators must be explained in detail in the Notes and a reconciliation with the comparable subtotals specified by IFRS must be provided;
  - guidance on how to aggregate and disaggregate information: items with similar characteristics should be aggregated, while items with dissimilar characteristics should be disaggregated.

  This amendment, which will come into force on January 1, 2027, has not yet been approved by the European Union. The impact of these amendments on the Separate Financial Statements is currently under analysis.

- IFRS 19 – Disclosures by Subsidiaries Without Public Responsibility

  The new standard reduces and simplifies the disclosure requirements for the separate IFRS financial statements of those companies that have a parent that prepares consolidated financial statements under IFRS, with operational relief and lower costs. Entities that can apply IFRS 19 are those whose equity or debt instruments are not traded in a public market.

  This amendment, which will come into force on January 1, 2027, has not yet been approved by the European Union. This amendment has no impact on the Company's financial statements at December 31, 2024.

- Annual improvements Volume 11 (issued July 2024)

  Said amendments merely clarify the wording of an IFRS accounting standard or correct unintended consequences or relatively minor oversights in accounting standards. Additionally, they resolve minor conflicts between the requirements of different accounting standards.

The standards amended are the following:

- IFRS 1 First-time adoption of International Financial Reporting Standards;
- IFRS 7 Financial instruments: Additional information and related Guide to the application of IFRS 7;
- IFRS 9 Financial instruments;
- IFRS 10 Consolidated Financial Statements;
- IAB 7 Cash Flow Statement.

These amendments, which will come into force on January 1, 2026, have not yet been approved by the European Union. There were no impacts on the Separate Financial Statements as a result of these amendments.

- Amendments to IFRS 9 and IFRS 7 - Contracts for Electricity from Natural Sources

  Said amendments:

  - introduce guidelines for determining whether electricity purchase contracts from natural sources fall within the definition of "own use" contracts. In particular, the amendments clarify that such contracts fall within the definition of "own use" contracts if the entity is and expects to continue to be a "net purchaser" of electricity for a maximum period of 12 months, i.e. if it purchases sufficient electricity to offset sales of unused electricity on the same reference market;
  - introduce an exception to the IFRS 9 requirement that a future transaction must be highly probable to be designated as a hedged item in a hedging relationship;
  - require additional disclosures for physical "Power Purchase Agreements" contracts accounted for as "own use" contracts.

These amendments, which will come into force on January 1, 2026, have not yet been approved by the European Union. The impact on the Financial Statements of said amendments is being analyzed.

4. FINANCIAL RISK MANAGEMENT POLICY

The measurement and management of the financial risks of Pirelli & C. S.p.A. are consistent with as defined by the Group policies.

The Pirelli Group is exposed to financial risks. These are principally associated with foreign exchange rates, fluctuations in interest rates, the price of financial assets held as investments, the ability of customers to meet their obligations to the Group (credit risk), and raising funds on the market (liquidity risk).

Financial risk management is an integral part of Group business management and is handled directly by the headquarters in accordance with guidelines issued by the Finance Department on the basis of general risk management strategies defined by the Managerial Risk Committee.

The main financial risk categories to which the Company is exposed are shown below:

Exchange rate risk

This risk is generated by the commercial and financial transactions that are executed in currencies other than euro. Exchange rate fluctuations between the time when the commercial or financial relationship is established and when the transaction is completed (collection or payment) may generate foreign exchange gains or losses.

The Group aims to minimize the impact of transaction exchange rate risk related to volatility. To achieve this objective, Group procedures make the Operating Units responsible for collecting complete information about the assets and liabilities that are subject to transaction exchange rate risk. This risk is hedged with forward contracts made with the Group Treasury.

The items subject to exchange rate risk are mainly represented by receivables and payables denominated in foreign currency.

The Group Treasury is responsible for hedging the net position for each currency and, in accordance with established guidelines and restrictions, it closes all risk positions by trading derivative contracts on the market, which typically take the form of forward contracts.

The Group has decided not to opt for hedge accounting pursuant to IFRS 9, insofar as the representation of the economic and financial effects of the hedging strategy on foreign exchange rate risk is still substantially guaranteed even without adopting such option.

Furthermore, it shall be noted that as part of the annual and three-year planning process, exchange rate forecasts are made using the best information available on the market. The fluctuation in exchange rates between the time when the forecast is made and the time when the commercial or financial transaction occurs represents the exchange rate risk on future transactions.

From time to time, the Group assesses the need to engage in hedging transactions on future transactions for which it typically uses both forward and optional purchase or sale transactions such as risk reversal (e.g. zero cost collar). Hedge accounting in accordance with IFRS 9 is referred to when the conditions are met.

With reference to some foreign currency loans, the Company enters into derivative contracts, cross currency interest rate swaps, to hedge for which hedge accounting is activated in compliance with the requirements of IFRS 9.

The effects on the shareholders' equity and on the income statement of the Company deriving from changes in exchange rates calculated on the hedging instruments in place at December 31, 2024 are described in note 17 "Derivative financial instruments".

Interest rate risk

Interest rate risk is represented by the exposure to variability of the fair value or future cash flows of financial assets or liabilities due to changes in market interest rates.

The Group assesses based on market circumstances whether to enter into derivative contracts, typically interest rate swaps, to hedge for which hedge accounting is activated when the conditions set out in IFRS 9 are fulfilled.

The following is an outline of the effects on the Company's net result arising from an increase or decrease of 0.50% in the level of interest rates, with all other conditions being equal:

(in thousands of euro)	**+0.5%**		**-0.5%**	
	12/31/2024	**12/31/2023**	**12/31/2024**	**12/31/2023**
Impact on Net income (loss)	2,838	(5,518)	(2,838)	5,518

The effects on the Company shareholders' equity resulting from changes in the EURIBOR rate calculated on the interest rate hedging instruments outstanding at December 31, 2024 are described in note 17 "Derivative financial instruments". The Company has not implemented derivatives or other optional structures that impact the linearity of the rate sensitivities on the debt.

Risk of failure to achieve the sustainability objectives set in bank financing and bond loans

As reported in note 19 "Payables to banks and other lenders", to which reference is made for further details, the Company has "sustainable" bank lines in place for euro 2.1 billion, of which euro 1.5 billion used at December 31, 2024 and euro 0.6 billion available in the form of committed revolving credit facilities as well as bonds linked to sustainability objectives (Sustainability Linked Bonds, SLB) for euro 1.2 billion.

Failure to achieve these objectives would result in an increase in the contractually agreed interest rate and consequently an increase in financial expenses and future cash flows compared to what would be expected with the achievement of the sustainability objectives, which is not material for the Company.

Price risk associated with financial assets

The Company is exposed to price risk, which is limited to the volatility of financial assets such as listed and unlisted stocks and bonds; these assets are classified as financial assets at fair value recorded as other components of the statement of comprehensive income.

Derivatives hedges are not set up to limit the volatility of these assets.

Financial assets at fair value recorded as other components of the statement of comprehensive income consist of listed securities amounted to euro 21,929 thousand (euro 18,299 thousand at December 31, 2023) and those represented by securities indirectly associated with listed shares (Fin. Priv. S.r.l.) amounted to euro 29,297 thousand (euro 23,416 thousand at December 31, 2023); these financial assets represent 85% of total financial assets subject to price risk; a +5% price change in the above listed securities, other things being equal, would result in a positive change of euro 1,096 thousand of the Company’s shareholders’ equity (positive for euro 915 thousand at December 31, 2023), while a -5% negative change of these listed securities, other things being equal, would result in a negative change of euro 1,096 thousand of the Company’s shareholders’ equity (negative for euro 915 thousand at December 31, 2023).

Credit risk

Credit risk represents the Company’s exposure to contingent losses resulting from default by commercial and financial counterparties.

The Company’s exposure to commercial and financial obligations is mainly towards Group companies.

To limit the risk for commercial obligations towards third parties, the Company has implemented procedures to evaluate its customers’ potential and financial solidity, for the monitoring of expected cash flows and taking credit recovery action if necessary. The Company operates only with highly rated financial counterparties for the management of its temporary cash surpluses and constantly monitors its exposure to individual counterparties.

The Company does not hold public debt instruments from any European country, and constantly monitors its net credit exposure to the banking system.

Liquidity is deposited according to risk diversification principles and in compliance with minimum rating levels.

Liquidity risk

Liquidity risk represents the risk that the financial resources available are insufficient to meet the financial and commercial obligations pursuant to the contractual terms and conditions.

The principal instruments used by the Group to manage liquidity risk are comprised by its annual and three-year financial and cash-pooling plans. These allow complete and fair detection and measurement of incoming and outgoing cash flows. The differences between plans and actual data are constantly analyzed.

The Group has implemented a centralized cash pooling system for the management of collection and payment flows in compliance with various local currency and tax laws. Banking relationships are negotiated and managed centrally, in order to ensure coverage of short and medium-term financial needs at the lowest possible cost. The procurement of medium and long-term resources on the capital market is also streamlined through centralized management.

Prudent management of the risk described above requires maintaining an adequate level of cash or cash equivalents and/or highly liquid short-term financial instruments, and the availability of funds through an adequate amount of committed credit facilities and/or recourse to the capital market, while diversifying the products and their maturities to seize the best available opportunities.

Furthermore, the Group adopts an extremely prudent approach with respect to the maturities of its financial debt, with refinancing well in advance in order to minimize the risks associated with liquidity crises or market shut-downs.

At December 31, 2024, the Company has, in addition to liquidity equal to euro 51 thousand (euro 34 thousand at December 31, 2023), an interest-bearing current account with Pirelli International Treasury S.p.A. equal to euro 249,719 thousand (euro 143,675 thousand at December 31, 2023), classified as current financial receivables, of unused credit lines equal to euro 600,000 thousand (euro 600,000 thousand at December 31, 2023).

The **maturities of financial liabilities at December 31, 2024** may be broken down as follows:

(in thousands of euro)	**12/31/2024**				
	up to 1 year	**from 1 to 2 years**	**from 2 to 5 years**	**over 5 years**	**Total**
Payables to banks and other lenders	610,270	396,138	2,585,199	-	3,591,607
of which lease liabilities:	*8,322*	*8,226*	*20,593*	-	*37,141*
Trade payables	30,534	-	-	-	30,534
Other payables	77,043	95	-	-	77,138
Derivative financial instruments	8	-	-	-	8
Total	**717,855**	**396,233**	**2,585,199**	**-**	**3,699,287**

The **maturities of financial liabilities at December 31, 2023** may be broken down as follows:

(in thousands of euro)	12/31/2023				
	up to 1 year	**from 1 to 2 years**	**from 2 to 5 years**	**over 5 years**	**Total**
Payables to banks and other lenders	530,197	1,391,587	1,625,993	4,953	3,552,730
of which lease liabilities:	*8,004*	*7,905*	*22,645*	*4,953*	*43,507*
Trade payables	28,344	-	-	-	28,344
Other payables	84,008	406	-	-	84,414
Derivative financial instruments	4	-	-	-	4
Total	**642,553**	**1,391,993**	**1,625,993**	**4,953**	**3,665,492**

5. INFORMATION ON FAIR VALUE

5.1 Fair value measurement

In relation to financial instruments measured at fair value, the following table shows the classification of these instruments on the basis of the hierarchy of levels pursuant to IFRS 13, reflecting the significance of the inputs used in determining the fair value. The levels are as follows:

- level 1 – unadjusted quotations recorded on an active market for assets or liabilities subject to valuation;
- level 2 – inputs different from the quoted prices referred to in the preceding point, which are observable on the market either directly (as in the case of prices) or indirectly (because they are derived from prices);
- level 3 – inputs that are not based on observable market data.

The fair value of financial instruments traded on active markets is based on the price quotations published at the reporting date of the Financial Statements. These instruments, included in level 1, primarily comprise equity investments classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments not traded on active markets (e.g. derivatives) is determined by the use of evaluation techniques widely used in the financial sector, which maximize the utilization of observable and available market data:

- market prices for similar instruments;
- the fair value of interest rate swaps is calculated by discounting estimated future cash flows based on observable yield curves;
- the fair value of foreign exchange derivatives (forward contracts) is determined by using the forward exchange rate at the reporting date.

The fair value of unlisted equity securities classified in level 3 of the Fair Value hierarchy is determined primarily on the basis of data from the latest available financial statements.

The following table shows **assets measured at fair value as at December 31, 2024**, divided into the three levels defined above:

(in thousands of euro)	Note	12/31/2024	Level 1	Level 2	Level 3
FINANCIAL ASSETS					
Other financial assets at fair value through income statement					
Current derivative financial instruments	17	33	-	33	-
Other financial assets at fair value through other comprehensive income					
Equities and shares	12	60,548	21,929	29,297	9,322
Investment funds	12	-	-	-	-
Derivative hedging instruments					
Non-current derivative financial instruments	17	4,264	-	4,264	-
Current derivative financial instruments	17	-	-	-	-
TOTAL ASSETS		**64,845**	**21,929**	**33,594**	**9,322**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through profit or loss					
Current derivative financial instruments	17	(8)	-	(8)	-
Derivative hedging instruments					
Non-current derivative financial instruments	17	-	-	-	-
Current derivative financial instruments	17	-	-	-	-
TOTAL LIABILITIES		**(8)**	**-**	**(8)**	**-**

The breakdown at December 31, 2023 was as follows:

	Note	12/31/2023	Level 1	Level 2	Level 3
FINANCIAL ASSETS					
Other financial assets at fair value through income statement					
Current derivative financial instruments	17	7	-	7	-
Other financial assets at fair value through other comprehensive income					
Equities and shares	12	50,725	18,299	23,416	9,010
Investment funds	12	24	-	24	-
Derivative hedging instruments					
Non-current derivative financial instruments	17	12,752	-	12,752	-
Current derivative financial instruments	17	-	-	-	-
TOTAL ASSETS		**63,508**	**18,299**	**36,199**	**9,010**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through profit or loss					
Current derivative financial instruments	17	(4)	-	(4)	-
Derivative hedging instruments					
Non-current derivative financial instruments	17	-	-	-	-
Current derivative financial instruments	17	-	-	-	-
TOTAL LIABILITIES		**(4)**	**-**	**(4)**	**-**

The following table shows the **changes of financial assets that occurred in level 3**:

(in thousands of euro)	12/31/2024	12/31/2023
Opening balance	**9,010**	**9,130**
Fair value adjustments through other comprehensive income	312	(120)
Closing balance	**9,322**	**9,010**

These financial assets mainly consist of the equity investment in Istituto Europeo di Oncologia (European Institute of Oncology) (euro 8,357 thousand).

In the year ended December 31, 2024, there were no transfers from level 1 to level 2 and vice versa, nor from level 3 to other levels and vice versa.

5.2 Categories of financial assets and liabilities

The following are the carrying amounts for each class of financial asset and liability identified by IFRS 9:

(in thousands of euro)	**Note**	**12/31/2024**	**12/31/2023**
FINANCIAL ASSETS			
Financial assets at fair value through Income Statement			
Current derivative financial instruments	17	33	7
Financial assets at amortized cost			
Other non-current receivables	13	387	1,700,616
Current trade receivabels	14	61,647	55,665
Other current receivables	13	1,997,594	193,860
Cash and cash equivalents	15	51	34
		2,059,679	*1,950,175*
Financial assets at fair value through Other Comprehensive Income			
Financial assets at fair value through Other Comprehensive Income	12	60,548	50,749
Derivative hedging instruments			
Current derivative financial instruments	17	-	-
Non-current derivative financial instruments	17	4,264	12,752
		4,264	*12,752*
TOTAL FINANCIAL ASSETS		**2,124,524**	**2,013,683**
FINANCIAL LIABILITIES			
Financial liabilities at fair value through Income Statement			
Current derivative financial instruments	17	8	4
Financial liabilities at amortized cost			
Non-current borrowings from banks and other financial institutions (excl. Lease payables)	19	2,686,300	2,791,152
Current borrowings from banks and other financial institutions (excl. Lease payables)	19	541,207	437,166
Current trade payables	22	30,534	28,344
Other non-current payables	23	95	406
Other current payables	23	77,043	84,008
		3,335,179	*3,341,076*
Lease payables			
Non-current lease payables	19	27,208	32,566
Current lease payables	19	7,087	6,495
		34,295	*39,061*
TOTAL FINANCIAL LIABILITIES		**3,369,482**	**3,380,141**

6. CAPITAL MANAGEMENT POLICY

The Company's objective is to maximize the return on net invested capital while maintaining the ability to operate over time, ensuring adequate returns for its shareholders and benefits for the other stakeholders, with progressive deleverage of the financial structure in the short/medium term, as also outlined in the section relating to the "Outlook for 2025" in the Directors' Report on Operations.

7. ESTIMATES AND ASSUMPTIONS

The preparation of the Separate Financial Statements entails Management making estimates and assumptions which, under certain circumstances, are based on difficult and subjective assessments and estimates that are based on historical experience, and assumptions that are periodically considered reasonable and realistic in light of the circumstances. Therefore, the actual results achieved may differ from said estimates. Estimates and assumptions are reviewed periodically and the effects of any changes made to them are reflected in the Income Statement in the period in which the estimate is revised. If such estimates and assumptions, based on the best evaluation currently available, should differ from actual circumstances, they will be modified accordingly in the period of the change of the circumstances. The estimates and assumptions mainly refer to the valuation of the recoverability of other intangible assets with indefinite useful life and of the investments in subsidiaries, to the determination of payables for leasing and rights of use, to the determination of taxes (current and deferred), and to the recognition/valuation of provisions for risks and charges.

Pirelli Brand (intangible assets with indefinite useful life)

The Pirelli Brand is an intangible asset with indefinite useful life not subject to amortization, but, pursuant to IAS 36, to impairment annually or more frequently, if specific events or circumstances occur which may lead to the presumption of impairment.

The recoverable value configuration for the purposes of the impairment test at December 31, 2024 is the Fair Value, calculated on the basis of the income approach (Level 3 of the hierarchy of IFRS 13 – Fair Value measurement).

The key assumptions used by management are the estimate of future increases in sales and operating cash flows and related growth rates beyond the explicit forecast period, in order to estimate the terminal value and the discount rate, which is based on the weighted average cost of capital plus a premium determined according to the riskiness of the specific asset.

Rights of use and lease payables

With regard to the estimates and assumptions used to determine lease payables and rights of use, the application of IFRS 16 introduced some elements of professional judgment and the use of assumptions and estimates in relation to the lease term, to the definition of the incremental borrowing rate. The main ones are summarized as follows:

- the contract renewal clauses are considered for the purposes of determining the duration of the contract when the Company has the option of exercising them without the need to obtain the consent of the counterparty and when their exercise is deemed reasonably certain. In the case of clauses which provide for multiple renewals that can be exercised unilaterally by the Company, only the first extension period has been considered;

- the automatic renewal clauses of contracts in which both parties have the right to terminate the contract have not been considered for the purposes of determining the duration of the contract, as the ability to extend the duration of the same is not under the unilateral control of the Company and the penalties to which the lessor could be exposed to is not significant. However, in the event that the lessor is exposed to a significant penalty, the Company considers including a renewal option in determining the duration of the contract. This assessment is also carried out considering the degree of customization of the asset subject to leasing: if the customization were high, the lessor may incur a significant penalty if opposing the renewal;

- early termination clauses in contracts: these clauses are not considered in determining the duration of the contract if they can only be exercised by the lessor or by both parties. If they are unilaterally exercised by the Company, specific assessments are contractually conducted (for example, the Company is already negotiating a new contract or has already given notice to the lessor);

- the incremental borrowing rate consists of the risk-free rate of the country in which the contract is negotiated and is based on the duration of the contract. It is then adjusted on the basis of the Group’s credit spread and local credit spread.

Investments in subsidiaries

Investments are assessed to establish whether there was a decrease in value, to be recorded with impairment, if there are indications that it will be difficult to recover their net accounting value. To establish the presence of said indications, Directors must make subjective assessments on the basis of information available within the Company and the market, as well as historical experience.

Moreover, if it is determined that a potential impairment loss may be generated, the Company calculates this loss using appropriate measurement techniques. The proper identification of elements indicating the existence of a potential impairment loss, and the estimates for calculating the amount of such losses, depend on factors that may vary over time, affecting the assessments and estimates made by Directors. In particular, the key assumptions used by management are estimates of future increases in sales, operating cash flows, growth rate of operating cash flows beyond the explicit forecast period for the purpose of estimating the terminal value, and the weighted average cost of capital (discount rate).

Provisions for risks and charges

Provisions are set aside against legal and fiscal risks related to indirect taxes, representing the risk of losing lawsuits. The amount of provisions recorded in relation to these liabilities represents the best estimate at the reporting date made by management for lawsuits and tax claims regarding a vast range of issues which are subject to the jurisdiction of various countries. Such an estimate entails making assumptions that depend on factors that may change over time and which could therefore have a material impact with respect to the current estimates made by management for the preparation of the Separate Financial Statements.

Income taxes (current and deferred)

Income taxes (current and deferred) are determined according to an interpretation of the tax regulations in force. This process sometimes involves complex estimates in determining taxable income and temporary deductible and taxable differences between accounting and tax values. In particular, deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which they can be recovered. The assessment of the recoverability of deferred tax assets, recorded in relation both to tax losses that may be used in subsequent years and to temporary deductible differences, takes into account the estimate of future taxable income and is based on tax planning. With regard to situations in which the tax legislation in force lends itself to interpretation, if the Company considers it probable (greater than 50%) that the tax authority will accept the tax treatment adopted, the pre-tax result is determined in accordance with the tax treatment applied in the tax return. Otherwise, the effect of uncertainty is reflected in the determination of the pre-tax result. The probability refers to the fact that the tax authority does not accept the tax treatment adopted, and not to the probability of the assessment.

8. PROPERTY, PLANT AND EQUIPMENT

The breakdown was as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
- Owned tangible assets	28,825	30,360
- Rights of use	28,150	32,410
Net Value	**56,975**	**62,770**

8.1 Property, plant and equipment

The breakdown and changes are as follows:

(in thousands of euro)	**12/31/2024**			**12/31/2023**		
	Gross Value	**Accumulated Depreciation**	**Net Value**	**Gross Value**	**Accumulated Depreciation**	**Net Value**
Land	5,245	-	**5,245**	5,245	-	**5,245**
Buildings	44,791	(26,957)	**17,834**	44,349	(25,707)	**18,642**
Plant and machinery	3,599	(2,362)	**1,237**	3,271	(2,177)	**1,094**
Industrial and trade equipment	1,927	(1,901)	**26**	1,927	(1,730)	**197**
Other assets	15,239	(10,767)	**4,472**	15,065	(10,433)	**4,632**
Assets under construction	11	-	**11**	550	-	**550**
Total	**70,812**	**(41,987)**	**28,825**	**70,407**	**(40,047)**	**30,360**

NET VALUE *(in thousands of euro)*	12/31/2023	Increases	Decreases	Reclassif.	Depreciation	12/31/2024
Land	5,245	-	-	-	-	5,245
Buildings	18,642	266	-	176	(1,250)	17,832
Plant and machinery	1,094	100	-	229	(184)	1,238
Industrial and trade equipment	197	-	-	-	(172)	26
Other assets	4,632	28	-	145	(333)	4,472
Assets under construction	550	11	-	(550)	-	11
Total	**30,360**	**404**	**-**	**-**	**(1,939)**	**28,824**

NET VALUE *(in thousands of euro)*	12/31/2022	Increases	Decreases	Reclassif.	Depreciation	12/31/2023
Land	5,245	-	-	-	-	5,245
Buildings	19,829	36	-	-	(1,223)	18,642
Plant and machinery	1,187	64	-	-	(157)	1,094
Industrial and trade equipment	404	34	-	-	(241)	197
Other assets	4,618	266	-	-	(252)	4,632
Assets under construction	-	550	-	-	-	550
Total	**31,283**	**950**	**-**	**-**	**(1,873)**	**30,360**

There were no significant increases and divestments in 2024.

Financial expenses were not capitalized on property, plant and equipment.

8.2 Rights of use

The net value of the assets for which the Company has stipulated a lease contract is as follows:

(in thousands of euro)	12/31/2024	12/31/2023
Rights of use Buildings	25,550	30,673
Rights of use Other assets	2,600	1,737
Net value	**28,150**	**32,410**

Rights of use on buildings mainly refer to contracts relating to offices.

Rights of use on other assets mainly refer to contracts relating to motor vehicles. These contracts also include the service component (non-lease component).

Lease contracts are negotiated on an individual basis and include a wide variety of terms and conditions.

The increases in rights of use in 2024, also including remeasurement, amounted to euro 2,024 thousand (euro 3,564 thousand in 2023) and refer to vehicle and property lease contracts.

There were no reassessments or changes to significant contracts in 2024.

Amortization of rights of use recorded in the income statement and included in the item "amortization, depreciation and impairment" (note 31) are as follows:

(in thousands of euro)	**2024**	**2023**
Buildings	5,516	5,380
Other assets	768	728
Total depreciation of right of use	**6,284**	**6,108**

For interest expense recorded in connection with lease contracts, refer to the information in note 36 "Financial expenses".

For information on costs for lease contracts with a duration of less than twelve months, lease contracts for low unit value goods and lease contracts with variable fees, refer to note 32 "Other costs".

For information on lease payables, refer to note 19 "Borrowings from banks and other lenders".

9. INTANGIBLE ASSETS

The items in question and the related changes are detailed as follows:

(in thousands of euro)	**12/31/2023**	**Increase**	**Decrease**	**Transfers**	**Amortisation**	**12/31/2024**
Pirelli Brand - indefinite life	**2,270,000**	-	-	-	-	**2,270,000**
Software licenses	**911**	126	-	256	(348)	**944**
Other intangible assets	**6,847**	933	-	662	(2,191)	**6,251**
Assets under construction	**1,018**	2,195	-	(918)	-	**2,294**
Total	**2,278,776**	**3,253**	**-**	**-**	**(2,539)**	**2,279,490**

(in thousands of euro)	**12/31/2022**	**Increase**	**Decrease**	**Transfers**	**Amortisation**	**12/31/2023**
Pirelli Brand - indefinite life	**2,270,000**	-	-	-	-	**2,270,000**
Software licenses	**855**	248	-	88	(280)	**911**
Other intangible assets	**4,820**	1,141	(27)	2,939	(2,026)	**6,847**
Assets under construction	**3,430**	615	-	(3,027)	-	**1,018**
Total	**2,279,105**	**2,004**	**(27)**	**-**	**(2,306)**	**2,278,776**

The Pirelli Brand (asset with indefinite useful life) for euro 2,270,000 thousand, originated following the allocation of the merger deficit, generated following the incorporation of the parent company Marco Polo Industrial Holding S.p.A. in 2016. The allocation of the deficit was made consistently with the consolidated financial statements as a result of the completion of the Purchase Price Allocation.

The valuation of the useful life of the brands is based on a series of factors including the competitive environment, market share, history of the brand, life cycles of the underlying product, operational plans and macroeconomic environment of the countries in which the related products are sold. In particular, the useful life of the Pirelli Brand was assessed indefinitely on the basis of its history of one hundred fifty years of success (established in 1872) and the intention and ability of the Group to continue investing in order to support and maintain the brand.

The **increases** in the year mainly refer to the enhancement of the information systems aimed at creating a new integrated operating model.

No impairment was carried out in 2024.

Impairment test of the Pirelli Brand (asset with indefinite useful life)

The Pirelli Brand, amounting to euro 2,270,000 thousand, is an intangible asset with indefinite useful life and therefore not subject to amortization, but, pursuant to IAS 36, to impairment annually or more frequently, if specific events or circumstances occur which may lead to the presumption of impairment.

The impairment test at December 31, 2024 was performed using the assistance of an independent third-party professional.

The recoverable value configuration for the purposes of the impairment test at December 31, 2024 is the Fair Value, calculated on the basis of the income approach (Level 3 of the hierarchy of IFRS 13 – Fair Value measurement).

The forecasts move from the adjusted EBITDA flows of the 2025 management plan approved by the Company’s Board of Directors on February 26, 2025 - and subsequently confirmed as of the date of this document - drafted based on the new market context. The prospective flows of 2025, which reflect the Group’s positioning on the market thanks to the strategy of focusing on High Value, have been adjusted, without sterilizing the effects of expansion investments, downward to take into account the analysts’ consensus estimates updated after the presentation of the plan, as evidence from outside and with reference to 2026 the analysts’ consensus estimates were used.

The flows used for the purpose of determining recoverable value express a cumulative average annual growth rate (CAGR) of revenues in the two-year period 2025-2026 of 2.7 percent over 2024 and an average adjusted EBITDA margin for the period of 22.9 percent.

Furthermore, the estimate of fair value is based on:

- evaluation criterion for the sum of parts that also considers the contribution in terms of royalties from the Prometeon Tyre Group for the use of the Pirelli brand in the Industrial segment as per management forecasts;

- excess earnings pertaining to the Pirelli brand obtained by deducting from prospective operating income the notional fee or royalty rate of the Group’s operating activities other than the Brand, expressed at fair value;

- discount rate equal to 10.06%, which includes, with respect to the WACC calculated for the purposes of the impairment test of goodwill in the consolidated financial statements and equal to 8.14%, a premium determined on the basis of the riskiness of the specific asset and a growth rate "g" in the terminal value equal to 0.44%. The pre-tax rate that equates the fair value, estimated using after-tax cash flows discounted at the after-tax discount rate, to the fair value estimated using pre-tax cash flows discounted at the pre-tax discount rate is 15.06%;

- TAB (Tax Amortization Benefit), which is the tax benefit that would benefit the market participant that acquired the asset separately due to the possibility of fiscally amortizing it.

For the purposes of the impairment test, the recoverable value of the Pirelli Brand *cum* TAB is compared with the respective carrying amount (cum TAB) and no impairment has emerged.

The recoverable value is higher than the carrying amount of the Brand of 27.4%. In order for the Fair Value to be equal to the carrying amount, a worsening variation of the key parameters is necessary and in particular:

- a percentage decrease in revenues of 629 basis points in the explicit forecast period and in the terminal value;
- a decrease in adjusted EBITDA margin of 111basis points in the explicit forecast period and in the terminal value;
- an increase in the discount rate of 235 basis points in the explicit forecast period and in the terminal value;
- a decrease in the growth rate "g" of 340 basis points beyond the explicit forecast period.

With regard to climate change issues, considering that the Group expects in the medium term, based on internal estimates of the impacts of climate change, net benefits on operating cash flows, these were not included in the flows used for the impairment exercise. In addition, a stress test was conducted to assess the sustainability of the recoverable value by using, in the terminal value calculation, the cash flows of the most conservative analysts' forecast as a negative scenario that is assumed to incorporate also the effects of climate change. The calculation used is based on the assumption that the scenario, once it occurs, will persist over time.

The above exercise shows a recoverable value exceeding the carrying amount of the brand by 14.3 percent.

10. INVESTMENTS IN SUBSIDIARIES

At December 31, 2024, this item amounted to euro 4,621,949 thousand compared to euro 4,624,449 thousand at December 31, 2023, and the breakdown is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Pirelli Tyre S.p.A.	4,528,245	4,528,245
Pirelli International Treasury S.p.A.	75,000	75,000
Pirelli Group Reinsurance Company S.A.	6,346	6,346
Pirelli Ltda	5,920	8,420
Pirelli Servizi Amministrazione e Tesoreria S.p.A.	3,238	3,238
Pirelli Sistemi Informativi S.r.l.	1,655	1,655
Maristel S.p.A.	1,315	1,315
HB Servizi S.r.l.	230	230
Pirelli UK Ltd.	-	-
Total investments in subsidiaries	**4,621,949**	**4,624,449**

Below are the changes during the year:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Opening balance	**4,624,449**	**4,624,549**
Liquidation of Subsidiaries	-	(100)
Impairment	(2,500)	-
Closing balance	**4,621,949**	**4,624,449**

The change in the financial year refers to the impairment of the investment in the company Pirelli Ltda.

The company checks the recorded values of its investments and the existence of impairment indicators on the basis of as set out in paragraph 3 - Accounting standards Investments in subsidiaries and associates.

Following the verification of the indicators, the subsidiary on which it was necessary to carry out the test is Pirelli Ltda. The impairment test resulted in the recognition of a loss in value of euro 2,500 thousand.

Further details are set out in the Annexes to the Explanatory Notes.

11. INVESTMENTS IN ASSOCIATED COMPANIES

At December 31, 2024, this item amounted to euro 143 thousand compared to euro 6,375 thousand at December 31, 2023, and the breakdown is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Consorzio per le Ricerche sui Materiali Avanzati (CORIMAV)	104	104
Eurostazioni S.p.A.	39	6,271
Total investment in associates	**143**	**6,375**

Below are the changes during the year:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Opening balance	**6,375**	**6,375**
Decreases	(5,201)	-
Impairment	(1,031)	-
Closing balance	**143**	**6,375**

The decrease refers to the reimbursement of a significant portion of the share capital of Eurostazioni SpA.

The company checks the recorded values of its investments and the existence of impairment indicators on the basis of as set out in paragraph 3 - Accounting standards Investments in subsidiaries and associates.

Following the verification of the indicators, the associate on which it was necessary to carry out the test is Eurostazioni S.p.A.. The impairment test resulted in the recognition of a loss in value of euro 1,031 thousand.

Further details are set out in the Annexes to the Explanatory Notes.

12. OTHER FINANCIAL ASSETS AT FAIR VALUE RECORDED IN THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME (FVOCI)

Other financial assets at fair value recorded in the other components of the statement of comprehensive income amounted to euro 60,548 thousand at December 31, 2024 (euro 50,749 thousand at December 31, 2023). The breakdown of the item for each security is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Listed securities		
RCS Mediagroup S.p.A.	21,929	18,299
Unlisted securities		
Fin. Priv S.r.l	29,297	23,416
Fondo Comune di Investimento Immobiliare Anastasia	-	24
Istituto Europeo di Oncologia S.r.l.	8,580	8,357
Other companies	742	653
Total financial assets at fair value through other comprehensive income	**60,548**	**50,749**

The changes in the year are shown below.

(in thousands of euro)	
Opening balance	**50,749**
Decreases	(23)
Adjustment to fair value recognized in other comprehensive income	9,822
Closing balance	**60,548**

The decreases refer to the final distribution of the liquidation of the shares held in the Anastasia Mutual Investment Fund.

The **fair value adjustments in the other components of the statement of comprehensive income** mainly refer to the investments in RCS MediaGroup S.p.A. (positive for euro 3,630 thousand), in Fin. Priv. S.r.l. (positive for euro 5,881 thousand), in Genextra S.p.A. (positive for euro 25 thousand), in Istituto Europeo di Oncologia (positive for euro 2243 thousand), in Fondo Comune di investimento Anastasia (negative for euro 2 thousand) and in Nomisma - Società di Studi Economici S.p.A. (positive for euro 64 thousand).

For listed securities, the fair value corresponds to the Stock Exchange listing at December 31, 2024. For unlisted securities and real estate funds, the fair value was estimated according to available information.

13. OTHER RECEIVABLES

The breakdown of other receivables is as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Other receivables from subsidiaries and associates	562	-	562	3,512	-	3,512
Financial receivables from subsidiaries	1,982,527	-	1,982,527	1,876,483	1,700,000	176,483
Guarantee deposits	333	333	-	341	341	-
Other receivables from third parties	3,909	54	3,855	2,863	275	2,588
Receivables from tax authorities for taxes not related to income	8,216	-	8,216	8,177	-	8,177
Financial accrued interest income	-	-	-	263	-	263
Financial prepaid expenses	2,434	-	2,434	2,837	-	2,837
Total other receivables	**1,997,981**	**387**	**1,997,594**	**1,894,476**	**1,700,616**	**193,860**

Financial receivables from subsidiaries include a loan of euro 1,700 million to Pirelli International Treasury S.p.A. accessed on January 31, 2023 with maturity January 31, 2025, the receivable for interest accrued not yet paid on the same line for euro 32,807 thousand and the relation with Pirelli International Treasury S.p.A. relating to the interest-bearing current account, regulated at interest rates market for euro 249,720 thousand.

For the purposes of applying the IFRS 9 accounting standard in relation to loans to Group companies, management has made an estimate of the expected credit losses in the 12 months following the closing of the financial statements. The analysis takes into consideration qualitative, quantitative, historical, and prospective information to determine whether the intra-group loan has a credit risk at December 31, 2024. Referring to a probability of default of a loan from the Pirelli & C. Group and considering the financial position of subsidiaries, Pirelli & C. management concluded that any impairment required by the standard would be of an immaterial amount.

Receivables from the tax authorities for taxes not related to income for euro 8,216 thousand mainly refer to receivables for VAT.

Deferred financial assets relate mainly to the commissions on the revolving and term loan credit line.

The carrying amount of financial receivables and other receivables approximates their fair value.

14. TRADE RECEIVABLES

Trade receivables amounted to euro 61,647 thousand compared to euro 55,665 thousand of the previous year and the breakdown is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Receivables from subsidiaries	60,704	54,646
Receivables from associates	3	3
Receivables from other companies	1,103	1,219
Total receivables - gross amount	**61,810**	**55,868**
Provision for bad debt	(163)	(203)
Total receivables	**61,647**	**55,665**

Below is the breakdown of trade receivables, gross of the provision for bad debts based on the currency in which they are expressed:

(in thousands of euro)	**12/31/2024**	**% of total trade receivables**	**12/31/2023**	**% of total trade receivables**
EUR	57,558	93%	52,114	93%
USD (Dollar USA)	554	1%	511	1%
RUB (Ruble Russia)	1,225	2%	888	2%
CHF	2,473	4%	2,355	4%
Total	**61,810**	**100%**	**55,868**	**100%**

Receivables from subsidiaries at December 31, 2024 mainly include the amounts that Pirelli & C. S.p.A. charges for services rendered through Corporate functions and charge-backs of costs. The aforementioned receivables are due within the financial year and do not show past due balances of significant amount.

Receivables from other companies of euro 1,103 thousand (euro 1,219 thousand at December 31, 2023), shown gross of the provision for bad debts of euro 163 thousand, are past due for euro 693 thousand.

Past due receivables and receivables due have been valued in accordance with the Group policies described in the paragraph relating to credit risk management in the “Financial risk management policy”.

Impaired receivables include both significant positions impaired separately, and positions with similar characteristics in terms of credit risk, grouped and impaired on a collective basis.

The change in the provision for bad debts is shown below:

(in thousands of euro)	12/31/2024	12/31/2023
Opening balance	**203**	**207**
Accruals	56	-
Utilizations/reversals	(96)	(4)
Closing balance	**163**	**203**

For trade receivables, the carrying amount is considered to approximate the applicable fair value.

15. CASH AND CASH EQUIVALENTS

At December 31, 2024, they amounted to euro 51 thousand, against euro 34 thousand at December 31, 2023 and refer to balances of bank accounts in euro repayable on demand.

The credit risk associated with cash and cash equivalents is to be considered limited because the counterparties are represented by leading national and international banking institutions.

The value of cash and cash equivalents is considered to be aligned with the respective fair value.

16. TAX RECEIVABLES

At December 31, 2024, they amount to euro 76,071 thousand (euro 34,812 thousand at December 31, 2023). The amount mainly includes receivables from Group companies participating in the tax consolidation for euro 75,106 thousand (euro 28,176 thousand at December 31, 2023). The increase compared to the previous year substantially depends on the greater contribution of the taxable result by the subsidiary Pirelli Tyre S.p.A..

17. DERIVATIVE FINANCIAL INSTRUMENTS

The item includes the fair value measurement of derivative instruments. The breakdown is as follows:

(in thousands of euro)	12/31/2024				12/31/2023			
	Non Current Assets	Current Assets	Non Current Liabilities	Current Liabilities	Non Current Assets	Current Assets	Non Current Liabilities	Current Liabilities
Without adoption of hedge accounting								
Forex instruments - trade positions	-	33	-	(8)	-	7	-	(4)
In hedge accounting								
- cash flow hedge:								
Derivatives for interest rate - included in net financial position	4,264	-	-	-	12,752	-	-	-
Total derivative instruments	**4,264**	**33**	**-**	**(8)**	**12,752**	**7**	**-**	**(4)**

The above derivatives are intercompany derivatives stipulated with the Group's treasury company, Pirelli International Treasury S.p.A.

Derivative financial instruments not in hedge accounting

The value of **exchange rate derivatives** included in assets and liabilities corresponds to the fair value of forward currency purchases/sales outstanding at the closing date of the period. These are transactions that mirror Company commercial transactions for which the hedge accounting option was not adopted. The fair value is determined by using the forward exchange rate at the reporting date.

Derivative financial instruments in hedge accounting

The value of **interest rate derivatives** recorded under non-current assets for euro 4,264 thousand refers to the fair value measurement of 5 interest rate swaps with the following characteristics:

Derivative	Hedged element	Notional amount (Euro million)	Start date	Maturity	
IRS	Club Deal EUR 1.6 bn ESG 2022 5y	500.0	February 2023	February 2026	receive floating / pay fixed

For these derivatives, cash flow hedge accounting was adopted. The subject of the hedge is future interest flows on floating rate EUR liabilities.

The change in fair value for the period is positive for euro 3,356 thousand. This change was entirely recorded among other components of the Comprehensive Income Statement.

In the income statement, euro 17,772 thousand were transferred under the item “Financial expenses” (note 36) to correct the financial expenses recognized on the liabilities hedged. This amount consists of:

1) euro 11,825 thousands of interest income on IRS in hedge accounting

2) euro 5,462 thousand, corresponding to the portion of the positive cash flow hedge reserve accrued on IRS forward start pre hedge receive floating EURIBOR / pay fix EURIBOR closed early in 2022. This amount corrects the financial expenses of the related hedge item, a sustainability-linked bond issued in January 2023 for a total nominal amount of euro 600 million;

3) euro 485 thousand, corresponding to the fair value of 2 IRS closed early in July 2024 following the early repayment of the hedged item, represented by the “Schuldschein” bond loan.

A change of +0.5% in the EURIBOR curve, other conditions being equal, would lead to a positive change net of the tax effect of euro 1,784 thousand in the Company’s equity, while a change of -0.5% in the same curve would lead to a negative change net of the tax effect of euro 1,855 thousand in the Company’s equity.

Hedging relationships relating to IRS are considered effective prospectively as the following conditions are met:

- there is an economic relationship between the hedging instrument and the hedged item, as the characteristics of the hedging instrument (nominal interest rate, reset of the interest rate and frequency of the payment of interest) are substantially in line with those of the hedged item. As a consequence, changes in the fair value of the hedging instrument regularly offset those of the hedged item;

- the effect of credit risk is not predominant within the hedging relationship: based on the Group's operating rules, derivatives are traded only with high standing banking counterparties and the credit quality of the existing derivatives portfolio is constantly monitored;

- the designated hedge ratio is in line with the one used for financial risk management and is 100% (1:1).

The ineffectiveness of the hedging relationship is calculated at each reporting date with the Dollar Offset method, which provides for the comparison of changes in the fair value risk adjusted of the hedging instrument with changes in the fair value risk free of the hedged item, through the identification of a hypothetical derivative with the same characteristics of the underlying financial liability.

Possible causes of ineffectiveness are as follows:

- application of adjustment for credit risk only to the hedging instrument but not to the hedged item;

- the hedged item incorporates a floor that is not reflected in the hedging instrument;

- misalignment between the actual contractual conditions of the future transaction and those of the hedging instrument.

18. SHAREHOLDERS' EQUITY

Equity amounted to euro 5,053,500 thousand (euro 4,950,665 thousand at December 31, 2023).

The statement of changes in equity is shown in the main financial statements.

The change is essentially due to the net result for the year (positive for euro 302,024 thousand), the adjustment to the fair value of derivatives designated as cash flow hedges net of the tax effect (negative for euro 10,939 thousand), the adjustment to the fair value of financial assets at fair value recorded as other components of the statement of comprehensive income (positive for euro 9,820 thousand) and the distribution of dividends for euro 198,000 thousand.

Share capital

The share capital at December 31, 2024, fully subscribed and paid-in, amounts to euro 1,904,374,935.66 divided into 1,000,000,000 ordinary shares without nominal value and unchanged compared to December 31, 2023.

Legal reserve

The legal reserve at December 31, 2024 amounted to euro 380,875 thousand, unchanged compared to December 31, 2023, having already reached the limit set by art. 2430 Civil Code.

Share premium reserve

At December 31, 2024, the share premium reserve amounted to euro 630,381 thousand and unchanged compared to December 31, 2023.

Concentration reserve

At December 31, 2024, concentration reserves amounted to euro 12,467 thousand and unchanged compared to December 31, 2023.

Other reserves

At December 31, 2024, other reserves amounted to euro 133,735 thousand and unchanged compared to December 31, 2023. Other reserves include the reserve of euro 41,200 thousand created in 2020 to include in equity the component relating to the fair value of the option sold to the subscribers of the convertible bond loan.

Other O.C.I. reserves

At December 31, 2024, Other O.C.I. reserves were positive for euro 27,324 thousand and refer to the cash flow hedge reserve, net of the tax effect (positive for euro 11,271 thousand), to the employee benefit remeasurement reserve (positive for euro 2,032 thousand) and to the reserve for the fair value adjustment of financial assets at fair value through comprehensive income (positive for euro 14,021 thousand).

Merger reserve

At December 31, 2024, the merger reserve amounted to euro 1,022,928 thousand, unchanged compared to December 31, 2023. The reserve was generated following the merger by incorporation of Marco Polo Industrial Holding S.p.A. in Pirelli & C. S.p.A. in 2016.

Reserve from results carried forward

The reserve from results carried forward amounted to euro 639,392 thousand compared to a 594,508 at December 31, 2023. The increase is attributable in part to the residual result carried forward from the previous year, as per meeting resolution of May 28, 2024.

In accordance with the provisions of article 2427, no. 7-bis of the Italian Civil Code, in the following table each item of equity is indicated analytically, with indication of its origin, possibility of use and distributability, as well as of its use in previous years.

(in thousands of euro)	**Amount**	**Possible use**	**Available portion**	**Summary of reserves uses in the last three previous years**
Share capital	1,904,375			
Share premium reserve	630,381	A, B, C	630,381	-
Legal reserve	380,875	B	380,875	-
Other reserves				
- Concentration reserve	12,467	A, B, C	12,467	-
- Convertible bond loan reserve	41,200	A	41,200	-
- Other reserves	92,535	A, B	92,535	-
- Other O.C.I. reserves	27,324	-	-	-
- Merger reserve	1,022,928	A, B, C	1,022,928	-
Retained earnings	639,392	A, B, C	639,392	-
Total	**4,751,477**		**2,819,778**	**-**
Non distributable			514,610	
Residual quota available			2,305,168	

A to increase the share capital
B to cover losses
C to distribute to the shareholders

19. BORROWINGS FROM BANKS AND OTHER LENDERS

The item borrowings from banks and other lenders, is broken down as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Bonds	1,679,980	1,189,839	490,141	1,095,029	1,095,029	-
Borrowings from banks	1,496,460	1,496,460	-	2,095,728	1,696,123	399,605
Lease liabilities	34,296	27,209	7,087	39,061	32,566	6,495
Other financial payables	761	-	761	1,547	-	1,547
Accrued liabilities	50,306	-	50,306	36,014	-	36,014
Total borrowings from banks & other financial institutions	**3,261,803**	**2,713,508**	**548,295**	**3,267,379**	**2,823,718**	**443,661**

The item **bonds** refers to:

- a non-interest-bearing senior unsecured guaranteed equity-linked bond (“convertible bond”), [ISIN: XS2276552598] for a nominal value of euro 500 million maturing on December 22, 2025. The bond, reserved for institutional investors, issued by Pirelli & C. S.p.A. on December 22, 2020, guaranteed by Pirelli Tyre S.p.A. and admitted to trading on the Vienna MTF, multilateral trading facility managed by the Vienna Stock Exchange. The bond is convertible, at the discretion of the bondholders, into new ordinary shares of the Company at a price of euro 5.9522 per share (originally euro 6.235 per share), subject to additional anti-dilutive adjustments envisaged by the loan regulations. At December 31, 2024, the transaction is fully recorded among current financial payables for euro 490.1 million. The difference with the nominal value refers to the fair value of the option held by the subscribers of the loan to convert the bond into new ordinary shares of the Company at a pre-set price. This value was accounted for at inception under equity reserves for euro 41.2 million (net of transaction costs);

- rated sustainability-linked bond “*Bond loan SLB EUR 600 mln 4.25% due 01/28*” [ISIN: XS2577396430] for a nominal value of euro 600 million, placed on January 11, 2023 with international institutional investors with fixed coupon of 4.25% and maturity January 2028. The transaction, classified entirely as non-current financial payables, was issued as part of the EMTN (Euro Medium Term Note) Program approved by the Board of Directors on February 23, 2022. The securities are listed on the Luxembourg Stock Exchange. The regulation of the securities provides for each of the two sustainability parameters indicated contractually (linked to the Group’s sustainability objeectives), the increase in the coupon of 0.25% in the event of failure to achieve each of the related objectives by 2025. At December 31, 2024, the rating assigned by the rating agency Fitch on this instrument is BBB, revised upwards in July 2024, while the rating assigned by the rating agency Standard & Poor’s is BBB-.

- rated sustainability-linked bond “*Bond loan SLB EUR 600 mln 3.875% due 07/29*” [ISIN: XS2847641961] with a nominal value of euro 600 million, placed on July 2, 2024 with international institutional investors with a fixed coupon of 3.875% and maturing in July 2029. The transaction, classified entirely among non-current financial payables, was issued under the EMTN Program (Euro Medium Term Note). The securities are listed on the Luxembourg Stock Exchange. The regulations of the securities provide for each of the two sustainability parameters indicated in the contract (linked to the new sustainability objectives of the Group that were validated by SBTi in September 2024), an increase in the coupon of 0.25% in the event of failure to achieve each of the related objectives by 2027. As of December 31, 2024, the rating assigned by the Fitch rating agency on this instrument is BBB, revised upwards during the month of July 2024, while the rating assigned by the Standard & Poor’s rating agency is BBB-.

It should also be noted that at December 31, 2023, the item bonds included the “Schuldschein” loan for a total nominal value of euro 20.0 million. This loan was fully repaid in July 2024.

The carrying amount of the item bonds was determined as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Nominal value	1,700,000	1,120,000
Equity convertible bond component	(41,791)	(41,791)
Transaction costs	(16,048)	(11,244)
Bond discount	(3,780)	(1,776)
Amortisation of effective interest rate	8,294	5,085
Non-monetary interest convertible bond loan	33,305	24,755
Total	**1,679,980**	**1,095,029**

Below are the changes of the item bonds.

(in thousands of euro)	
Bonds as at 12/31/2023	**1,095,029**
Transaction costs	(6,915)
Bond repayment "Schuldschein"	(20,000)
Bond issuance "Bond SLB EUR 600 mln	600,000
Cash changes	**573,085**
Non-cash interest convertible bond	8,550
Amortised cost of the year	3,316
Non-cash changes	**11,866**
Bonds as at 12/31/2024	**1,679,980**

The change in the item bonds relating to the previous year is shown below:

(in thousands of euro)	
Bonds as at 12/31/2022	**713,097**
Transaction costs	(6,163)
Bond repayment "Schuldschein"	(223,000)
Bond issuance "Bond SLB EUR 600 mln	600,000
Cash changes	**370,837**
Non-cash interest convertible bond	8,354
Amortised cost of the year	2,741
Non-cash changes	**11,095**
Bonds as at 12/31/2023	**1,095,029**

The breakdown of the item **payables to banks**, which amounted to euro 1,496,460 thousand, is as follows:

(in thousands of euro)					12/31/2024	
	Due Date	**Interest rate**	**Nominal value**	**Balance**	**Non - current**	**Current**
Club Deal EUR 1,6 bln. ESG 2022 5y	02/22/2027	EURIBOR + spread	600,000	598,778	598,778	-
Club Deal EUR 600 mln ESG 2024 4,5y	10/20/2028	EURIBOR + spread	600,000	597,967	597,967	-
Bilateral ESG EUR 300 m 2023 2,5y facility	02/27/2026	EURIBOR + spread	300,000	299,715	299,715	-
Total borrowings from banks				**1,496,460**	**1,496,460**	**-**

and refer to:

- use of the "Club Deal EUR 1.6 bln ESG 2022 5y" for euro 598,778 thousand and classified under non-current financial payables. The variable rate loan line (Euribor + spread), guaranteed by Pirelli tyre S.p.A., was signed on February 21, 2022, with a pool of leading Italian and international banks and with 5-year maturity. The line, linked to the Group's ESG objectives, is made up of three tranches for a total of euro 1.6 billion, distributed as follows:

    - Pirelli & C. S.p.A. term loan with nominal value of euro 600,000 thousand fully used and revolving cash credit facility of euro 100,000 thousand, unused at December 31, 2024;

    - Pirelli International Treasury S.p.A. revolving cash credit facility of euro 900,000 thousand, unused at December 31, 2024.

    It should be noted that following the most recent reporting of sustainable KPIs and having achieved the objectives for the year, the Group is benefiting from the related incentives to reduce the cost of the credit line.

- "Club Deal EUR 600 mln. ESG 2024 5y" for euro 597,967 thousand relating to the credit line of euro 600 million at floating rate (Euribor + spread), guaranteed by Pirelli Tyre S.p.A. and stipulated on March 22, 2024 with a pool of leading Italian and international banks and with a 4.5-year maturity. The financing - classified among non-current financial payables - is calibrated to some of the Group's sustainability targets with annual reporting starting from the publication of the 2024 consolidated financial statements;

- "Linea bilaterale ESG 300 mln. 2023 2.5y" for euro 299,715 thousand relating to the bilateral loan for a nominal amount of euro 300 million disbursed in July 2023 in favor of Pirelli & C. S.p.A. by a leading bank, with maturity February 2026, guaranteed by Pirelli Tyre S.p.A. The loan, at variable rate (Euribor + spread), is benchmarked to certain Group sustainability targets and is classified as non-current financial payables. It should be noted that following the most recent reporting of sustainable KPIs and having achieved the objectives for the year, in June 2024, the Group started benefiting from the related incentives to reduce the cost of the credit line.

It should also be noted that in December 2023, entered into with a selected pool of international banks was the revolving committed credit line "Club Deal EUR 500 mln. ESG 2023 4y RCF" for an amount of euro 500 million with 4-year maturity (December 2027), guaranteed by Pirelli Tyre SpA and benchmarked to the Group's new sustainability objectives (reporting as of 2024 data). At December 31, 2024, the line is unused.

It should also be noted that since July 2024, the Group has been benefiting from a reduction in the margins of the bank debt lines held by Pirelli&C SpA and Pirelli International Treasury SpA, thanks to the improvement of the Group's credit rating to BBB by the rating agency Fitch.

At December 31, 2023, the item payables to banks included Club Deal EUR 800 mln. ESG 2020 5y for a value of euro 798.4 million and Linea bilaterale ESG 400 mln. 2021 3y for a value of euro 399.6 million. These lines were fully repaid in 2024.

At December 31, 2024, the Company has a liquidity margin of euro 849,770 thousand made up of euro 600,000 thousand of unused committed credit lines, euro 249,719 thousand relating to the interest-bearing current account with Pirelli International Treasury S.p.A. recognized as current financial receivables and euro 51 thousand relating to cash and cash equivalents.

Below are the changes in payables to banks:

(in thousands of euro)	
Borrowings from banks at 12/31/2023	**2,095,728**
Issuance of "Club Deal EUR 600 mln ESG 2024 4,5Y" financing	600,000
Repayment of bilateral borrowings " Club deal EUR 400 mln. ESG 2021 3Y"	(400,000)
Repayment " Club deal EUR 800 mln. ESG 2020 5Y" financing	(800,000)
Transaction costs	(2,438)
Cash changes	**(602,438)**
Amortised cost of the year	3,170
Non-cash changes	**3,170**
Borrowings from banks at 12/31/2024	**1,496,460**

The change in total payables to banks for the previous year is shown below:

(in thousands of euro)	
Borrowings from banks at 12/31/2022	**2,917,566**
Repayment "ISP 125m" financing	(125,000)
Repayment "ISP 600m" financing	(600,000)
Repayment "Club Deal EUR 400m ESG 2022 19m" financing	(400,000)
Transaction costs	(703)
Issuance of " ISP ESG 300m" financing	300,000
Cash changes	**(825,703)**
Amortised cost of the year	3,865
Non-cash changes	**3,865**
Borrowings from banks at 12/31/2023	**2,095,728**

Lease payables represent financial liabilities relating to the application of IFRS 16 starting from January 1, 2019.

Below are the changes in total lease payables:

(in thousands of euro)	
Lease liabilities as at 12/31/2023	**39,060**
Increase of lease obligations	1,815
Remeasurement and early termination	173
Cash outflow for lease obligations - principal amount	(6,752)
Lease liabilities as at 12/31/2024	**34,296**

The change in total lease payables for the previous year is shown below:

(in thousands of euro)	
Lease liabilities as at 12/31/2022	**41,911**
Increase of lease obligations	1,738
Remeasurement and early termination	1,808
Cash outflow for lease obligations - principal amount	(6,397)
Lease liabilities as at 12/31/2023	**39,060**

Non-discounted future payments for lease contracts for which the exercise of extension options is not considered reasonably certain amounted to euro 58,768 thousand at December 31, 2024 and are not included in this item (euro 58,163 thousand at December 31, 2023).

The item **other financial payables** refer to the payable to shareholders for euro 761 thousand following the squeeze out operation.

Accrued financial expenses (euro 50,306 thousand) mainly refers to the accrual of interest on loans from banks for euro 13,096 thousand (euro 10,405 thousand at December 31, 2023), to the accrued interest matured on bonds for euro 35,972 thousand (euro 24,780 thousand at December 31, 2023) and to the accrued interest matured on derivatives for euro 1,191 thousand.

At December 31, 2024, there are no financial payables secured by collateral (pledges and mortgages).

For current financial payables, it is maintained that the book value is approximately the fair value. The table below compares the fair value of non-current financial payables with their carrying amount:

(in thousands of euro)	12/31/2024		12/31/2023	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Bonds	1,189,839	1,237,350	1,095,029	1,114,812
Borrowings from banks	1,496,460	1,522,611	1,696,123	1,724,865
Total borrowings from banks and other financial institutions - non current	**2,686,299**	**2,759,961**	**2,791,152**	**2,839,677**

The fair values of the two rated sustainability-linked bonds issued by Pirelli & C. SpA under the EMTN program are quoted and therefore measured with reference to year-end prices. The fair values are classified in level 1 of the hierarchy, as provided for by IFRS 13 – Fair Value Measurement.

The fair value of payables to banks was calculated by discounting each debtor cash flow expected at the market swap rate for the currency and at the reference maturity date, increased by the Group credit rating for similar debt instruments by nature and technical characteristics and is therefore classified as level 2 in the hierarchy required by IFRS 13 – Fair Value Measurement.

With reference to the currency of origin of the payable, it is noted that payables to banks and other lenders at December 31, 2024 and December 31, 2023 are all denominated in euro.

At December 31, 2024, there are interest rate hedging derivatives in place.

Considering the effects of the hedging derivatives, the Company's exposure to fluctuations in interest rates on financial payables, both in terms of the type of interest rate and their resetting, is as follows:

- floating-rate payables for euro 996,460 thousand, the interest rate of which is subject to redetermination in 2025;

- fixed-rate payables for euro 2,179,981 thousand, the interest rate of which is not subject to redetermination until the natural maturity of the reference debt (euro 490,141 thousand maturity in the next twelve months and euro 1,689,840 thousand maturity beyond twelve months).

With reference to financial payables, at December 31, 2024, the Company is not subject to covenants.

"Club Deal EUR 1.6 bln. ESG 2022 5y", "Linea bilaterale EUR 300 mln. ESG 2023 2.5y", "Club Deal EUR 500 mln. ESG 2023 4y RCF", "Club Deal EUR 600 mln. ESG 2024 4.5y", "Convertible bond loan", "Bond loan SLB EUR 600 mln. 4.25% due 01/28" and "Bond loan SLB EUR 600 mln. 3.875% due 07/29" providing for Negative Pledge clauses and other usual provisions, the terms of which are in line with market standards for each of the aforementioned types of financial instrument.

NET FINANCIAL POSITION (alternative performance indicator not required by IFRS accounting standards)

The table below shows the breakdown of the net financial position and net financial debt at December 31, 2024 and December 31, 2023, determined in accordance with the provisions of Consob communication DEM/6064293 of July 28, 2006 and in compliance with the ESMA guidelines on disclosure obligations pursuant to the prospectus regulation applicable from May 5, 2021:

(in thousands of euro)	**Note**	**12/31/2024**	**of which related parties (note 39)**	**12/31/2023**	**of which related parties (note 39)**
Current borrowings from banks and other financial institutions	19	548,295	-	443,661	-
Non-current borrowings from banks and other financial institutions	19	2,713,508	-	2,823,718	-
Total gross debt		**3,261,803**		**3,267,379**	
Cash and cash equivalents	15	(51)	-	(34)	-
Current financial receivables and other assets	13	(1,984,961)	*(1,982,527)*	(179,583)	*(176,746)*
Derivative financial instruments - assets	17	-	-	-	-
Net financial debt *		**1,276,791**		**3,087,762**	
Non-current financial receivables and other assets	13	(333)	-	(1,700,341)	*(1,700,000)*
Derivative financial instruments	17	(4,264)	*(4,264)*	(12,752)	*(12,752)*
Total net financial (liquidity)/debt position		**1,272,194**		**1,374,669**	

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

The net financial debt is summarized below based on the format provided by the ESMA guidelines:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Cash and cash equivalents	(51)	(34)
Other current financial asset	(1,984,961)	(179,583)
of which current financial receivables	*(1,984,961)*	*(179,583)*
of which Current derivative financial instruments (assets)	-	-
Liquidity	**(1,985,012)**	**(179,617)**
Current borrowings from banks and other financial institutions	548,295	443,661
Current derivative financial instruments (liabilities)	-	-
Current financial debt	**548,295**	**443,661**
Current net financial debt	**(1,436,717)**	**264,044**
Non-current borrowings from banks and other financial institutions	2,713,508	2,823,718
Non current financial debt	**2,713,508**	**2,823,718**
Net financial debt *	**1,276,791**	**3,087,762**

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

20. PROVISIONS FOR RISKS AND CHARGES

The following is a detail of changes of the item in question:

(in thousands of euro)	12/31/2023	Increases	Uses	Reversals	Reclass	12/31/2024
Provision for employees disputes	1,100	65	(439)	(314)	-	412
Provision for tax risks	1,141	-	(292)	(849)	-	-
Provision for environmental risks	19,407	-	(232)	-	-	19,174
Provision for other risks and charges	22,190	9,484	(8,768)	(8)	(3,424)	19,475
Provision for liabilities and charges - non current portion	**43,838**	**9,549**	**(9,730)**	**(1,171)**	**(3,424)**	**39,062**
Provision for losses of subsidiaries	31,200	19,500	-	-	-	50,700
Provision for liabilities and charges - current portion	**31,200**	**19,500**	**-**	**-**	**-**	**50,700**
Total Provisions for risks and charges	**75,038**	**29,049**	**(9,730)**	**(1,171)**	**(3,424)**	**89,762**

The **increases in provisions for risks and charges** mainly refer to:

- provisions for the STI (Short term Incentive) and LTI (Long term Incentive 2023-2025 and 2024-2026) incentive plans of the Directors for a total of euro 9,484 thousand;
- provision to cover losses of investee companies for euro 19,500 thousand, which refers to the subsidiary Pirelli UK Ltd.

The **uses** are mainly attributable to labor disputes and the directors’ end-of-term provision.

The **reclassifications** concern the reclassification from non-current provisions to payables to directors of the portion of the 2022-2024 LTI plan set aside in previous years, which will be paid in the first half of 2025.

21. PERSONNEL PROVISIONS

Personnel provisions amounted to euro 18,485 thousand (euro 16,311 thousand at December 31, 2023), and the breakdown is as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Total	Non current	Current	Total	Non current	Current
Employee leaving indemnities (TFR)	2,090	2,090	-	1,957	1,957	-
Other benefits	16,395	15,575	820	14,354	13,534	820
Total employees' benefit obligation	**18,485**	**17,665**	**820**	**16,311**	**15,491**	**820**

Employee severance indemnity (TFR)

The changes during the year 2024 for the provision for severance pay are as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Opening balance	**1,957**	**1,562**
Movements through income statement:		
- interest expense	68	68
Remeasurements recognised in equity:		
- actuarial (gains) or losses arising from changes in financial assumption	72	41
Indemnities, advance payments, relocations, payment to funds	(7)	286
Total employees' leaving indemnities (TFR)	**2,090**	**1,957**

Net actuarial losses accrued in 2024 recorded directly in other components of the Comprehensive Income Statement amounted to euro 72 thousand and are related to the change in the reference economic parameters (discount and inflation rates).

In accordance with national legislation, the amount due to each employee accrues based on the service provided and is paid when the employee leaves the company. The treatment due to the termination of the employment relationship is calculated based on its duration and the taxable remuneration of each employee. The liability, annually revalued on the basis of the official cost of living and statutory interest rate, is not associated with any accrual condition or period, nor with any financial funding obligation; therefore, there is no activity at the service of the provision.

The discipline was supplemented by Legislative Decree no. 252/2005 and by Law no. 296/2006 (Finanziaria 2007) which, for companies with at least 50 employees, has established that the portions accrued since 2007 be allocated, on the employees' option, either to the INPS Treasury Fund or to supplementary pension schemes, assuming the nature of "Defined contribution plan". In any case, for all companies, the revaluations of the amounts outstanding at the option dates are still accounted for under staff severance indemnities as well as, for companies with less than 50 employees, also the portions accrued and not allocated to supplementary pensions.

The main actuarial assumptions used at December 31, 2024 are as follows:

	2024
Discount rate	3.3%
Inflation rate	2.0%

The main actuarial assumptions used at December 31, 2023 were as follows:

	2023
Discount rate	3.4%
Inflation rate	2.0%

Hired employees at December 31, 2024 amounted to 436 units (425 units at December 31, 2023).

In other conditions being equal, a hypothetical change of 0.25% in the discount rate would result in a decrease in liabilities equal to 1.27%, in the case of an increase (1.57% at December 31, 2023), and an increase in liabilities of 1.30 %, in the case of a decrease (1.60% at December 31, 2023).

Other employee benefits

The breakdown of other benefits is as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Total	**Non current**	**Current**	**Total**	**Non current**	**Current**
Long-term incentive plans	7,630	7,630	-	5,075	5,075	-
Jubilee awards	1,688	1,688	-	1,556	1,556	-
Other benefits	7,077	6,257	820	7,723	6,903	820
Total	**16,395**	**15,575**	**820**	**14,354**	**13,534**	**820**

The item “**Long-term incentive plans**” relates to the amount set aside for the three-year monetary incentive plans Long Term Incentive 2023-2025 and 2024-2026 intended for Group management. The portion of the 2022-2024 LTI plan set aside in previous years, which will be paid in the first half of 2025, has been reclassified under other current payables.

The item “**Other benefits – non-current portion**” refers to the short-term incentive plan for employees.

22. TRADE PAYABLES

The breakdown of trade payables is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Payables to subsidiaries	3,628	3,423
Payables to associates	129	-
Payables to other companies	26,777	24,921
Total trade payables	**30,534**	**28,344**

The carrying amount of trade payables is considered to approximate their fair value.

23. OTHER PAYABLES

The breakdown of other payables is as follows:

(in thousands of euro)	12/31/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Payables to subsidiaries	11,964	-	11,964	12,773	-	12,773
Payables to social security and welfare institutions	5,702	-	5,702	4,915	-	4,915
Payables to employees	25,962	-	25,962	29,539	-	29,539
Other payables	33,510	95	33,415	37,170	406	36,764
Deferred income	-	-	-	17	-	17
Total other payable	**77,138**	**95**	**77,043**	**84,414**	**406**	**84,008**

Payables to subsidiaries mainly refer to receivables related to VAT consolidation.

Payables to pension and social security institutions mainly consist of contributions to be paid to the INPS (National Social Welfare Institute).

Payables to employees refer to the amounts to be paid to employees and include the portion of the LTI 2022 – 2024 plan and the deferred portion of the STI (Short term incentive) incentive plan relating to 2023, which will be paid in the first half of 2025.

Other payables mainly include payables for compensation to be paid to directors and auditors, for withholding taxes on income from self-employed and employed work. The item includes the portion of the LTI 2022 – 2024 plan and the deferred portion of the STI (Short term incentive) incentive plan, which will be paid in the first half of 2025.

For **other current payables**, it is considered that the carrying amount approximates their fair value.

24. DEFERRED TAX LIABILITIES

Deferred tax liabilities amounted to euro 604,849 thousand at December 31, 2024 (euro 577,995 thousand at December 31, 2023).

The breakdown of deferred tax liabilities gross of offsetting is as follows:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Deferred tax assets	**32,106**	**62,437**
- of which within 12 months	24,424	53,421
- of which over 12 months	7,682	9,016
Provision for deferred tax liabilities	**(636,955)**	**(640,432)**
- of which within 12 months	(1,788)	(1,325)
- of which over 12 months	(635,167)	(639,107)
Total	**(604,849)**	**(577,995)**

The breakdown of deferred taxes, relating to temporary differences and tax losses carried forward is shown in the following table:

(in thousands of euro)	**12/31/2024**	**12/31/2023**
Deferred tax assets		
Provision for risk and charges	5,459	5,702
Employees provision	4,000	3,506
Provision for bad debt	26	38
Tax losses carried forward	-	5,057
ACE Benefit	11,872	37,938
Interests	5,523	5,108
Other	5,226	5,088
Total deferred tax assets	**32,106**	**62,437**
Provision for deferred tax liabilities		
Brand Pirelli	(633,330)	(633,330)
Exchange differences not realised	(3,575)	(7,035)
Employees provision	(50)	(67)
Total provision for deferred tax liabilities	**(636,955)**	**(640,432)**
Total	**(604,849)**	**(577,995)**

At December 31, 2024, the value of unrecognized deferred tax assets relating to temporary differences amounted to euro 25,856 thousand (unchanged compared to December 31, 2023).

The tax effect of gains and losses recorded in OCI was positive for euro 3,477 thousand (positive for euro 5,318 thousand in 2023) and is disclosed in the Comprehensive income statement; these changes were mainly due to the tax effects associated with actuarial gains/losses on employee benefits obligations and to the adjustment of derivatives in cash flow hedges to their fair value.

25. TAX PAYABLES

These amounted to euro 23,074 thousand at December 31, 2024 (euro 20,715 thousand at December 31, 2023) and mainly include payables to subsidiaries that adhere to the tax consolidation, which arose following the transfer of withholding taxes incurred abroad (WHT).

26. COMMITMENTS AND RISKS

Lease contract commitments

At December 31, 2024, there were no commitments for lease contracts. At December 31, 2023, the total of future non-discounted payments for lease contracts not yet in force and for which no financial payable had been recorded amounted to euro 408 thousand.

Litigation against the companies of the Prysmian Group before the Court of Appeal of Milan

In June 2024, Pirelli appealed before the Court of Appeal of Milan the ruling of the Court of Milan published in May 2024 regarding the dispute between Pirelli and certain companies of the Prysmian group. The Court has established that Pirelli and Prysmian Cavi e Sistemi Srl ("Prysmian CS") must bear equal responsibility for the European Commission's fine (which they have already paid) and for any compensation for damages that they may be ordered to pay jointly in the follow-on proceedings initiated by Terna (see below - Other litigation consequent to the European Commission Decision), rejecting the reciprocal requests for full indemnity put forward by the parties.

The litigation is following the decision issued on April 2, 2014 by the European Commission (then confirmed in the final instance by the Court of Justice of the European Union on October 28, 2020) at the conclusion of the antitrust investigation in relation to restrictive practices of competition in the European market for high voltage electric cables. The Commission's decision had imposed a sanction on (Prysmian CS) as directly involved in the cartel, of which a part (euro 67 million), Pirelli, despite having been found to not have been involved directly in the activities of said cartel, was held as being jointly liable with Prysmian CS, based solely on the application of the EU principle of parental liability, in that during part of the period of the infringement, the capital of current Prysmian CS was directly or indirectly held by Pirelli.

On December 31, 2020, Pirelli paid its portion of the aforementioned sanction in favor of the European Commission (corresponding to 50% of this sanction, plus interest), in relation to which it had previously made the appropriate provisions.

Pending the settlement of the aforementioned community proceeding, in 2014 and 2019, Pirelli took two actions before the Court of Milan against Prysmian CS (the first) and against Prysmian CS and Prysmian S.p.A. (the second) in order to obtain, in addition to the reimbursement of the sanction imposed by the European Commission, the order to hold it harmless and indemnified from any burden, expense, cost and/or damage resulting from claims of public and/or private third parties relating, connected and/or consequential to the facts covered by the European Commission's decision.

Pirelli also requested to ascertain the liability of Prysmian CS and Prysmian S.p.A. in relation to certain illegal conduct connected to the aforementioned anti-competitive agreement, carried out by the same and, as a result, the conviction to compensation for all damages suffered and being suffered by Pirelli.

Prysmian CS and Prysmian S.p.A. appeared in the aforementioned judgments, requesting the rejection of Pirelli's claims and, as counter-claim, to be held harmless and indemnified by Pirelli in relation to any consequences deriving from claims of private and/or public third parties relating, connected and/or consequential to the facts covered by the decision of the European Commission.

In April 2021, the two judgments (the one of 2014 and the one of 2019) were merged and subsequently merged with them, in 2022, were also two segments of the judgment introduced by Terna S.p.A. – Rete Elettrica Nazionale ("Terna") against, among others, Pirelli, Prysmian CS and

Prysmian S.p.A.; in the context of said segments, Pirelli, on the one hand, and Prysmian CS and Prysmian S.p.A., on the other hand, made mutual requests for indemnity with respect to what they had to pay to Terna (see below – section Other litigation consequent to the European Commission Decision).

On the basis of thorough analysis supported by authoritative external legal opinions, the evaluation of the risk relative to the litigation described above is such as to not require the allocation of any specific provision in the Separate Financial Statements at December 31, 2024.

Other litigation consequent to the European Commission Decision

In November 2015, some companies of the Prysmian Group notified Pirelli of proceedings for the recovery of damages before the High Court of Justice of London against them and other recipients of the European Commission Decision of April 2, 2014 by National Grid and Scottish Power, companies that claim to have been injured by the cartel. Specifically, the companies of the Prysmian Group requested that Pirelli, based on its role of parent company for a part of the period of the cartel, hold them harmless in respect of any obligations to pay any damages claims (to date unquantified) by National Grid and Scottish Power. As the aforementioned legal action is pending before the Court of Milan, filed in November 2014, Pirelli challenged the lack of jurisdiction of the High Court of Justice of London arguing that any decision on the merits should be assigned to the Court previously referred to. In April 2016, the High Court of Justice, at the request of Pirelli and the companies of the Prysmian Group, suspended the proceedings against Pirelli until the final passing of judgment that will define the Italian judgment already pending.

In April 2019, Terna summoned Pirelli, three Prysmian Group companies and another company recipient of the aforementioned European Commission decision, before the Court of Milan, to obtain compensation for the damage allegedly suffered as a result of the anti-competitive conduct, currently quantified by the claimant as a total of euro 199.9 million. Pirelli appeared in court contesting the claims made by Terna and filing, like the other defendants and against them, a counter-claim in recourse for the denied case in which it was held jointly liable for the anti-competitive agreement.

In October 2021, the Judge removed from the proceedings the fragment of the dispute consisting of the “cross” indemnity requests mutually made between Pirelli, on the one hand, and Prysmian CS and Prysmian S.p.A., arranging for a meeting with the pending judgment between them before the Court of Milan (see above – Litigation against the companies of the Prysmian Group before the Court of Appeal of Milan).

Lastly, also in April 2019, the Electricity and Water Authority of Bahrain, the GCC Interconnection Authority, the Kuwait Ministry of Electricity and Water and the Oman Electricity Transmission Company, served a summons against Pirelli, some Prysmian Group companies and others recipients of the aforementioned European Commission decision, jointly agreeing with each other to obtain compensation for the damage allegedly suffered as a result of the alleged anti-competitive conduct, overall quantified during the case at euro 472 million. These proceedings were brought before the Court of Amsterdam, which, with its ruling of November 25, 2020, upheld the objection raised by Pirelli and excluded its jurisdiction over Pirelli itself. In February 2021, the plaintiffs lodged an appeal against this ruling before the Court of Appeal of Amsterdam, proceedings currently suspended following an incidental question raised by the Court of Appeal of Amsterdam before the Court of Justice of the European Union.

On the basis of thorough analysis supported by authoritative external legal opinions, the evaluation of the risk relative to the disputes described above is such as to not require the allocation of any specific provision in the Separate Financial Statements at December 31, 2024.

US Class actions

On January 30, 2024, the European Commission announced the launch of an investigation into certain tyre manufacturers operating in the European Economic Area, for alleged infringements of EU competition law, with reference to a hypothetical coordination of prices of new replacement tyres for cars and trucks intended for sale in the European Economic Area. At the same time, the Commission conducted inspections at the offices of the aforementioned tyre manufacturers, including those of Pirelli. The latter confirmed the correctness of its actions and that it has always acted in compliance with applicable antitrust regulations.

Following the announcement of the aforementioned activity by the European Commission, in February 2024, several class actions were launched – later consolidated into a single proceeding – before the US Courts, relating to alleged similar issues that occurred in the United States; the compensation claims were not quantified.

In February 2025, the Federal Court of Ohio, before which said class actions had been joined, dismissed the plaintiffs' appeal in its entirety, granting the plaintiffs a deadline for the possible filing of a new complaint based on different arguments, which was filed in April 2025.

On the basis of the assessment carried out, supported by authoritative opinions of external lawyers, Pirelli, also in light of the few elements available to date, did not deem it necessary to record any specific provision in the Separate Financial Statements at December 31, 2024.

INCOME STATEMENT

27. REVENUES FROM SALES AND SERVICES

Revenues from sales and services amounted to euro 86,322 thousand for 2024 compared to euro 72,998 thousand in 2023 and the breakdown is as follows:

(in thousands of euro)	**2024**	**2023**
Sales of services to subsidiaries	86,267	72,531
Sales of services to other companies	55	467
Total revenues from sales and services	**86,322**	**72,998**

Revenues from subsidiaries refer to services provided by the central functions.

28. OTHER INCOME

Other income amounted to euro 142,757 thousand in 2024 (euro 120,865 thousand in 2023), and the breakdown is as follows:

(in thousands of euro)	**2024**	**2023**
Other income from subsidiaries	132,799	116,848
Other revenues from third parties	9,958	4,017
Other income from other companies	**142,757**	**120,865**

Other income from subsidiaries mainly includes royalties accrued from Group companies for the use of the brand (euro 97,869 thousand in 2024 compared to euro 94,017 thousand in 2023) and the charge-back of costs to subsidiaries (euro 34,930 thousand in 2024 compared to euro 22,831 thousand in 2023).

Other income from other companies mainly includes royalties paid by other companies for the use of the Pirelli brand (euro 3,014 thousand in 2024 compared to euro 2,774 thousand in 2023) and tax refunds for euro 4,158 thousand in 2024 (nil in 2023).

29. RAW MATERIALS AND CONSUMABLES USED

They amounted to euro 282 thousand in 2024 (euro 302 thousand in 2023) and include purchases of advertising material, fuels and various materials.

30. PERSONNEL COSTS

Personnel costs amounted to euro 75,931 thousand (euro 75,580 thousand in 2023), and the breakdown is as follows:

(in thousands of euro)	**2024**	**2023**
Wages and salaries	61,273	62,948
Social security and welfare contributions	10,624	8,804
Employee leaving indemnities	2,393	2,242
Retirement and similar obbligations	718	676
Other costs	923	910
Total	**75,931**	**75,580**

Average Employees

The average number of employees, divided by category, is as follows:

	2024	**2023**
Executives	93	90
White collar staff	332	315
Blue collar staff	3	3
Total	**428**	**408**

31. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

The breakdown of the item is as follows:

(in thousands of euro)	**2024**	**2023**
Amortisation - intangible assets	2,539	2,306
Depreciation - property, plant and equipment (excl. Depreciation of Right of Use)	1,939	1,874
Depreciation of right of use	6,284	6,108
Total depreciation, amortisation and impairments	**10,762**	**10,288**

For the breakdown of the amortization of the rights of use, see note 8.2 - Rights of use.

32. OTHER COSTS

The breakdown of other costs is the following:

(in thousands of euro)	**2024**	**2023**
Advertising and sponsorship	51,751	37,499
Remuneration of Directors and supervisory bodies	26,655	24,401
Consultancy and collaboration services	17,465	15,940
IT expenses	8,433	9,125
Travel expenses	5,249	2,871
Legal and notarial expenses	4,501	871
Insurance premiums	3,779	3,378
Membership fees and contributions	3,269	3,014
Security service	2,538	3,060
Property maintenance	2,526	2,843
Energy, gas and water expenses	1,474	2,247
Patents and trademarks expenses	879	749
Rental and lease instalments	558	1,475
Cleaning and property ordinary maintenance expenses	130	579
Accruals to provisions	65	4,919
Other	7,742	5,979
Total other costs	**137,014**	**118,950**

The item **advertising and sponsorship** increased compared to 2023, due to sponsorship contracts for sporting events that took place in 2024.

The item **Leases and rentals** includes costs relating to the application of the accounting standard IFRS 16, in particular:

- euro 213 thousand for lease contracts with a duration of less than twelve months (euro 198 thousand in 2023);
- euro 201 thousand for lease contracts for low unit value assets (euro 227 thousand in 2022).

33. NET IMPAIRMENT OF FINANCIAL ASSETS

The value of the net impairment of financial assets is equal to euro 56 thousand for 2024, compared to a nil value in the previous year.

34. RESULT FROM INVESTMENTS

34.1 Gains on equity investments

This item was nil in 2024. In 2023, it included the gain deriving from the liquidation of the company Servizi Aziendali Pirelli S.c.p.A., in which Pirelli & C. S.p.A. held a 90.35% investment.

34.2 Losses on equity investments

In 2024, a provision for euro 19,500 thousand was made to cover losses of the subsidiary Pirelli UK Ltd; in addition, the investments in Pirelli Ltda. and Eurostazioni S.p.A. were written down by euro 2,500 thousand and euro 1,031 thousand, respectively.

In 2023, a provision was made to cover losses for euro 6,600 thousand for the subsidiary Pirelli UK Ltd.

34.3 Dividends

They amounted to euro 342,924 thousand in 2024 compared to euro 283,581 thousand in 2023, and the breakdown is as follows:

(in thousands of euro)	**2024**	**2023**
From subsidiaries:		
- Pirelli Tyre S.p.A.	325,000	275,000
- Pirelli Group Reinsurance Company SA	5,120	3,011
- Pirelli Sistemi Informativi S.r.l.	900	450
- Pirelli International Treasury S.p.A.	4,877	-
- Pirelli Servizi e Amministrazione Tesoreria S.p.A.	380	180
From associates		
- Eurostazioni S.p.A.	2,808	1,476
From other financial assets:		
- RCS S.p.A.	1,729	1,482
- Fin. Priv. S.r.l.	2,110	1,668
- Genextra S.p.A.	-	314
Total	**342,924**	**283,581**

35. FINANCIAL INCOME

The breakdown of the item is as follows:

(in thousands of euro)	**2024**	**2023**
Interest and other financial income	87,955	88,730
Valuation at fair value of derivatives	473	2,690
Net gains on exchange rates	6	-
Valuation at fair value of derivatives	79	-
Total financial income	**88,513**	**91,420**

The item **interest and other financial income** includes euro 77,970 thousand of interest accrued on loans disbursed in 2024 in favor of subsidiaries and euro 9,538 thousand of interest accrued on the interest-bearing current account with Pirelli International Treasury S.p.A.

The item **valuation at fair value of currency derivatives** mainly refers to the purchase/sale of the forward exchange rate hedge contracts to cover commercial and financial transactions in accordance with the exchange rate risk management policy of the Group. For transactions still open at the end of the financial year, the fair value was determined using the forward exchange rate at the closing date of the Company's financial statements.

36. FINANCIAL EXPENSES

The breakdown of the item is as follows:

(in thousands of euro)	**2024**	**2023**
Interest and other financial expenses	127,864	134,165
Commissions	2,877	1,118
Interest expenses on lease liability	1,504	1,651
Net interest on employee benefit obligations	111	117
Net exchange rate losses	-	4
Valuation at fair value of derivatives	-	92
Total financial expenses	**132,356**	**137,147**

Interest and other financial expenses totalling euro 127,864 thousand (euro 134,165 thousand in 2023) mainly include:

- euro 95,314 thousand for the bank loan lines held;
- euro 49,660 thousand of financial expenses relating to bond loans, of which euro 26,721 thousand relating to the "Bond loan SLB EUR 600 mln, 4.25% due 01/28", euro 12,342 thousand relating to the "Bond loan SLB EUR 600 mln 3.875% due 07/29", euro 9,934 thousand relating to monetary and non-monetary interest on the "Convertible Bond Loan" and euro 664 thousand relating to the "Schuldschein" loans;
- euro 17,286 thousand for net interest income, including interest on Interest Rate Swaps, for which hedge accounting was adopted, to adjust the flow of financial expenses of the bank lines and bonds referred to in the previous points. For further details, refer to as reported in note 17 "Derivative financial instruments".

37. TAXES

The breakdown of taxes is as follows:

(in thousands of euro)	**2024**	**2023**
Current taxes	(51,273)	(13,360)
Deferred taxes	30,331	(9,236)
Total income taxes	**(20,942)**	**(22,596)**

Current taxes for the year 2024 were positive for euro 51,273 thousand compared to euro 13,360 thousand in the previous year and mainly include income from tax consolidation. The increase compared to the previous year is essentially attributable to the higher taxable income of the subsidiary Pirelli Tyre. In 2023, Pirelli Tyre had transferred a lower taxable income, reflecting the benefit deriving from the application of the Patent Box tax relief regime, following the preventive agreement signed on August 3, 2023 with the Italian Revenue Agency, for a total of euro 62,307 thousand.

Deferred tax assets/liabilities are negative for euro 30,331 thousand (positive for euro 9,236 thousand in the previous year) and mainly refer to the use of deferred tax assets relating to previous tax items.

The table below shows the reconciliation of the effective tax rate with the theoretical rate of the Parent Company:

(in thousands of euro)	2024	2023
A) Profit/(loss) before taxes	281,083	220,286
B) Theoretical taxes	**67,460**	**52,869**
Main causes that give rise to changes between theoretical and effective taxes:		
Dividends and gains from investments not subject to taxation	(78,186)	(64,740)
Tax incentives	(16)	(83)
Loss on investments	5,527	1,584
Non-deductible costs and other items	2,236	(305)
Deferred tax assets on previous tax losses and other temporary differences	(17,963)	(11,921)
C) Effective taxes	**(20,942)**	**(22,596)**
Theoretical tax rate (B/A)	24%	24%
Effective tax rate (C/A)	-7.5%	-10.3%

Tax consolidation

It shall be noted that starting from 2004, the Company exercised the option for consolidated taxation as consolidator, pursuant to article 117 and following of the TUIR, with regulation of relations arising from adhesion to consolidation through a special Regulation, which involves a common procedure for the application of laws and regulations.

Said regulation was updated in subsequent years as a result of amendments made within the companies participating in the agreement and the related shareholding structure, as well as in light of the corrective and supplementary interventions of the relevant legislation.

The above amendments particularly concerned the remuneration of the tax losses used by the companies adhering to the consolidation. The adoption of the consolidation makes it possible to compensate, with regard to the parent company Pirelli & C. S.p.A., the taxable income or loss of the same parent company with those of its resident subsidiaries which have exercised the option, given that the tax losses accrued during periods prior to the introduction of Group taxation can be used only by companies that are eligible.

38. NON-RECURRING EXPENSES AND INCOME

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, no non-recurring events were recorded in 2024.

39. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties mainly include transactions with subsidiaries relating to:

- services (technical, organizational, general) provided by head office;
- charge-back of royalties for the use of the brand;
- financial transactions.

All the transactions listed above are part of the ordinary management of relations between the Parent Company and the subsidiaries.

Transactions with related parties also include the fees paid to Directors and Key Managers.

The statement below shows a summary of the Balance Sheet, Income Statement and Cash Flow Statement that include transactions with related parties and their impact:

(in thousands of euro)	**12/31/2024**	**of which related parties**	***% share***	**12/31/2023**	**of which related parties**	***% share***
BALANCE SHEET						
Non current assets						
Other receivables	387	-	0.0%	1,700,616	*1,700,000*	100.0%
Derivative financial instruments	4,264	*4,264*	100.0%	12,752	*12,752*	100.0%
Current assets						
Trade receivables	61,647	*60,718*	98.5%	55,665	*54,683*	98.2%
Other receivables	1,997,594	*1,983,088*	99.3%	193,860	*180,323*	93.0%
Tax receivables	76,071	*75,107*	98.7%	34,812	*34,560*	99.3%
Derivative financial instruments	33	*33*	100.0%	7	*7*	100.0%
Non-current liabilities						
Other payables	95	-	0.0%	406	*212*	52.1%
Provision for liabilities and charges	39,062	*19,437*	49.8%	43,838	*22,144*	50.5%
Employee benefit obligations	17,665	*3,813*	21.6%	15,491	*3,181*	20.5%
Current liabilities						
Payables to banks and other financial lenders	548,295	*1,191*	0.2%	443,661	*762*	0.2%
Trade payables	30,534	*3,757*	12.3%	28,344	*3,423*	12.1%
Other payables	77,043	*32,248*	41.9%	84,008	*33,241*	39.6%
Tax payables	23,074	*22,779*	98.7%	20,715	*20,715*	100.0%
Derivative financial instruments	8	*8*	100.0%	4	*4*	100.0%

(in thousands of euro)	2024	of which related parties	*% share*	2023	of which related parties	*% share*
INCOME STATEMENT						
Revenues from sales and services	86,322	*86,303*	100.0%	72,998	*72,989*	100.0%
Other income	142,757	*132,932*	93.1%	120,865	*116,906*	96.7%
Personnel expenses	(75,931)	*(11,061)*	14.6%	(75,580)	*(10,123)*	13.4%
Other costs	(137,014)	*(40,634)*	29.7%	(118,950)	*(38,131)*	32.1%
Income on equity investments	-	-	0.0%	288	288	100.0%
Losses on equity investments	(23,031)	*(23,031)*	100.0%	(6,600)	*(6,600)*	100.0%
Dividends	342,924	*339,085*	98.9%	283,581	*280,117*	98.8%
Financial income	88,513	*87,982*	99.4%	91,420	*91,390*	100.0%
Financial expenses	(132,356)	*11,902*	n.a.	(137,147)	*9,088*	n.a.

(in thousands of euro)	2024	of which related parties	*% share*	2023	of which related parties	*% share*
CASH FLOW STATEMENT						
Net cash flows provided by/(used in) operating activities	15,055	*123,028*	n.a.	88,323	*188,313*	n.a.
Net cash provided/(used) by investment activities	345,576	*344,285*	n.a.	277,962	*279,029*	n.a.
Net cash provided/(used) by financing activities	(360,615)	*2,998*	n.a.	(366,287)	*418,629*	n.a.

The equity and economic effects and financial flows of transactions with related parties for the year ended December 31, 2024 are detailed below.

(in thousands of euro)	Subsidiaries	Associates	Other related parties	Directors and Key Managers	Total 12/31/2024
Derivative financial instruments (non current assets)	4,264	-	-	-	4,264
Trade receivables	60,635	73	11	-	60,718
Other current receivables	1,983,088	-	-	-	1,983,088
Tax receivables	75,107	-	-	-	75,107
Derivative financial instruments (current assets)	33	-	-	-	33
Provision for liabilities and charges (Non-current liabilities)	-	-	-	19,437	19,437
Employee benefit obligations (Non-current liabilities)	-	-	-	3,813	3,813
Payables to banks and other lenders (current liabilities)	1,191	-	-	-	1,191
Trade payables	3,628	129	-	-	3,757
Other payables (current liabilities)	11,964	-	-	20,284	32,248
Tax payables	22,779	-	-	-	22,779
Derivative financial instruments (current liabilities)	8	-	-	-	8

(in thousands of euro)	Subsidiaries	Associates	Other related parties	Directors and Key Managers	Total 2024
Revenues from sales and services	86,267	-	36	-	86,303
Other income	132,799	69	63	-	132,932
Personnel expenses	-	-	-	(11,061)	(11,061)
Other costs	(14,550)	(362)	-	(25,722)	(40,634)
Losses from investments	(22,000)	(1,031)	-	-	(23,031)
Dividends	336,276	2,808	-	-	339,085
Financial income	87,982	-	-	-	87,982
Financial expenses	11,902	-	-	-	11,902

(in thousands of euro)	Subsidiaries	Associates	Other related parties	Directors and Key Managers	Total 2024
Net income (loss) before taxes	618,677	1,485	99	(36,783)	583,478
Reversal of accruals/releases	-	-	-	12,400	12,400
Reversal of (Financial income)/financial expenses	(99,884)	-	-	-	(99,884)
Reversal of Dividends	(336,276)	(2,808)	-	-	(339,085)
Reversal of (gain)/losses on investments	22,000	1,031	-	-	23,031
Change in Trade receivables	(5,989)	(69)	23	-	(6,035)
Change in Trade payables	205	129	-	-	334
Change in Other receivables	2,950	-	-	-	2,950
Change in Other payables	(1,276)	-	-	(5,636)	(6,912)
Change in Tax receivables/Tax payables	(38,482)	-	-	-	(38,482)
Use of Other provisions	-	-	-	(8,768)	(8,768)
Net cash flows provided by/(used in) operating activities	**161,926**	**(233)**	**122**	**(38,787)**	**123,028**
Reimbursement of share capital and reserves from	-	5,201	-	-	5,201
Dividends received	336,276	2,808	-	-	339,085
Net cash provided/(used) by investment activities	**341,477**	**8,009**	**-**	**-**	**349,486**
Change in Financial receivables	(105,781)	-	-	-	(105,781)
Financial income	87,982	-	-	-	87,982
Financial expenses	20,797	-	-	-	20,797
Net cash provided/(used) by financing activities	**2,998**	**-**	**-**	**-**	**2,998**

Below is a breakdown of the equity and economic effects and financial flows of transactions with related parties for the previous year:

(in thousands of euro)	Subsidiaries	Associates	Other related parties	Directors and Key Managers	Total 12/31/2023
Derivative financial instruments (non current assets)	1,700,000	-	-	-	1,700,000
Trade receivables	12,752	-	-	-	12,752
Other current receivables	54,646	3	34	-	54,683
Tax receivables	178,847	1,476	-	-	180,323
Derivative financial instruments (current assets)	34,560	-	-	-	34,560
Other payables (Non-current liabilities)	7	-	-	-	7
Provision for liabilities and charges (Non-current liabilities)	-	-	-	212	212
Employee benefit obligations (Non-current liabilities)	-	-	-	22,144	22,144
Derivative financial instruments (non-current liabilities)	-	-	-	3,181	3,181
Payables to banks and other lenders (current liabilities)	762	-	-	-	762
Trade payables	3,423	-	-	-	3,423
Other payables (current liabilities)	12,773	-	-	20,468	33,241
Tax payables	20,715	-	-	-	20,715
Derivative financial instruments (current liabilities)	4	-	-	-	4

(in thousands of euro)	Subsidiaries	Associates	Other related parties	Directors and Key Managers	Total 2023
Revenues from sales and services	72,531	-	458	-	72,989
Other income	116,848	-	58	-	116,906
Personnel expenses	-	-	-	(10,123)	(10,123)
Other costs	(13,946)	(330)	-	(23,855)	(38,131)
Gains from investments	288	-	-	-	288
Losses from investments	(6,600)	-	-	-	(6,600)
Dividends	278,641	1,476	-	-	280,117
Financial income	91,390	-	-	-	91,390
Financial expenses	9,088	-	-	-	9,088

(in thousands of euro)	Subsidiaries	Associates	Other related parties	Directors and Key Managers	Total 2023
Net income (loss) before taxes	548,240	1,145	516	(33,978)	515,923
Reversal of accruals/releases	-	-	-	10,067	10,067
Reversal of (Financial income)/financial expenses	(100,478)	-	-	-	(100,478)
Reversal of Dividends	(278,641)	(1,476)	-	-	(280,117)
Reversal of (gain)/losses on investments	6,312	-	-	-	6,312
Change in Trade receivables	(11,864)	-	82	-	(11,782)
Change in Trade payables	(1,012)	(105)	(18)	-	(1,135)
Change in Other receivables	(1,059)	-	-	-	(1,059)
Change in Other payables	6,391	-	-	(16,705)	(10,314)
Change in Tax receivables/Tax payables	63,477	-	-	-	63,477
Use of Other provisions	-	-	-	(2,582)	(2,582)
Net cash flows provided by/(used in) operating activities	**231,366**	**(435)**	**580**	**(43,198)**	**188,313**
Disposal/(Acquisition) of investments in subsidiaries	388	-	-	-	388
Dividends received	278,641	-	-	-	278,641
Net cash provided/(used) by investment activities	**279,029**	**-**	**-**	**-**	**279,029**
Change in Financial receivables	345,822	-	-	-	345,822
Financial income	68,495	-	-	-	68,495
Financial expenses	4,312	-	-	-	4,312
Net cash provided/(used) by financing activities	**418,629**	**-**	**-**	**-**	**418,629**

TRANSACTIONS WITH SUBSIDIARIES

Transactions – Balance Sheet

Other non-current receivables were nil at December 31, 2024 (euro 1,700,000 thousand at December 31, 2023). The amount at December 31, 2023 referred to a loan granted to Pirelli International Treasury S.p.A. taken out on January 31, 2023 with maturity January 31, 2025.

Derivative financial instruments (non-current assets) for euro 4,264 thousand (euro 12,752 thousand at December 31, 2023) refer to hedging transactions with Pirelli International Treasury S.p.A.

Trade receivables from subsidiaries amounted to euro 60,635 thousand (euro 54,646 thousand at December 31, 2023) and mainly refer to receivables for services/provisions provided to Group companies (euro 54,067 thousand from Pirelli Tyre S.p.A., euro 2,498 thousand from Pirelli Group Reinsurance Company SA, euro 1,225 thousand from Limited Liability Company Pirelli Tyre Russia, euro 405 thousand from Pirelli Industrie Pneumatici S.r.l., euro 169 thousand from Pirelli Digital Solutions S.r.l.).

Other current receivables amounted to euro 1,983,088 thousand (euro 178,847 thousand at December 31, 2023) and refer for euro 1,700,000 thousand to a loan granted to Pirelli International Treasury SpA, for euro 249,719 thousand to the intragroup current account in place with Pirelli International Treasury SpA, for euro 32,807 thousand to the interest accrued but not yet paid relating to the loan to Pirelli International Treasury SpA, for euro 562 thousand to VAT credits transferred by subsidiaries (of which euro 390 thousand to Pirelli Sistemi Informativi Srl, euro 171 thousand to Pirelli Servizi Amministrazione e Tesoreria SpA and euro 1 thousand to Pirelli International Treasury SpA).

Tax receivables amounted to euro 75,107 thousand (euro 34,560 thousand at December 31, 2023) and refer to receivables from Group companies that adhere to tax consolidation (mainly euro 65,330 thousand from Pirelli Tyre S.p.A., euro 7,678 thousand from Pirelli International Treasury S.p.A., euro 802 thousand from Pirelli Industrie Pneumatici S.r.l., euro 539 thousand from Pirelli Digital Solutions S.r.l., euro 507 thousand from Pirelli Sistemi Informativi S.r.l.).

Derivative financial instruments (current assets) for euro 33 thousand (euro 7 thousand at December 31, 2023) refer to hedging transactions with Pirelli International Treasury S.p.A.

Payables to banks and other lenders to subsidiaries amounted to euro 1,191 thousand (euro 762 thousand at December 31, 2023) and refer to payables to the company Pirelli International Treasury SpA.

Trade payables amounted to euro 3,628 thousand (euro 3,423 thousand at December 31, 2023) and mainly refer to payables for the provision of services. These payables mainly refer for euro 1,793 thousand to Pirelli Tyre S.p.A. and for euro 1,384 thousand to HB Servizi S.r.l.

Other payables (current liabilities) to subsidiaries amounted to euro 11,964 thousand (euro 12,773 thousand at December 31, 2023) and mainly refer to payables with Group companies that adhere to the VAT consolidation. The main ones are: euro 9,580 thousand to Pirelli Tyre S.p.A., euro 1,589 thousand to Pirelli Industrie Pneumatici S.r.l. euro 589 thousand to Pirelli Digital Solutions S.r.l., euro 145 thousand to Driver Servizi Retail S.p.A.

Tax payables amounted to euro 22,779 thousand (euro 20,715 thousand at December 31, 2023) and refer to payables to subsidiaries that adhere to tax consolidation (euro 16,070 thousand to Pirelli Tyre S.p.A., euro 6,709 thousand to Pirelli International Treasury S.p.A.).

The amount of euro 8 thousand (euro 4 thousand at December 31, 2023) of **derivative financial instruments – current liabilities** refers to hedging transactions with Pirelli International Treasury S.p.A.

Transactions – Income statement

Revenues from sales and services to subsidiaries amounted to euro 86,267 thousand in 2024 (euro 72,531 thousand in 2023) and mainly refer to service contracts. The main transactions with subsidiaries are: euro 82,682 thousand with Pirelli Tyre S.p.A., euro 710 thousand with Pirelli Sistemi Informativi S.r.l., euro 691 thousand with Pirelli Servizi Amministrazione e Tesoreria S.p.A., euro 644 thousand with Pirelli Digital Solutions S.r.l. euro 631 thousand with Pirelli Industrie Pneumatici Srl, euro 415 thousand with Pirelli International Treasury SpA, euro 244 thousand with HB Servizi Srl.

Other income from subsidiaries amounting to euro 132,799 thousand in 2024 (euro 116,848 thousand in 2023) mainly refers to: royalties (euro 88,178 thousand from Pirelli Tyre SpA, euro 3,997 thousand from Pirelli Group Reinsurance Company SA, euro 5,007 thousand from Limited Liability Company Pirelli Tyre Russia, euro 10 thousand from Pirelli International Treasury SpA); revenues for expenses relating to personnel seconded to other group companies (euro 717 thousand from Pirelli Tire LLC., euro 608 thousand from Pirelli Tyre (Suisse) SA and 418 euro thousand from Pirelli Tyre Co. Ltd); cost recoveries (euro 29,772 thousand with Pirelli Tyre S.p.A.).

Other costs to subsidiaries for euro 14,550 thousand in 2024 (euro 13,946 thousand in 2023) mainly refer to charges for services and miscellaneous costs (euro 5,509 thousand HB Servizi S.r.l., euro 4,197 thousand Pirelli Tyre S.p.A., euro 2,974 thousand Pirelli Sistemi Informativi S.r.l., euro 1,159 thousand Pirelli Servizi Amministrazione e Tesoreria S.p.A.).

The item **losses from investments** includes the allocation to the provision to cover losses of investee companies for euro 19,500 thousand relating to the subsidiary Pirelli UK Ltd and the impairment of the investment in Pirelli Ltda for euro 2,500 thousand.

Dividends for euro 336,276 thousand in 2024 (euro 278,641 thousand in 2023) refer to dividends approved and collected during the year (euro 325,000 thousand from Pirelli Tyre S.p.A., euro 5,120 thousand from Pirelli Group Reinsurance Company SA, euro 4,876 thousand from Pirelli International Treasury S.p.A., euro 900 thousand from Sistemi Informativi S.r.l. and euro 380 thousand from Pirelli Servizi Amministrazione e Tesoreria S.p.A.).

Financial income for euro 87,982 thousand in 2024 (euro 91,390 thousand in 2023) mainly refers to interest income on receivables from Pirelli International Treasury S.p.A..

Financial expenses positive for euro 11,902 thousand in 2024 (negative for euro 9,088 thousand in 2023) mainly refer to interest income on hedging instruments stipulated with Pirelli International Treasury S.p.A.

TRANSACTIONS WITH ASSOCIATED COMPANIES

Transactions – Balance Sheet

Trade receivables from associated companies amounted to euro 73 thousand in 2024 (euro 3 thousand in 2023) and refer to receivables for services/provisions provided to the associate Jining Shenzhou Tyres Co. for euro 47 thousand and to the associate PT Evoluzione Tyres for euro 26 thousand.

Other current receivables were nil in 2024 (euro 1,476 thousand in 2023). The amount for 2023 referred to receivables for dividends from the associate Eurostazioni SpA not yet collected.

Trade payables to associates amounted to euro 129 thousand (nil in 2023) and refer to payables to the Consortium for Advanced Materials Research (CORIMAV).

Transactions – Income statement

Other income from associated companies amounted to euro 69 thousand (nil in 2023) and refers to royalties paid to the associate Jining Shenzhou Tyres Co. for euro 47 thousand and to the associate PT Evoluzione Tyres for euro 22 thousand.

Other costs to associated companies amounted to euro 362 thousand in 2024 (euro 330 thousand in 2023) and refer to relations with the Consortium for Research on Advanced Materials (CORIMAV).

Losses from investments in associates amounted to euro 1,031 thousand (nil in 2023) and refer to the impairment of the Eurostazioni SpA investment, following the reduction of the share capital and legal reserve, as per the shareholders' resolution of December 18, 2024.

Dividends of euro 2,808 thousand in 2024 (euro 1,476 thousand in 2023) refer to dividends approved and collected from the associate Eurostazioni SpA.

TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions – Balance Sheet

Trade receivables from other related parties for euro 11 thousand at December 31, 2024 (euro 34 thousand in 2023) include commercial relations with the Prometeon Group, companies belonging to the Sinochem group and Fondazione Hangar Bicocca - Spazio per l'Arte Contemporanea.

Transactions – Income statement

Revenues from sales and services from other related parties for euro 36 thousand in 2024 (euro 458 thousand in 2023) refer to services/provisions with Prometeon Tyre Group S.r.l. and Camfin S.p.A.

Other income from other related parties for euro 63 thousand in 2024 (euro 58 thousand in 2023) refers to service contracts in place with Marco Tronchetti Provera & C. S.p.A. and Camfin S.p.A.

TRANSACTIONS WITH DIRECTORS AND KEY MANAGERS

Equity and economic transactions regarding Directors and Key Managers can be detailed as follows.

The balance sheet items **provisions for risks and liabilities** and **employee benefit obligations (non-current liabilities)** include the long-term benefits relating to the three-year monetary incentive plans Long Term Incentive 2023-2025 and 2024-2026 for euro 7,161 thousand, the short-term benefits terms relating to the Short Term Incentive plan for euro 3,894 thousand, as well as end-of-term indemnity for euro 12,195 thousand.

The balance sheet item **other current payables** includes the short-term portion relating to the Long Term Incentive and Short term Incentive plans.

The income statement items **personnel costs** and **other costs** include euro 3,080 thousand relating to employees' severance indemnities and end-of-term indemnity (euro 3,895 thousand in 2023), as well as short-term benefits for euro 12,675 thousand (euro 11,400 thousand in 2023) and long-term benefits for euro 11,217 thousand (euro 8,303 thousand in 2023).

40. OTHER INFORMATION

Directors and auditors' fees

The fees due to Directors of Pirelli & C. S.p.A. amounted to euro 25,722 thousand in 2024 (euro 23,855 thousand in 2023). The fees due to the Statutory Auditors for the function performed at Pirelli & C. S.p.A. amounted to euro 495 thousand in 2024 (euro 393 thousand in 2023).

Independent auditors' fees

For the fees for the 2024 financial year for the auditing activities and other services rendered by the independent auditors PricewaterhouseCoopers S.p.A., references is made to the information contained in the explanatory notes to the Consolidated Financial Statements.

Disclosure requested by Law no. 124/2017 article 1 paragraphs 125-129

Pirelli & C. S.p.A. obtained within the PNRR a concession decree from the MUR (Ministry of University and Research) for the facilitation of Research and Development activities within the Innovation Ecosystem "MUSA – Multilayered Urban Sustainability Action" up to a maximum of euro 0.4 million.

Any information referring to the subsidiaries of Pirelli & C. S.p.A. are included in the consolidated financial statements.

41. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to CONSOB Notice No. 6064293 of July 28, 2006, it is hereby specified that during the course of the 2024 financial year that no exceptional and/or unusual transactions as defined in the aforementioned Notice were carried out by the Company.

42. SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

On January 31, 2025, Pirelli International Treasury S.p.A. was granted a new loan worth euro 1.4 billion maturing on February 16, 2027.

In February 2025, the company committed, together with other companies of the Group and limited to its own tax burden, to purchase monthly an amount of tax credits (so-called “Superbonus Credits”) for the three-year period 2025-2027 from a bank of primary credit standing for a total amount of euro 420 million, with almost immediate use in compensation with tax debts of various kinds.

In April 2025, the US administration announced the introduction of tariffs for the Auto & Parts sector starting from May 3, 2025, and reciprocal tariffs on various countries, the latter being temporarily suspended. Additionally, tariffs on products compliant with the USMCA agreements from Mexico and Canada are also temporarily suspended. Pirelli, in light of the high uncertainties regarding US tariffs, confirms the targets communicated to the market on February 26. The group has nonetheless defined a plan to mitigate the impact of US tariffs – should the currently announced measures come into effect – with the aim of ensuring the Adjusted Ebit and cash targets at the lower end of the guidance range, as stated in the paragraph “Outlook for 2025” of the Directors' Report on Operations, thereby achieving the deleverage objective.

— ANNEXES TO THE NOTES

MOVEMENTS OF INVESTMENTS IN SUBSIDIARIES FROM 12/31/2023 TO 12/31/2024

	12/31/2023				CHANGES		12/31/2024			
	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct	Number of shares	(€/thousand)	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct
INVESTMENTS IN SUBSIDIARIES										
ITALY										
Unlisted:										
Pirelli Servizi Amministrazioni e Tesoreria S.p.A. - Milan	2,047,000	3,238	100.0	100.0	-	-	2,047,000	3,238	100.0	100.0
Maristel S.r.l. - Milan	1 share	1,315	100.0	100.0	-	-	1 share	1,315	100.0	100.0
Pirelli International Treasury SpA - Milan	37,500,000	75,000	100.0	30.0	-	-	37,500,000	75,000	100.0	30.0
Pirelli Sistemi Informativi S.r.l. - Milan	1 share	1,655	100.0	100.0	-	-	1 share	1,655	100.0	100.0
Pirelli Tyre S.p.A. - Milan	558,154,000	4,528,245	100.0	100.0	-	-	558,154,000	4,528,245	100.0	100.0
HB Servizi Srl - Milan	1 share	230	100.0	100.0	-	-	1 share	230	100.0	100.0
Total investments in Italian subsidiaries		4,609,683				-		4,609,683		

	12/31/2023				CHANGES		12/31/2024			
	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct	Number of shares	(€/thousand)	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct
FOREIGN COMPANIES										
Brazil										
Pirelli Ltda - Sao Paulo	13,999,991	8,420	100.0	100.0	-	(2,500)	13,999,991	5,920	100.0	100.0
Pirelli Latam Participações Ltda.	1	-	-	-	-	-	1	-	-	-
UK										
Pirelli UK ltd. - London - ordinary	163,991,278	-	100.0	100.0	-	-	163,991,278	-	100.0	100.0
Switzerland										
Pirelli Group Reinsurance Company S.A.	300,000	6,346	100.0	100.0	-	-	300,000	6,346	100.0	100.0
Total investments in foreign subsidiaries		14,766				(2,500)		12,266		
Total investments in subsidiaries		4,624,449				(2,500)		4,621,949		

MOVEMENTS OF INVESTMENTS IN ASSOCIATES FROM 12/31/2023 TO 12/31/2024

	12/31/2023				CHANGES		12/31/2024			
	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct	Number of shares	(€/thousand)	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct
INVESTMENTS IN ASSOCIATES										
ITALY										
Unlisted:										
Consorzio per le Ricerche sui Materiali Avanzati (CORIMAV) -Milan	1 share	104	100.0	100.0	-	-	1 share	104	100.0	100.0
Eurostazioni S.p.A. - Rome	52,333,333	6,271	32.7	32.7	-	(6,232)	52,333,333	39	32.7	32.7
Total unlisted companies		6,375				(6,232)		143		
Total investments in associates - Italy		6,375				(6,232)		143		
Total investments in associates		6,375				(6,232)		143		

MOVEMENTS OF OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME FROM 12/31/2023 TO 12/31/2024 (Continue)

	12/31/2023				Changes		12/31/2024			
	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct	Number of shares	(€/thousand)	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct
INVESTMENTS IN OTHER COMPANIES										
ITALIAN LISTED COMPANIES										
RCS Mediagroup S.p.A. - Milan	24,694,918	18,299	4.7	4.7	-	3,630	24,694,918	21,929	4.7	4.7
Total other Italian listed companies		18,299				3,630		21,929		
Total other listed companies		18,299				3,630		21,929		

	12/31/2023				Changes		12/31/2024			
	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct	Number of shares	(€/thousand)	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct
ITALIAN UNLISTED COMPANIES										
Aree Urbane S.r.l. (in liquidazione) - Milan	1 share	-	0.3	0.3	-	-	1 share	-	0.3	0.3
C.I.R.A. - Centro Italiano di Ricerche Aerospaziali S.c.p.A. - Capua (CE)	30	-	0.1	0.1	-	-	30	-	0.1	0.1
Alitalia Compagnia Aerea Italiana S.p.A. - Rome	1,162,098,622	-	1.4	1.4	-	-	1,162,098,622	-	1.4	1.4
CEFRIEL - Società Consortile a Responsabilità limitata	1 share	-	4.9	4.9	-	-	1 share	-	4.9	4.9
Consorzio DIXIT (in liquidazione) - Milan	1 share	-	14.3	14.3	-	-	1 share	-	14.3	14.3
MIP Politecnico di Milano - Graduate School of Business Società consortile per azioni	12,000	-	2.9	2.9	-	-	12,000	-	2.9	2.9
Consorzio Milano Ricerche - Milan	1 share	-	9.0	9.0	-	-	1 share	-	9.0	9.0
Societa' Generale per la Progettazione Consulenze e Partecipazioni (ex Italconsult) S.p.A. - Rome	1,100	-	3.7	3.7	-	-	1,100	-	3.7	3.7
F.C. Internazionale Milano S.p.A. - Milan	55,805,625	-	0.4	0.4	-	-	55,805,625	-	0.4	0.4
Fin. Priv. S.r.l. - Milan	1 share	23,416	14.3	14.3	-	5,881	1 share	29,297	14.3	14.3
Istituto Europeo di Oncologia S.r.l. - Milan	1 share	8,357	6.1	6.1	-	223	1 share	8,580	6.1	6.1
Nomisma - Società di Studi Economici S.p.A. - Bologna	959,429	394	3.3	3.3	-	64	959,429	458	3.3	3.3
Tiglio I S.r.l. - Milan	1 share	1	0.6	0.6	-	(0)	1 share	1	0.6	0.6
Genextra S.p.A.	592,450	258	0.6	0.6	-	25	592,450	283	0.6	0.6
Total other Italian unlisted companies		32,426				6,193		38,619		

MOVEMENTS OF OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME FROM 12/31/2023 TO 12/31/2024

	12/31/2023				Changes		12/31/2024			
	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct	Number of shares	(€/thousand)	Number of shares	Carrying amount (€/thousand)	% of total investments	of which direct
FOREIGN COMPANIES										
Libia										
Libyan-Italian Joint Company - ordinary shares B	300	-	1.0	1.0	-	-	300	-	1.0	1.0
Total other foreign companies		-				-		-		
OTHER PORTFOLIO SECURITIES										
Fondo Comune di Investimento Immobiliare - Anastasia	53 shares	24	-	-	-	(24)	53 shares	-	-	-
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS		24				(24)		-		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME		50,749				9,799		60,548		

LIST OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (PURSUANT TO ART. 2427 OF THE CIVIL CODE)

(in thousand of euro)	Legal address	Carrying amount	Share %	Share capital	Attributable equity	Attributable net income (loss)
INVESTMENTS IN SUBSIDIARIES - ITALY						
Pirelli Servizi Amministrazioni e Tesoreria S.p.A.	Milan	3,238	100%	2,047	3,347	340
Maristel S.p.A.	Milan	1,315	100%	50	3,331	35
Pirelli Sistemi Informativi S.r.l.	Milan	1,655	100%	1,010	3,788	1,404
Pirelli Tyre S.p.A.	Milan	4,528,245	100%	558,154	1,784,800	262,621
HB Servizi S.r.l	Milan	230	100%	10	584	5
Pirelli International Treasury S.p.A.	Milan	75,000	30%	125,000	83,376	7,608
Total investments in subsidiaries - Italy		**4,609,683**				
INVESTMENTS IN FOREIGN SUBSIDIARIES						
Switzerland						
Pirelli Group Reinsurance Company S.A.	Lugano	6,346	100%	3,187	14,556	2,762
Brasil						
Pirelli Ltda	Sao Paulo	5,920	100%	2,175	(6,571)	(373)
UK						
Pirelli UK Ltd.	London	-	100%	197,775	(49,414)	1,923
Total investments in foreign subsidiaries		**12,266**				
Total investments in subsidiaries		**4,621,949**				
INVESTMENTS IN ASSOCIATES - ITALY						
Consortium for the Research into Advanced Materials (CORIMAV)	Milan	104	100%	104	104	-
Eurostazioni S.p.A. *	Rome	39	33%	16,000	8,048	1,657
Total investments in associates - Italy		**143**				
Total investments in associates		**143**				

*balance sheet at November 30, 2024

Report of the Board of Statutory Auditors to the Shareholders' Meeting

pursuant to article 153 of the TUF and article 2429(2) of the Italian Civil Code

Dear Shareholders,

The Board of Statutory Auditors of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Company**") which, pursuant to Legislative Decree no. 39 of 27 January 2010, also acts as the "Internal Control and Audit Committee", pursuant to Article 153 of Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented, ("**TUF**") and the applicable provisions of the Italian Civil Code ("**Italian Civil Code**"), as well as the applicable reference legislation, presents this report ("**Report**") to the Shareholders' Meeting convened to approve the financial statements of the Company for the year ending 31 December 2024 ("**Financial Statements**"), to document the supervisory activities carried out during the financial year and any omissions and misconduct it might have detected.

This Report has been drawn up in compliance with the indications provided by Consob in Communication DEM/1025564 of 6 April 2001, as amended and supplemented by Communications DEM/3021582 of 4 April 2003 and DEM/6031329 of 7 April 2006.

In FY 2024, the Board of Statutory Auditors carried out its supervisory activities as required by current legislation, taking into account the provisions of European Regulation 537/2014, the rules of conduct for the boards of statutory auditors of listed companies, as recommended in the document issued by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (the Italian national association of chartered accountants and auditors) last updated in December 2024 ("**Rules of Conduct**"), the Consob provisions on company controls and the activities of the Boards of Statutory Auditors and the indications contained in the Corporate Governance Code for listed companies approved by the Corporate Governance Committee of Borsa Italiana S.p.A. in January 2020 , to which Pirelli has adhered ("**Corporate Governance Code**"), as well as the most recent recommendations of the Italian Corporate Governance Committee. In addition, the Board of Statutory Auditors supervised, during its respective mandates, compliance with the provisions established by Legislative Decree No. 254 of 30 December 2016 with reference to the Non-Financial Disclosure ("**NFD**"), as well as compliance with the new obligations relating to the preparation of the consolidated sustainability reporting pursuant to Legislative Decree No. 125 of 6 September 2024, which, inter alia, repealed the obligation to prepare the NFD.

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The Board of Statutory Auditors in office at the date of the Report - appointed by the Shareholders' Meeting of 28 May 2024 for the financial years 2024-2026 (and therefore expiring with the approval by Pirelli's Shareholders' Meeting of the financial statements for the year ending 31 December 2026) - is composed of the Standing Auditors Riccardo Foglia Taverna ("**Chairman**"), Francesca Meneghel, Teresa Naddeo, Maura Campra and Riccardo Perotta, and the Alternate Auditors Franca Brusco, Roberta Pirola and Enrico Holzmiller.

Up to the date of the Shareholders' Meeting approving the financial statements for FY 2023, held on 28 May 2024, the Board of Statutory Auditors was composed of the Standing Auditors Riccardo Foglia Taverna (Chairman), Francesca Meneghel, Teresa Naddeo, Antonella Carù, Alberto Villani and the Alternate Auditors Marco Taglioretti, Franca Brusco and Maria Sardelli.

All the information provided in this Report, taking into account the activities carried out by the control body in office until 28 May 2024 and of which the current Board of Statutory Auditors has been duly informed, should be understood to refer to the work of the control body throughout the entire financial year.

Pursuant to both Article 148, paragraph 3, of the TUF and the provisions of the Corporate Governance Code, also taking into account the "Diversity and Independence Statement" and the "Independence Criteria" adopted by the Board of Directors, the Board of Statutory Auditors in its current composition, following its appointment and subsequent taking of office on 27 June 2024, successfully verified the existence of the independence requirements of its members declared at the time of their appointment. On 18 March 2025, it repeated the assessment made on 27 June 2024, confirming that all its members continue to meet the independence requirements provided for by law and by the Corporate Governance Code, also taking into account the corporate procedures mentioned above.

The Board of Directors in office as at the date of the Report consists of 15 Directors, 13 of whom qualify as non-executive and, among the latter, 9 of whom are deemed to meet the independence requirements set forth by the Corporate Governance Code and the TUF; the number of independent directors is deemed adequate with respect to the overall composition of the Board of Directors.

SUPERVISION OF COMPLIANCE WITH LAW AND BYLAWS AND COMPLIANCE WITH THE PRINCIPLES OF PROPER ADMINISTRATION

The entire Board of Statutory Auditors participates - in addition to Board meetings - in the activities of the Audit, Risks and Corporate Governance Committee, the Remuneration Committee and the Related-Party Transactions Committee ("**RPT Committee**"); the Chairman of the Board of Statutory Auditors is also invited to attend meetings of the Appointments and Succession Committee, the Strategies Committee and the Sustainability Committee. The Board of Statutory Auditors also attends the Shareholders' Meeting.

During FY 2024, the Board of Statutory Auditors held a total of 17 meetings[1] (of which the minutes containing the supervisory activities performed were drawn up) and attended nine meetings of the Board of Directors, two Shareholders' Meetings and meetings of the board committees, including in its capacity as the Internal Control and Audit Committee, pursuant to Article 19 of Legislative Decree 39/2010 as most recently amended by Legislative Decree No. 125 of 6 September 2024. Specifically, the members of the Board of Statutory Auditors attended six meetings of the Audit, Risks and Corporate Governance Committee, two meetings of the Remuneration Committee and five meetings of the RPT Committee. The Chairman also attended one meeting of the Strategies Committee.

In the Report on the Corporate Governance and Share Ownership for FY 2024 (**"2024 Corporate Governance Report"),** evidence is provided of the attendance of the members of the Board of Statutory Auditors at the meetings of the corporate bodies and board committees.

[1] It should be noted that the Board of Statutory Auditors in office at the date of the Report met six times during the financial year 2024.

Participation in the meetings of all corporate bodies and board committees, including through the Chairman, allowed for a constant exchange of information with the aforesaid bodies and the relevant corporate functions (administrative, audit, compliance and risk control and management) as well as with the Supervisory Body established pursuant to Legislative Decree No. 231 of 8 June 2001. During its periodic meetings, the Board of Statutory Auditors received constant updates from the company entrusted with the legal audit of the accounts and had the opportunity to meet with the members of the Boards of Statutory Auditors of the main subsidiaries, from whom it received information on their performance.

In general, the Board of Statutory Auditors monitored compliance with the law and the Bylaws, learning about and monitoring, to the extent of its responsibilities, the adequacy of the Company's organisational structure and its actual functioning, compliance with the principles of proper administration and the adequacy of the instructions issued by the Company to its subsidiaries, pursuant to Article 114(2) of the TUF.

It should be noted that the Board of Statutory Auditors acknowledged that, on 12 December 2024, the Shareholders' Meeting approved (i) at the extraordinary session, the proposal to amend the Pirelli Bylaws and (ii) at the ordinary session, the proposal to amend the Shareholders' Meeting Regulation adopted by the Company, to adapt its content to the new text of the Bylaws.

The Board of Statutory Auditors verified the correctness of the procedure for amending the Bylaws and the Shareholders' Meetings Regulation, noting that as most recently updated, they comply with applicable legal provisions.

The Board of Statutory Auditors also supervised the fulfilment of the requirements related to the "Market Abuse" and "Protection of Savings" regulations on corporate disclosure and "internal dealing", with particular regard to compliance with the handling of inside information and the procedure for the dissemination of statements and information to the public ("**MAR Procedure**"). In this regard, it should be noted that on 7 November 2024, the Board of Directors updated the MAR Procedure in order to align the content with the amendments made by the coming into force of Law no. 21 of 5 March 2024 ("**Capital Law**"). The Board of Statutory Auditors approved the amendments made by the Company, verifying that the MAR Procedure, as updated, complies with the applicable Italian and European regulations.

For the sake of completeness, the Board of Statutory Auditors attended the induction meeting organised by the Company for the members of the Audit, Risks and Corporate Governance Committee concerning, inter alia, (i) an in-depth examination of the possibility of incorporating certain innovations introduced by the Capital Law in the Company Bylaws and in the MAR Procedure as well as (ii) the appropriateness of introducing into the Bylaws a new figure, other than the Manager responsible for the preparation of the corporate financial documents, who, if appointed, could certify the compliance of sustainability reporting with the provisions of Legislative Decree 125/2024.

It should be noted that the Board of Statutory Auditors, together with the Company management, submitted a question to the Supervisory Authority to assess that the issuance of the Golden Power Prime Ministerial Decree had entailed the loss of control of MPI Italy (and, as a result, that of

Sinochem) over Pirelli, pursuant to both Article 93 of the TUF and IFRS No. 10, in order to allow Pirelli to properly comply with the applicable rules on financial, accounting and corporate information.

Following this Question, the Supervisory Authority opened an administrative proceeding that ended with the decision of 31 July 2024.

The Board of Statutory Auditors was promptly informed by the Company about the requests for information, data and documents sent by Consob, pursuant to Article 115 of the TUF, during FY 2024, all relating to the question submitted by the Board of Statutory Auditors together with Pirelli's management as to whether Marco Polo International Italy S.r.l. still controls (or not) Pirelli, finding that the requests received were promptly answered within the terms provided for and/or agreed.

It should also be noted that the Board of Statutory Auditors acknowledged that, on 25 June 2024, as part of the Euro Medium Term Notes (EMTN) programme, Pirelli successfully placed a sustainability-linked bond with international institutional investors, for a total nominal amount of 600 million euros, based on Pirelli's sustainability targets consistent with the medium/long-term targets validated by the Science Based Targets initiative.

The Board of Statutory Auditors has been constantly informed and updated about the current and foreseeable effects, direct and indirect, in both qualitative and quantitative terms, of the Russia-Ukraine crisis on business activities, exposure to affected markets, supply chains, the financial situation and economic results reported in the Directors' report on operations, the Financial Statements and Consolidated Financial Statements of Pirelli ("**Consolidated Financial Statements**" and, together with the Financial Statements, "**Financial Statements**"); the Board of Statutory Auditors obtained information on the effects of the aforementioned crisis on the group headed by Pirelli ("**Pirelli Group**" or "**Group**") also taking into account the restrictive measures adopted in this regard by the EU. The Board of Statutory Auditors acknowledges that it has supervised and verified that the Company has put in place (taking into account the indications of the Compliance & Rules department) the functional safeguards to ensure compliance with the restrictive measures, as required by Consob's Call for Attention 3/22 of 19 May 2022.

As part of this supervisory activity, the Board of Statutory Auditors received information from the Directors at least once every quarter, according to the provisions of the "Procedure for information flows to the Directors and Statutory Auditors" adopted by the Company, concerning the activities carried out and the most significant transactions in terms of strategy, economics, finance and equity carried out by the Company and its subsidiaries. The Board of Statutory Auditors can reasonably regard the information flow established as adequate for its purposes and guarantee that the transactions approved and implemented comply with the law and the Bylaws and are not manifestly imprudent, reckless or in conflict of interest, or in violation of the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the company's assets.

GOLDEN POWER PROVISION

It should be recalled that pursuant to the measure communicated to the Company on 16 June 2023 whereby the Council of Ministers exercised special powers as per Decree law no. 21 of 15 March

2012 (the "**Golden Power Prime Ministerial Decree**"), Pirelli is required to send the Ministry of Enterprises and Made in Italy ("**MIMIT**"), as the competent administration, within thirty days of approval of the annual financial statements, starting from those related to 2023, a report drafted by the Board of Statutory Auditors, communicating the measures adopted in compliance with the decisions taken with the Golden Power Prime Ministerial Decree and any other relevant corporate or business measure in relation to the same ("**Monitoring Report**"). In compliance with the requirements of the Golden Power Prime Ministerial Decree, the Board of Statutory Auditors drew up the aforementioned Monitoring Report, which was sent on time.

Following the Monitoring Report, on 31 October 2024 the Presidency of the Council of Ministers decided to initiate an administrative proceeding for the possible infringement by CNRC of the requirements contained in the Golden Power Prime Ministerial Decree. In particular, the proceedings concern the potential violation of the provision to guarantee the absence of any organisational-functional connections between Pirelli, on the one hand, and CNRC, on the other.

SUPERVISORY ACTIVITIES ON THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Board of Statutory Auditors has assessed the Company's organisational structure as being adequate for the nature, needs and size of the same, as well as being suitable to ensure compliance with the principles of proper administration and the pursuit of the corporate purpose, and in accordance with the provisions of the Golden Power Prime Ministerial Decree.

The Board of Statutory Auditors also acknowledged that the Board of Directors has periodically considered that, pursuant to the combined provisions of Articles 2380-bis, paragraph 1, and 2381, paragraph 5, of the Italian Civil Code, as well as the provisions of Article 2086, paragraph 2, of the Italian Civil Code, the organisational, administrative and accounting structure of the Company and the Group is appropriate to the nature and size of the business.

The 2024 Corporate Governance Report describes in detail the types of powers conferred on the Executive Vice Chairman and Chief Executive Officer and indicates the matters reserved to the competence of the Board of Directors of Pirelli.

The Board of Statutory Auditors also took note of the information provided by the Manager responsible for the preparation of the corporate financial documents, Fabio Bocchio, (the "**Manager Responsible**") who, most recently, when the draft financial statements were being approved, on 28 April 2025 confirmed the adequacy and appropriateness of the powers and resources conferred on him by the Board of Directors, and also confirmed that he had been given direct access to all the information necessary to produce accounting and sustainability data, without needing to obtain any authorisation. The Board of Statutory Auditors also acknowledged that the Manager Responsible had reported that he had participated in the development of internal flows of information for accounting and sustainability purposes and had approved all corporate procedures which impacted the Company's profitability, financial position and/or assets and liabilities. Lastly, the Board of Statutory Auditors acknowledged the correct use of accounting standards and their uniformity for the purpose of preparing the consolidated financial statements.

SUPERVISORY ACTIVITIES ON THE ADEQUACY AND FUNCTIONING OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Statutory Auditors, in collaboration with the Audit, Risks and Corporate Governance Committee, met with the Head of Internal Audit once every quarter. At those meetings, information was provided on the results of the audits designed to ascertain the adequacy and operational effectiveness of the internal control system, compliance with the laws and the business procedures and processes, as well as on the implementation of the related improvement plans. The Board of Statutory Auditors confirmed the effectiveness and adequacy of the internal control system and also received the audit plan for the financial year and the related final results, as well as the risk analysis and the report on activities aimed at preventing and managing cyber risks, expressing a favourable opinion to the Board of Directors on their approval, where requested. For the sake of completeness, it should be noted that the Board of Statutory Auditors took note of the audit plan for the financial year 2025, which it assessed positively. During the meetings, the Board of Statutory Auditors was also periodically updated on the application within the Pirelli Group of the so-called Whistleblowing procedure, being able to verify - also pursuant to the provisions of Legislative Decree No. 24 of 10 March 2023 - that the Company has set up a dedicated whistleblowing channel whose management is entrusted to the Internal Audit department[2]. In addition, the Board of Statutory Auditors was able to verify that the Company has also established a dedicated channel for reporting at the Group level, the management of which is entrusted to Pirelli's Internal Audit department.

In order to facilitate and streamline interactive analysis on issues of common interest, the Board of Statutory Auditors met periodically - at joint meetings - with the Audit, Risks and Corporate Governance Committee and the Supervisory Body, receiving from the latter, on a half-yearly basis, their respective reports on the activities performed.

The Board of Statutory Auditors confirmed that at present there is no need for measures to guarantee the effectiveness and impartiality of the corporate departments involved in the internal control and risk management system and, specifically, other than the Internal Audit department (mentioned above), the Compliance and Rules, Tax Risk Officer, Enterprise Risk Management and Information Security departments.

The Board of Statutory Auditors, as part of its supervisory activities, acknowledged and shared the annual report on the governance of tax risk and the activities carried out within the tax control framework ("**TCF**") established in accordance with the cooperative compliance regime pursuant to Legislative Decree No. 128 of 5 August 2015 during FY 2024, demonstrating that the TCF is effective and has no significant deficiencies.

The Board of Statutory Auditors assessed the updates received on the activities carried out by the Information Security office following the launch of the so-called transformation program in this area and the initiatives undertaken to manage any cyber security risks.

The Board of Statutory Auditors received the annual report from the Company's Data Protection

[2] Any reports relating to the Internal Audit department are managed by an autonomous person and/or department, independent of said department.

Officer which showed the Company is fully compliant with privacy legislation.

The Board of Statutory Auditors received from the Supervisory Body, of which Standing Auditor Ms Maura Campra[3] is also a member, information on the results of the control activities of said body, from which no anomalies or misconduct emerged. In particular, the Board of Statutory Auditors examined the half-yearly reports issued by the Supervisory Body in relation to compliance with the Code of Ethics and the Organisation and Control Model pursuant to Legislative Decree 231/2001 ("**Model 231**") and its implementation, as well as in relation to the activities performed by the Body on the reports received pursuant to the Whistleblowing procedure.

The controls specified in Law no. 262 of 28 December 2005 for the financial statements highlighted that the administrative-accounting procedures had been applied correctly. The controls defined with reference to consolidated sustainability reporting showed that the procedures on sustainability data relevant to Legislative Decree 125/2024 were correctly applied.

The Board of Statutory Auditors therefore assessed the internal control and risk management system as adequate in its entirety, and states that there are no findings to be submitted to the Shareholders' Meeting.

SUPERVISORY ACTIVITIES ON THE ADEQUACY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM AND ON THE STATUTORY AUDITING OF ACCOUNTS AND SUPERVISORY ACTIVITIES PURSUANT TO LEGISLATIVE DECREE NO. 39/2010 "EXTERNAL AUDITORS"

The Board of Statutory Auditors, with the Audit, Risks and Corporate Governance Committee, in compliance with EU Regulation 537/2014 and Legislative Decree 39/2010 as subsequently amended and supplemented, supervised the following aspects:

- administrative and accounting system and financial reporting process;
- the effectiveness of the internal control, internal audit and risk management systems;
- the external audit of the annual and consolidated accounts;
- the independence of the external auditor, in particular with regard to the provision of non-auditing services;
- the results of the external audit with specific reference to the additional report pursuant to article 11 of EU Regulation 537/2014.

The firm appointed to undertake the external audit of the accounts of the Company is PricewaterhouseCoopers S.p.A. ("**PWC**"). The appointment as external auditor of the accounts was

[3] On 1 August 2024, the Board of Directors resolved to appoint Ms Maura Campra, in her capacity as a member of the Board of Statutory Auditors (appointed by the Shareholders' Meeting of 28 May 2024), to the Supervisory Board, replacing Ms Antonella Carù, who ceased to be a member of the Board of Statutory Auditors following the completion of her term of office.

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made by the Shareholders' Meeting, on the reasoned proposal of the control body, in its meeting on 1 August 2017, for the nine year period 2017-2025, pursuant to the applicable provisions for listed companies (the appointment was effective from 4 October 2017, the date Pirelli's shares were admitted to trading). PWC was also appointed as external auditor of the accounts of the principal Pirelli Group companies in Italy and abroad. The PWC appointment is therefore scheduled to expire with the approval of the financial statements for FY 2025.

The Shareholders' Meeting of 28 May 2024 appointed KPMG S.p.A. ("**KPMG**") as the auditing firm for the nine-year period 2026-2034. The appointment was brought forward by two financial years, in order to ensure a smooth takeover between PWC and the new external auditor, taking into account the size and complexity of the Group, and considering the so-called "cooling-in" period provided for by EU Regulation 537/2014, in compliance with national best practices. The Board of Statutory Auditors monitored KPMG's selection process for the period 2026-2034 and noted that the Company has implemented all the necessary safeguards to ensure compliance with the "cooling-in" period as of 1 January 2025.

The Board of Statutory Auditors, acting as the Internal control and Audit Committee monitored the adequacy of the administrative and accounting structure, the financial reporting process and the independence of PWC.

The Board of Statutory Auditors met PWC at least every quarter, pursuant to Article 150, paragraph 3 of the TUF and article 19, paragraph 1 of legislative decree 39/2010 as most recently amended by Legislative Decree No. 125 of 6 September 2024. No fundamental issues or significant shortcomings in the internal control system related to the financial reporting process arose in these meetings.

It should be noted that PWC illustrated the audit plan of the Financial Statements and the Consolidated Financial Statements as at 31 December 2024 to the Board of Statutory Auditors, which expressed its positive opinion.

The Board of Statutory Auditors noted that PWC:

- issued its report pursuant to article 14 of legislative decree 39/2010 and article 10 of Regulation EU 537/201 on 29 April 2025. This containing its unqualified opinion stating that the separate and consolidated financial statements provide a truthful and accurate representation of the equity and financial position of Pirelli and of the group as at 31 December 2024, and of the economic results and cash flow for the financial year that closed on that date, in compliance with applicable accounting standards, and provided evidence of key aspects of their audit;
- issued a coherence opinion indicating that the Report on Operations accompanying the Financial Statements as at 31 December 2024, and some specific information contained in the 2024 Corporate Governance Report, as laid down in article 123-*bis*, paragraph 4, of the TUF have been drafted in compliance with current legislation;
- as regards possible significant errors in the report on operations, stated that, based on the knowledge and understanding of the company and its market that it had acquired in the course

of the audit activities, it had no matters to raise;

- confirmed the Company's statement regarding the fact that no other assignments have been given to persons or entities with on-going relationships with the external auditor itself;
- issued a judgement on compliance with the provisions of Delegated Regulation (EU) 815/2019, which shows that the Financial Statements were prepared in XHTML format and that the Consolidated Financial Statements were tagged in compliance with the provisions of the Delegated Regulation;
- on 29 April 2025, provided the Board of Statutory Auditors with the additional report referred to in article 11 of Regulation EU 537/2014, indicating that there were no significant shortcomings in the internal control system in relation to the financial reporting process that needed to be brought to the attention of persons responsible for "governance" activities ("**Report pursuant to art. 11**");
- on 29 April 2025, issued the report pursuant to Article 14-bis of Legislative Decree 39/2010, relating to the limited examination of Pirelli Group's consolidated sustainability reporting as at 31 December 2024, reporting that, based on the activities carried out, no matters had come to their attention that would suggest that Pirelli Group's consolidated sustainability reporting for the year ended 31 December 2024 had not been prepared, in all significant aspects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, "**ESRS**") and that the information contained in the disclosure section pursuant to Art. 8 of Regulation (EU) 2020/852 (Taxonomy) of the consolidated sustainability reporting had not been prepared, in all significant aspects, in accordance with Article 8 of EU Regulation 2020/852.

  In the paragraph "Other aspects - Comparative information", it reported that the comparative information pursuant to Article 8 of the EU Regulation 2020/852 referring to the financial year ending 31 December 2023 had not been audited.

  The section "Inherent Limitations in the Preparation of Consolidated Sustainability Reporting" states that, for the purpose of reporting prospective information in accordance with ESRS, Directors are required to prepare this information on the basis of assumptions, described in the consolidated sustainability reporting, regarding events that may occur in the future and possible future actions by the Company. Given the uncertainty associated with the realisation of any future event, both in terms of the event actually occurring and the extent and timing of its occurrence, deviations between actual values and prospective information could be significant. The disclosures provided by the entity regarding Scope 3 emissions are subject to greater inherent limitations than Scope 1 and Scope 2 emissions, due to the limited availability and relative accuracy of the information used to define Scope 3 emissions information, both quantitative and qualitative, related to the value chain;
- annexed to the additional report, PWC provided the Board of Statutory Auditors, pursuant to article 6 of regulation EU 537/2014, with a statement from which no situations emerge that

could compromise the independence of the external auditor (for more details concerning the provision of non-auditing services, see the paragraph entitled "supervising the independence of the external auditor, in particular with regard to the provision of non-auditing services" in this report).

The Board of Statutory Auditors also took note of the transparency report drafted by PWC and published on its web site, pursuant to article 18 of legislative decree 39/2010.

The texts of the aforementioned reports – drafted in accordance with the applicable legal provisions – do not contain any elements to bring to the attention of the Shareholders' Meeting.

The Board of Statutory Auditors also considered that no "significant shortcomings" in the internal control system for the financial reporting process emerged in the letter of recommendations to the management drafted by PWC.

SUPERVISING THE INDEPENDENCE OF THE EXTERNAL AUDITOR, IN PARTICULAR WITH REGARD TO THE PROVISION OF NON-AUDITING SERVICES

The Board of Statutory Auditors monitored the independence of the external auditing firm and, specifically, received periodic evidence of the non-auditing assignments granted to PWC and the companies in its network, including by virtue of specific regulatory provisions.

With regard to the independence of the external auditor an operating procedure applicable to all Group companies has been issued, most recently amended in October 2023 ("**Operating Procedure**") which, in accordance with the provisions of Legislative Decree no. 39/2010, forbids all Pirelli Group companies from assigning tasks other than the external audit of the accounts to companies that are members of the network of the appointed external auditor without the prior express authorisation of the Board of Statutory Auditors, which, with the help of the relevant corporate structures, has the responsibility of checking that the proposed assignment is not listed as prohibited under article 5 of EU Regulation no. 537/2014, and that in any event, given its characteristics (considering the payment planned, the nature of the service and the reasons for the assignment), said assignment complies with the principles of independence of the external auditor and has no impact on the independence of the same.

In a letter dated 29 April 2025, PWC confirmed its independence pursuant to art. 6, paragraph 2) of Regulation UE 537/2014 and paragraph 17, letter a) of International Audit Standard (IAS) 260.

During the 2024 financial year, PWC and the companies belonging to its network carried out the activities summarised below for the Group. These activities were the object of assignments approved by the Board of Statutory Auditors where they do not relate to tasks assigned before the Company was listed:

(in migliaia di euro)	**Soggetto che ha erogato il servizio**	**Destinatario**	**Onorari parziali**	**Onorari totali**	
Servizi di revisione	PricewaterhouseCoopers S.p.A.	Pirelli & C. S.p.A.	92		
	PricewaterhouseCoopers S.p.A.	Società Controllate	1.471		
	Network PricewaterhouseCoopers	Società Controllate	1.678	**3.241**	*79%*
Servizi di attestazione (1)	PricewaterhouseCoopers S.p.A.	Pirelli & C. S.p.A.	513		
	PricewaterhouseCoopers S.p.A.	Società Controllate	118		
	Network PricewaterhouseCoopers	Società Controllate	33	**664**	*16%*
Servizi diversi dalla revisione	PricewaterhouseCoopers S.p.A.	Società Controllate	74		
	Network PricewaterhouseCoopers	Pirelli & C. S.p.A.	125		
	Network PricewaterhouseCoopers	Società Controllate	13	**212**	*5%*
				4.117	*100%*

(1) nella voce "Servizi di attestazione" sono indicate le somme corrisposte per altri servizi che prevedono l'emissione di una relazione di revisione nonché le somme corrisposte per gli incarichi di cd. servizi di attestazione in quanto sinergici con l'attività di revisione legale dei conti.

The Board of Statutory Auditors considers the fees mentioned above to be adequate to the size, complexity and characteristics of the work carried out, and also considers that the non-audit assignments (and their fees) are not such as to have an impact on the independence of the external auditor.

It should be noted that, pursuant to Regulation (EU) no. 537/2014, the Board of Statutory Auditors, as the Internal Control and Audit Committee, is required to monitor the assignments other than auditing attributed to the External Auditor appointed in order to comply with the limit of 70% of the average fees paid in the last three financial years for the external audit. The Operating Procedure regulates a specific procedure to enable compliance with the above-mentioned rule.

The Board of Statutory Auditors, therefore, notes:

- that it assessed the adequacy of this procedure which is adequate to allow the Board of Statutory Auditors to understand the reasons for the proposal to assign a service other than an external audit and to possess all the data required to carry out the assessments;
- that it shared with PWC the methodological system used for the calculation and periodic update of the aforementioned fee cap and payments made to the external auditor for non-audit tasks carried out, and that said methodological system is deemed adequate for the purpose of monitoring compliance with the independence requirements of the external auditor itself, and
- that the remuneration received by PWC during 2024 for services other than external auditing do not exceed 70% of the average remuneration for the external audit carried out at Pirelli and received in the three-year period 2021-2023.

CONSIDERATIONS ON THE DRAFT 2024 FINANCIAL STATEMENTS AND SUPERVISORY ACTIVITIES ON THE FINANCIAL REPORTING PROCESS

The Board of Statutory Auditors, having verified that there are adequate rules and processes governing the "formulation" and "dissemination" of financial information, considers that the financial reporting information process is adequate, and believes that there are no issues to raise with the

Shareholders' Meeting in this regard.

In addition to the annual and half-yearly reports, the Company voluntarily publishes the additional periodic financial information, in compliance with article 82-ter (so-called interim financial reports) provided for by the regulation approved by Consob in resolution 11971 of 14 May 1999 as subsequently amended and supplemented, for the periods ending 31 March and 30 September each year. The Board of Statutory Auditors verified that the aforementioned documents are duly made available to the public within the legal term.

In relation to the single electronic reporting format for annual financial reports (so-called ESEF), in line with the provisions of Directive 2013/50/EU, amending Directive 2004/109/EC, and EU Delegated Regulation 2019/815, the annual report as at 31 December 2024 ("**Annual Report**") [4] has been prepared in accordance with the XHTML format (European Single Electronic Format - ESEF). Therefore, the items of the consolidated financial statements and the notes to the consolidated financial statements have been tagged in accordance with the taxonomy provided by Delegated Regulation (EU) 2019/815. The Company has used the ESEF XBRL 2022 taxonomy as a reference taxonomy for this Annual Report, which are therefore to be considered ESEF compliant.

The Board of Statutory Auditors specifically checked that: (i) the data and information contained in the Annual Report of Pirelli are coded based on the provisions of the ESEF XBRL 2022 taxonomy in force and that (ii) the Directors, based on the assessments carried out on compliance or non-compliance of the Annual Report with Delegated Regulation (EU) 2019/815, implementing the delegation contained in Directive 2004/109/CE, as amended by Directive 2013/50/EU, and with the provisions of article 2423 of the Civil Code, have made the declarations required by law.

It should be noted that Pirelli's Financial Statements have been drawn up based on the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, in force on 31 December 2024 and in accordance with the instructions issued in implementation of article 9 of legislative decree 38/2005. The Financial Statements also include the notice required by law 124/2017 (art. 1, subsections 125-129).

The principal risks and uncertainties are summarised in the Directors' report on operations, and there is a section on the outlook for the coming year.

The Financial Statements are composed of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes.

The Financial Statements are accompanied by (i) the Directors' Report on Operations, which includes the consolidated sustainability reporting prepared pursuant to Legislative Decree no. 125/2024 prepared by the Company in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and the

[4] Annual Report is understood to mean a document including the Directors' Report on Operations which includes the consolidated sustainability reporting, the Report on the Corporate governance and share ownership, the Report on the remuneration policy and the compensation paid, the Consolidated Financial Statements, the Financial Statements, Resolutions and Certifications.

legislative decree adopted in implementation of Article 13 of Law no. 15 of 21 February 2024 and with the specifications adopted pursuant to Article 8, paragraph 4 of EU Regulation 2020/852 of the European Parliament and of the Council, of 18 June (European Taxonomy Regulation), (ii) by the 2024 Corporate Governance Report, prepared pursuant to Article 123-bis of the TUF and (iii) by the certification of the Chief Executive Officer and the Manager Responsible made pursuant to Article 154-bis, paragraphs 5, 5-bis and 5-ter of the TUF.

The third-party certification required by applicable regulations is provided at the end of the Annual Report. It should be noted that the assurance activities of PWC related to the consolidated sustainability reporting entail verification of the preparation and publication of the information required by EU Regulation 2020/852, in compliance with the instructions given by Assirevi to auditing firms through Research Document No. 243 of February 2022, entitled “External Auditor's activities on disclosure pursuant to Article 8 of Regulation 2020/852 - Taxonomy Regulation”. The Annual Report also include the Report on the remuneration policy and the compensation paid, comprising the 2025 remuneration policy (“**2025 Policy**”) and the report on compensation paid in 2024.

The Board of Statutory Auditors examined the specific certification of the Chief Executive Officer and the Manager Responsible rendered, with reference to both the Financial statements and the Consolidated Financial Statements, in accordance with the provisions of Article 154-bis, paragraph 5 of the TUF, according to the model established by Consob, finding no aspects worth note.

Pirelli’s Consolidated Financial Statements for FY 2024 present the following summary data:

Revenues	€ 6,773.3 million
Operating income (EBIT)	€ 903.0 million
Adjusted EBIT	€ 1,060.5 million
Consolidated net profit	€ 501.1 million

Net financial position was equivalent to 1,925.8 million euros, compared to 2,261.7 million euros at 31 December 2023.

Parent company Pirelli closed the financial year with positive net income to the amount of 302.0 million euros (242.9 million euros in 2023).

The most significant events that occurred during the financial year, as well as those that occurred after its closure, are detailed in the Directors’ report on operations and in the Notes to the Financial Statements, to which reference should be made.

UNUSUAL AND/OR EXCEPTIONAL TRANSACTIONS

We are unaware of any atypical and/or unusual transactions during the year, as defined by Consob in Decision DEM/6064293 of 28 July 2006.

INTRAGROUP OR RELATED PARTY TRANSACTIONS

Pursuant to Article 2391-bis of the Italian Civil Code and Consob Resolution 17221 of 12 March 2010 containing provisions on related-party transactions, as subsequently updated and amended ("**Consob RPT Regulation**"), the Company has adopted a specific "Related-Party Transactions Procedure" ("**RPT Procedure**").

On 9 May 2024, the Company's Board of Directors - with the unanimous opinion of the RPT Committee, which resolved with the presence of all its members - updated the RPT Procedure with interventions of a formal nature essentially referring to the changes to the Company's organisational structure that had occurred since the last revision of the RPT Procedure.

The Board of Statutory Auditors, in the context of its supervision of compliance of the RPT Procedure with the applicable regulations and its effective application, expressed - to the extent of its competence - a favourable opinion on the amendment of the RPT Procedure made within the scope of the periodic three-yearly review envisaged by said procedure.

The Board of Statutory Auditors, given the supervisory tasks required by the applicable regulations, monitored the correct application of the provisions of the RPT Procedure. Pursuant to article 4, paragraph 6, of the Consob RPT Regulation, it should be noted that the RPT Procedure adopted by the Company and currently in force ensures the transparency of the decision-making process and substantive and procedural fairness of related-party transactions, is coherent with the principles contained in said Regulation, and is published on the Company's website (www.pirelli.com).

Transactions with related parties mainly include transactions with subsidiaries relating to services (technical, organisational, general) provided by the head office; charging of royalties for use of the brand; and financial transactions. These transactions cannot be qualified as atypical or unusual, as they are part of the ordinary course of business of the Group companies and are carried out in the interest of the individual companies. These transactions, when not concluded at standard conditions or dictated by specific regulatory conditions, are in any case regulated at conditions in line with market conditions. Furthermore, they were carried out in compliance with the RPT Procedure.

The Board of Statutory Auditors attended the meetings of the RPT Committee during which the Committee expressed a favourable opinion of some related party transactions of "lesser significance", after having considered the interest of the Company in the completion of the transactions and the expediency and substantial correctness of their conditions. Regarding such transactions, the Board of Statutory Auditors has always expressed the view that they were in the interests of the Company.

The Board of Statutory Auditors received periodic communications from the Company regarding related-party transactions not examined by the RPT Committee, noting that they were of an ordinary nature (i.e. they were part of normal business operations or related financial activities) and/or concluded at market equivalent or standard terms and/or intragroup and were in the interest of the Company. The above-mentioned periodic communications also provide an update on the execution of related party transactions approved by the RPT Committee, including when carried out by Italian or foreign subsidiaries.

The economic and financial effects of the aforesaid transactions for the financial year 2024 are fully reflected in the Financial Statements and adequately disclosed in the notes to the Financial Statements.

On 9 May 2024, the Company's Board of Directors, after receiving the favourable opinion of the RPT Committee, approved the signing of agreements to revise certain terms of the technology and trademark licences in place between the Pirelli Group, Aeolus and PTG, aimed, inter alia, at reformulating the duration and amounts of the royalties due. The agreements are part of a broader negotiating context that also involve additional agreements with Aeolus and PTG, originally signed in the context of the segregation of the industrial business carried out by the Group between 2016 and 2017.

The Board of Statutory Auditors took note that, since the start of the negotiations and in continuity with the assessments carried out at the time of approving the remodulating of the licence agreements in 2019, the aforementioned transaction was treated, on a prudential and voluntary basis, as a transaction of greater significance pursuant to the RPT Procedure and the Consob RPT Regulation, and therefore, on 16 May 2024, the Company voluntarily disclosed an information document, prepared pursuant to Article 5 of the Consob RPT Regulation and the RPT Procedure.

The Board of Statutory Auditors monitored compliance with the RPT Procedure and the correctness of the process followed by the Board of Directors and the RPT Committee regarding the qualification of related parties and has nothing to report in this regard.

IMPAIRMENT TEST PROCEDURE

The Board of Statutory Auditors verified that on 26 February 2025, as provided for by the joint Banca d'Italia/Consob/ISVAP document of 3 March 2010, the Board of Directors, independently, and before approval of the draft financial statements as at 31 December 2024 - on 28 April 2025 - resolved that the impairment test procedure complied with the provisions of international accounting standard IAS 36, after discussing the same with the Audit, Risks and Corporate Governance Committee and the Board of Statutory Auditors.

The Company carried out an impairment test on the goodwill allocated to the group of Consumer Business cash generating units and to the Pirelli brand, also with the assistance of an independent expert.

Information on the assessment process conducted with the assistance of the aforesaid expert, and on its outcomes, is provided in the explanatory notes to the Financial Statements.

The Board of Auditors considers the procedure adopted by the Company to be consistent and adequate.

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With reference to the Financial Statements, the Board of Statutory Auditors confirms that Directors' report on operations complies with the current laws, reflecting the resolutions made by the administrative body and the results in the Financial Statements, and contains adequate information on operations during the year and on intra-group transactions. The section containing the report on transactions with related parties has been included in the explanatory notes to the Financial Statements, in compliance with the IFRS standards.

The explanatory notes comply with the current standards indicating the criteria used in determining the items of the Financial Statements and in the value adjustments, and that the Financial Statements have been drafted in accordance with the structure and frameworks imposed by the current standards. In application of Consob's provisions, the effects of relations with related parties on the Company's profitability, financial position, assets and liabilities and cash flows.

It should also be noted that the Directors' report on operations includes a paragraph containing a description of the principal features of the internal control and risk management system in relation to the financial reporting process, including the reporting of consolidated financial information.

SUPERVISION OF THE NON-FINANCIAL REPORTING PROCESS AND PREPARATION OF THE CONSOLIDATED SUSTAINABILITY REPORTING

It should be noted that Legislative Decree 125/2024, implementing the EU Directive No. 2464/2022 so-called "Corporate Sustainability Reporting Directive" ("**CSRD**") has changed the framework of the rules on corporate sustainability reporting, repealing the previous regulations dictated by Legislative Decree 254/2016 on NFD.

The Board of Statutory Auditors also considered that, prior to the coming into effect of Legislative decree 125/2024, no "significant shortcomings" in the internal control system for the non-financial reporting process emerged in the letter of recommendations to the management drafted by PWC on the NFD for FY 2023.

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The Board of Statutory Auditors has monitored compliance with the provisions contained in the decree with reference to consolidated sustainability reporting (**"Consolidated Sustainability Reporting"**), furthermore verifying, through regular meetings with the representatives of Pirelli and PWC, that there are adequate rules and processes governing the process of "formulating" and "disseminating" significant sustainability information pursuant to Legislative decree 125/2024, and considers that the sustainability reporting information process is adequate, with no issues to raise with the Shareholders' Meeting in this regard.

The Board of Statutory Auditors participated in the induction meeting organised by the Company for the benefit of the Audit, Risks and Corporate Governance Committee aimed, inter alia, at examining in depth the new sustainability reporting requirements introduced by Legislative Decree No. 125/2024 and the induction meeting on scenarios and regulatory developments in the field of sustainability, connected to impacts, risks and opportunities (IROs) identified as significant for Pirelli, and their connection with the objectives envisaged in the current Industrial Plan Update.

The company appointed to perform external certification of the compliance of the consolidated sustainability reporting prepared by Pirelli, in the form of limited assurance, is its external auditor, PWC. In this regard, it should be noted that the Company decided to avail of the option provided for by Article 18, paragraph 1, of Legislative Decree No. 125/2024, pursuant to which issuers have the right to continue with the appointment already conferred in relation to the NFD without interruption, until the agreed expiry date, for the purpose of certifying compliance of the sustainability report. The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, monitored compliance with the provisions of Legislative Decree No. 125/2024, authorising, for all intents and purposes, also pursuant to the Operating Procedure, the assignment of the above-mentioned task to PWC. The Board of Statutory Auditors acknowledged and agreed with the audit plan of the Consolidated Sustainability Reporting prepared by PWC.

The Board of Statutory Auditors obtained, by attending the meetings of the Audit, Risks and Corporate Governance Committee, periodic updates on the preparation of the Consolidated Sustainability Reporting. In this context, the Board of Statutory Auditors acknowledged that the Company has adopted a system to monitor the content of the report which provides for: (i) a dedicated operating procedure to ensure adequate reporting of significant information pursuant to Legislative decree no. 125/2024, as well as the definition of the roles and responsibilities of the departments concerned; (ii) a control system to provide greater assurance that the main significant information is reported correctly pursuant to Legislative decree no. 125/2024; (iii) checks of the further numerical data contained in the Consolidated Sustainability Reporting after appropriate highlighting; (iv) signature of a letter of certification by the heads of Group departments with regard to the data within their sphere of competence included in the Consolidated Sustainability Reporting.

The Board of Statutory Auditors acknowledged the adequacy of the administrative and accounting system, including for the purposes of the Consolidated Sustainability Reporting, as well as the implementation of adequate periodic information flows, both quantitative and qualitative, functional to the definition of the Consolidated Sustainability Reporting.

The Board of Statutory Auditors acknowledged the completeness, adequacy and effectiveness of the procedures, processes and structures governing the production of the Consolidated Sustainability Reporting, and verified compliance with the provisions of Legislative Decree no. 125/2024.

In addition, the Board of Statutory Auditors acknowledged that the Board of Directors approved the double materiality analysis, described in more detail in the Consolidated Sustainability Report.

The Board of Statutory Auditors acknowledged that the Consolidated Sustainability Reporting was prepared by the Directors in compliance with the provisions of Legislative Decree 125/2024 and the procedures adopted by the Company for the purposes of compliance with applicable regulations and reporting standards.

The Company did not avail itself of its right pursuant to art. 4, subsection 5 of legislative decree 125/2024 to omit information concerning imminent developments and transactions being negotiated.

The prescribed controls on the application of the control framework for the Consolidated Sustainability Reporting evidenced that the internal procedures had also been applied correctly.

The Board of Statutory Auditors examined the certification of the Chief Executive Officer and the Manager Responsible, drawn up in accordance with the provisions of Article 154-bis, paragraph 5-ter of the TUF, according to the model established by Consob, finding no aspects worthy of note. For the sake of completeness, it should be noted that the Board of Statutory Auditors issued, for all intents and purposes, a favourable opinion pursuant to Art. 154-bis of the TUF, at the time of supplementing the mandate of the Manager Responsible to include in line with the pro-tempore regulations in force, without prejudice to the duties conferred on him by the Board of Directors on 3 August 2023, the task of certifying in a specific report drawn up according to the model established by Consob regulation, annexed to the consolidated financial statements, that the consolidated sustainability reporting included in the report on operations is prepared in accordance with the applicable reporting standards as well as the specifications adopted pursuant to Article 8, paragraph 4 of EU Regulation 2020/852.

Lastly, it should be noted that the Board of Statutory Auditors verified the proper fulfilment of Pirelli's disclosure obligations (to the market, shareholders, the Register of Companies, etc.) in relation to the Consolidated Sustainability Reporting as required by current legislation.

SUPERVISORY ACTIVITIES ON THE ACTUAL IMPLEMENTATION OF CORPORATE GOVERNANCE RULES

The Board of Statutory Auditors assessed the Company's actual and proper application of the corporate governance rules provided for in the Corporate Governance Code (to which Pirelli adheres) and verified that they are implemented in the governance model that the Company has adopted, fully described in the 2024 Corporate Governance Report available to shareholders on the Company's website (www.pirelli.com). The Board of Statutory Auditors, in light of the recommendations for 2025 contained in the letter of the Chairman of the Corporate Governance Committee (examined by the Audit, Risks and Corporate Governance Committee and, subsequently, by the Board of Directors), expressed a favourable opinion on Pirelli's corporate governance model, deeming it to be substantially in line with the principles contained in the Corporate Governance Code. Furthermore, the Board of Statutory Auditors acknowledged that the current provisions of the Bylaws and corporate governance practices followed by the Company are adequate to achieve the Company's interest and in accordance with the provisions of the Bylaws.

In particular, it should be noted that the Board of Statutory Auditors, also taking into account the "Diversity and Independence Statement" and the "Independence Criteria", proceeded to verify the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members.

SUPERVISORY ACTIVITIES ON RELATIONS WITH SUBSIDIARIES

Pirelli exercises direction and coordination activity on numerous subsidiaries, having made the communications required by article 2497-*bis* of the Italian Civil Code. The Company has issued instructions to its subsidiaries regarding compliance with the provisions of Article 114(2) of the TUF; in this regard, the Board of Statutory Auditors, having ascertained that the Company is able to promptly and regularly fulfil the disclosure obligations set out in law and in the EU regulations, as prescribed in the aforementioned article, also by collecting information from the heads of the organisational departments, and periodic meetings with the external auditor, to exchange significant data and information, deems these provisions to be adequate.

The Board of Statutory Auditors noted that Directors and/or Senior Managers of the Parent Company are members of the Boards of Directors of the principal subsidiary companies to guarantee coordinated direction and an adequate flow of information, also supported by suitable accounting information.

As already mentioned, the Board of Statutory Auditors obtained - through exchange of documents and specific meetings - information from the corresponding control bodies of the main subsidiaries with regard to their management and control systems and their general operating performance (pursuant to paragraph 1 and 2 of article 151 of the TUF). These meetings provide an important opportunity to further develop mutual knowledge and disseminate useful information for the conduct of reciprocal activities.

Lastly, the Board of Statutory Auditors, with reference to the provisions of article 15 of Consob Regulation 20249 of 28 December 2017 concerning market discipline, as amended and supplemented (the "**Market Regulation**"), where applicable, ascertained that the organisation of the company and the procedures adopted enable Pirelli to ensure that the companies it controls and which are constituted in and regulated by the laws of States that are not members of the European Union subject to respecting the aforementioned Consob provisions, have administrative-accounting systems appropriate to regularly provide the senior management and external auditor of the Company with the information on its profitability, financial position and assets and liabilities needed to draw up the Consolidated Financial Statements. The subsidiaries set up in and regulated by the laws of States that are not members of the European Union which, as at 31 December 2024, are of significant importance under article 15 of Market Regulation are listed in detail by the Company in the Report on Operations.

ANY OMISSIONS AND MISCONDUCT NOTED AND OPINIONS RENDERED DURING THE FINANCIAL YEAR

The Board of Statutory Auditors also acknowledges that in 2024, no complaints were received pursuant to Article 2408 of the Italian Civil Code, nor were any complaints filed.

During 2024, the Board of Statutory Auditors has expressed the opinions required by law regarding proposals for the remuneration of Directors holding specific offices, pursuant to the provisions of article 2389 of the Italian Civil Code. Specifically, at the meeting of the Board of Directors held on 6 March 2024, the Board of Statutory Auditors expressed a favourable opinion on the approval of (i) the "2024 STI Plan", (ii) the "2024-2026 LTI Plan", (iii) the specific end-of-term benefit for the Chief Executive Officer given his career in the company, as Group Executive for many years, with roles of increasing responsibility, most recently as General Manager of Operations; (iv) the 2024 remuneration report (consisting of the 2024 Remuneration Policy and the Report on Compensation Paid in 2023), as well as the related Directors' Reports to the Shareholders' Meeting on compensation matters.

In addition, subsequent to the close of FY 2024, the Board of Statutory Auditors, at the Board of Directors' meeting held on 28 April 2025, expressed a favourable opinion on the approval of (i) the "2025 STI Plan", (ii) the "2025-2027 LTI Plan", as well as the related Directors' report to the Shareholders' Meeting and (iii) the Remuneration Report 2025 (consisting of the 2025 Remuneration Policy and the report on compensation paid in 2024), as well as the related Directors' report to the Shareholders' Meeting.
For more details see the report on the remuneration policy and the compensation paid.

It should be noted that the Board of Statutory Auditors, aside from the aforementioned opinions, did not issue any further opinions in FY 2024.

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Lastly, it should be noted that, during the financial year, the Board of Statutory Auditors, considering its duty to promptly notify Consob of any irregularities encountered during its supervisory activities, in a spirit of utmost cooperation and transparency, informed Consob, pursuant to Article 149 of the TUF, of any assessment within Consob's competence and for all legal purposes, submitting the relative supporting documentation.

BOARD EVALUATION

In 2024, the Board of Statutory Auditors – as recommended by the Standards of Conduct – once again conducted a self-assessment[5] with the assistance of an independent consulting firm.

This self-assessment was carried out through individual interviews, based on a questionnaire containing questions on the suitability, size, composition and operation of the Board of Statutory Auditors in order to attest that the body is operating correctly and effectively and that its composition is adequate. The positive outcomes of this process were discussed and shared by the Board of Statutory Auditors in the meeting held on 20 March 2025. Furthermore, in accordance with Rule Q.1.7 of the Rules of Conduct, a summary of the results of the self-assessment was submitted to the Audit, Risks and Corporate Governance Committee and the Board of Directors.

The Board of Statutory Auditors reported that the self-assessment of 2024 (the current Board of Statutory Auditors' first year of mandate) gave a definitely positive picture of the composition and operation of the Board of Statutory Auditors. In particular, the continuity of the Board of Statutory Auditors, which saw the appointment of two new members, was ensured by the reappointment of

[5] For the purposes of this paragraph, the terms "members of the Board of Statutory Auditors" or "Statutory Auditors" exclusively refer to the Standing Auditors, as only these members participated in the self-assessment process.

the the Chairman and two Standing Auditors.

Particularly appreciated were the:

(i) collaborative environment: the dialogue within the Board of Statutory Auditors is considered positive and constructive, with all Statutory Auditors feeling free to express their opinions and engage in discussions with autonomy and independence. The Statutory Auditors are aware of the complexity of the context and the future challenges of the Pirelli Group and express confidence in the recognition of the role of the Board of Statutory Auditors and in the ongoing dialogue with the Board of Directors and management;

(ii) adequacy of size and composition: the presence of five members of the Board of Statutory Auditors ensures a proper mix of technical and professional skills and experience; The female-majority composition was particularly appreciated, reflecting the commitment of Pirelli and its shareholders to equity and inclusion;

(iii) functioning of the Board of Statutory Auditors: in the first six months of their term, the Statutory Auditors were able to perform the duties assigned to them by the applicable regulations, and specifically, they supervised compliance with the law, regulations and bylaws, ensured proper administration and, in particular, continued with the audit plan started during the previous term of office. In this regard, the contribution of the Statutory Auditors who had already served during the previous three-year period was significant, as they ensured continuity and acted as a point of reference for certain internal processes and activities already underway. The information flows with the Company are highly satisfactory: the Statutory Auditors believe that Pirelli's internal control departments collaborate effectively with the Board of Statutory Auditors and expressed great appreciation for the helpfulness demonstrated every time an in-depth analysis was required;

(iv) organisation of work and quality of documentation: great satisfaction with the autonomy with which the Board of Auditors carries out its activities. The quality of the documentation available is considered excellent, and the digital platform through which it is provided is highly appreciated. The frequency and duration of meetings are deemed adequate;

(v) role of the Chairman of the Board of Statutory Auditors: the Chairman's ability to structure and manage the work is highly appreciated, while at the same time striving to consolidate relationships and strengthen a cohesive working environment where the Statutory Auditors can express their views and build consensus towards shared positions. In particular, the Chairman has been attentive in fostering debate and maintain a bond of mutual respect with the company departments.

The Board of Statutory Auditors also notes that the Board of Directors carried out the process to evaluate its operation and the operation of its board committees (board performance evaluation) for the 2024 financial year.

PROPOSALS TO THE SHAREHOLDERS' MEETING

Financial statements at 31 December 2024

The Board of Statutory Auditors, considering the results of the activities carried out and the opinion expressed by the party appointed to perform the external audit, expresses a favourable opinion on the approval of the 2024 Financial Statements and has no observations to make regarding the proposed distribution and allocation of the profits for the year, in line with the dividend policy disclosed to the market.

Remuneration policy and compensation paid

The Board of Statutory Auditors expressed a favourable opinion of the remuneration policy for the 2025 financial year subject to the binding vote of the Shareholders' Meeting and the report on compensation paid in the 2024 financial year, subject to the advisory vote of the Shareholders' Meeting and has no further observations to express to the Shareholders' Meeting.

Three-year monetary incentive plan for the Pirelli Group's management

The Board of Statutory Auditors expressed a favourable opinion, to the extent of its competence, on the adoption of the new "2025-2027 LTI Plan" and has no further observations to express to the Shareholders' Meeting.

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Pursuant to article 144-*quinquiesdecies* of the Issuers' Regulation, the list of offices held by members of the Board of Statutory Auditors in the companies listed in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code is published by Consob on its website (www.consob.it).
It should be noted that article 144-*quaterdecies* (Consob reporting obligations) of the Issuers' Regulation establishes that a person who is a member of the controlling body of just one issuer is not subject to the reporting obligations provided by said article, and therefore, in that case, they do not appear in the lists published by

Consob.
The Company lists the main positions held by the members of the Board of Statutory Auditors in its report on the corporate governance and share ownership.
The Board of Statutory Auditors here acknowledges that all its effective members were in full compliance of the regulatory provisions laid down by Consob governing the "maximum number of positions to be held"[6].

This Report was unanimously approved by the Board of Statutory Auditors.

[6] Artt. 144-*duodecies* et seq. of the Issuers' Regulation.

Milan, 29 April 2025

For the Board of Statutory Auditors

The Chairman, Mr Riccardo Foglia Taverna

RESOLUTIONS

PROPOSAL FOR APPROVAL OF THE FINANCIAL STATEMENTS AND

ALLOCATION OF THE RESULT FOR THE YEAR

Shareholders,

The year ended December 31, 2024 closed with a profit of euro 302,024,244.00.

Considering that following the shareholders' meeting resolutions adopted in 2017, the legal reserve was completed and reached the limit established by article 2430 of the Civil Code, the Board of Directors proposes the distribution of a dividend, gross of withholding taxes, of euro 0.25 for each of the 1,000,000,000 outstanding ordinary shares and the carry-forward of the remaining profit of euro 52,024,244.00.

The above proposal is in line with the 2024-'25 Industrial Plan Update, which provides for a distribution equal to ~50% of the consolidated net result of 2024.

The proposed dividend was calculated taking into account the number of shares currently outstanding. This number may vary following any requests for conversion of the "EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025". In this case, the Board proposes to withdraw any necessary amounts from the item "Retained earnings reserve".

If you agree with our proposal, we request that you adopt the following

RESOLUTIONS

"The Shareholders' Meeting,

- having examined the annual financial report at December 31, 2024;
- having acknowledged the Statutory Auditors' report;
- having acknowledged the Independent Auditors' report;

RESOLVED

a) to approve the Company's financial statements for the year ended December 31, 2024, as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, showing a profit of euro 302,024,244.00;

b) to distribute to shareholders a dividend, gross of withholding taxes, of euro 0.25 for each of the 1,000,000,000 outstanding ordinary shares, for a total of euro 250,000,000.00;

c) to carry forward the remaining profit of euro 52,024,244.00;

d) to authorize the Directors to allocate to retained earnings the balance of the rounding that may be determined at the time of payment of the dividend;

e) to establish, in the event that before the ex-dividend date, the number of outstanding ordinary shares changes following the eventual conversion of the “EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025”, that the unit dividend referred to above will remain unchanged and that the amount necessary for distribution to any new shares will taken from the item “Retained earnings reserve”.

The dividend for the year 2024 will be paid as from June 25, 2025, with ex-dividend date on June 23, 2025 (record date June 24, 2025).

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-*BIS* OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998, AND PURSUANT TO ARTICLE 81-*TER* OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED AND SUPPLEMENTED

1. The undersigned Andrea Casaluci, in his capacity as Chief Executive Officer, and Fabio Bocchio, in his capacity as Manager responsible for the preparation of the corporate financial documents of Pirelli & C. S.p.A., having also taken into account the provisions of article 154-*bis*, paragraph 3 and 4, of Legislative Decree 58 of February 24, 1998, hereby certify:

   a. the adequacy in relation to the nature of the business and

   b. the effective application of the administrative and accounting procedures for preparation of the consolidated financial statements, during the period January 1, 2024 – December 31, 2024.

2. In this regard it should be noted that the adequacy of the administrative and accounting procedures for preparation of the consolidated financial statements for the year ended on December 31, 2024 was determined on the basis of an assessment of the internal control system. This assessment was based on a specific process defined in accordance with the criteria laid down in the "Internal Control – Integrated Framework" guidelines issued by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), which is a reference framework generally accepted at the international level.

3. It is also certified that:

   3.1. the consolidated financial statements:

   a. were prepared in accordance with the applicable international accounting standards recognised in the European Union under the EC Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. is consistent with the entries in the books and accounting records;
   c. give a true and fair view of the assets, liabilities, income, expenses and financial position of the issuer and of the group of companies included in the scope of consolidation.

3.2. The director's report on operations includes a reliable analysis of the performance and the results of operations, as well as the position of the issuer and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

April 28, 2025

The Chief Executive Officer

(Andrea Casaluci)

The Manager responsible for the preparation of the corporate financial documents

(Fabio Bocchio)

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Pirelli & C SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Pirelli & C SpA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Pirelli & C SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Recoverability of brands with indefinite useful life and goodwill *Note 10 "Intangible assets"* As of 31 December 2024 the indefinite-lived intangible assets Pirelli brand and goodwill amount to € 2,270 million and € 1,887 million, respectively. Recoverability of the carrying amount of Pirelli brand and goodwill were tested for impairment at the year-end, in accordance with IAS 36 – "Impairment of Assets". The recoverable amount of Pirelli brand is measured using its fair value less cost to sell, based on an income approach. This requires the use of estimates of future earnings attributable to the brand, net of the contribution assigned to other operating assets (multi-period excess earnings method), and discount rate. The recoverable amount of goodwill, entirely allocated to the the group of cash generating units ("CGU") "Consumer segment", which represents the sole sector of activity of Pirelli group, is measured using its value in use, calculated based on the expected future cash flows of the Consumer segment. For both brand and goodwill, the possible impacts of climate change were considered. The recoverable amount of Pirelli Brand is compared with its carrying amount. The recoverable amount of the Consumer segment is compared with the carrying amount of segment assets and liabilities, including brand and goodwill. Considering the magnitude of the carrying amounts and the subjective judgment in some of the assumptions used for the calculation of the recoverable amounts, the impairment test of the carrying amounts of Pirelli brand and goodwill	We have performed an understanding and evaluation of the internal controls in place over the impairment testing of brand and goodwill. We have performed, with the support of PwC network valuation model experts, the following audit procedures: • assessment over the adequacy of the impairment testing process in accordance with the requirement of the accounting standard; • assessment of the key assumptions used when determining the fair value of Pirelli brand, with focus to future earnings attributable to the brand, net of the contribution assigned to other operating assets (multi-period excess earnings method), and discount rate, including benchmarking and sensitivity analysis; • assessment of the allocation of goodwill to CGUs; • assessment of the key assumptions used when determining the value in use of the Consumer segment, to which the goodwill is allocated, with focus to expected cash flow projections and discount rate, including benchmarking e sensitivity analysis; • testing of the accuracy of the carrying amounts of assets and liabilities directly attributable to the Consumer segment; • testing the mathematical accuracy of the calculation model used; • assessment of variances between projections used in previous years and actual results to evaluate

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
represented a key matter in the audit of the consolidated financial statements.	reliability and coherence with market trends; • the reasonableness of management assumptions in relation to the possible impacts of climate change. We have tested the accuracy and completeness of the disclosure presented in the notes to the consolidated financial statements.
Revenue recognition *Note 3 "Adopted Accounting Standards"* The recognition of revenues, amounting to € 6,773 million in 2024, represented a key matter in the audit of the consolidated financial statements, considering the magnitude and the high volume of sales transactions carried out through a global distribution network, different sales channels and logistic platforms.	We have carried out our procedures to verifying existence, completeness, accuracy and cut off of sales transactions. We have performed, with the support of PwC specialists, the following audit procedures: • for the main revenue streams identified using the requirements of IFRS 15 – "Revenue from Contracts with Customers", we have performed an understanding and evaluation of the internal controls over the revenue recognition process and a validation of relevant controls; • we have tested the proper recognition of revenue through testing samples of sales transactions, obtaining appropriate supporting evidence with specific attention to key contractual terms regulating the various performance obligations; • we have performed external confirmation procedures over accounts receivable balances with the objective of validating trade receivable balances recorded in the consolidated accounts; • we have tested samples of sales returns transactions, credit notes and year-end accruals.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
	We have tested the accuracy and completeness of the disclosure presented in the notes to the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Pirelli & C SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

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from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

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Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 1 August 2017, the shareholders of Pirelli & C SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Pirelli & C SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Pirelli & C SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Pirelli group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the consolidated financial statements of Pirelli group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.
Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Milan, 29 April 2025

PricewaterhouseCoopers SpA

Signed by

Stefano Bravo
(Partner)

As disclosed by the Directors on page 535, the accompanying consolidated financial statements of Pirelli & C SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-*BIS* OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998, AND PURSUANT TO ARTICLE 81-*TER* OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED AND SUPPLEMENTED

1. The undersigned Andrea Casaluci, in his capacity as Chief Executive Officer, and Fabio Bocchio, in his capacity as Manager responsible for the preparation of the corporate financial documents of Pirelli & C. S.p.A., having also taken into account the provisions of article 154-*bis*, paragraph 3 and 4, of Legislative Decree 58 of February 24, 1998, hereby certify:

   a. the adequacy in relation to the nature of the business and

   b. the effective application of the administrative and accounting procedures for preparation of the separate financial statements, during the period January 1, 2024 – December 31, 2024.

2. In this regard it should be noted that the adequacy of the administrative and accounting procedures for preparation of the separate financial statements for the year ended on December 31, 2024 was determined on the basis of an assessment of the internal control system. This assessment was based on a specific process defined in accordance with the criteria laid down in the "Internal Control – Integrated Framework" guidelines issued by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), which is a reference framework generally accepted at the international level.

3. It is also certified that:

   3.1. the separate financial statements:

   a. were prepared in accordance with the applicable international accounting standards recognised in the European Union under the terms of EC Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002;

   b. is consistent with the entries in the books and accountings records;

   c. give a true and fair view of the assets, liabilities, income, expenses and financial position of the issuer.

3.2. The directors' report on operations includes a reliable analysis of the performance and the results of operations, as well as the position of the issuer, together with a description of the main risks and uncertainties it is exposed to.

April 28, 2025

The Chief Executive Officer

(Andrea Casaluci)

The Manager responsible for the preparation of the corporate financial documents

(Fabio Bocchio)

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Pirelli & C SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pirelli & C SpA (the Company), which comprise the statement of financial position as of 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of brands with indefinite useful life *Note 9 "Intangible assets"* As of 31 December 2024 the indefinite-lived intangible asset Pirelli brand amounts to € 2,270 million. Recoverability of the carrying amount of Pirelli brand was tested for impairment at the year-end, in accordance with IAS 36 – "Impairment of Assets". The recoverable amount of Pirelli brand is measured using its fair value less cost to sell, based on an income approach. This requires the use of estimates of future earnings attributable to the brand, net of the contribution assigned to other operating assets (multi-period excess earnings method), and discount rate. The possible impacts of climate change were considered. The recoverable amount of Pirelli brand is compared with its carrying amount. Considering the magnitude of the carrying amount and the subjective judgment in some of the assumptions used for the calculation of the fair value less cost to sell, the impairment test of Pirelli brand represented a key matter in the audit of the separate financial statements.	We have performed an understanding and evaluation of the internal controls in place over the impairment testing of the Pirelli brand. We have performed, with the support of PwC network valuation model experts, the following audit procedures: • assessment over the adequacy of the impairment testing process in accordance with the requirement of the accounting standard; • assessment of the key assumptions used when determining the fair value of Pirelli brand, with focus to future earnings attributable to the brand, net of the contribution assigned to other operating assets (multi-period excess earnings method), and discount rate, including benchmarking and sensitivity analysis; • testing the mathematical accuracy of the calculation model used; • assessment of variances between projections used in previous years and actual results to evaluate the reliability and coherence with market trends; • the reasonableness of management assumptions in relation to the possible impacts of climate change. We have tested the accuracy and completeness of the disclosure presented in the notes to the separate financial statements.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 1 August 2017, the shareholders of Pirelli & C SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Pirelli & C SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the

"Commission Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual report.
We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.
In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Pirelli & C SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Pirelli & C SpA as of 31 December 2024, including its their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements;
- express an opinion on the compliance with the law of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the financial statements of Pirelli & C SpA as of 31 December 2024.

Moreover, in our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 29 April 2025

PricewaterhouseCoopers SpA

Signed by

Stefano Bravo
(Partner)

As disclosed by the Directors on page 535, the accompanying financial statements of Pirelli & C SpA *constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

SASB CONTENT INDEX

SUSTAINABILITY ACCOUNTING BOARD (SASB) – AUTO PARTS

Topic	Accounting Metric	Page Number	SASB Code
Energy Management	1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Par. Energy management – Metrics – Energy consumption and mix p. 157-158	TR-AP-130a.1
Waste Management	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	Not material	TR-AP-150a.1
Product Safety	Number of recalls issued, total units recalled	Par. Product safety, performance and sustainability – Policies p. 336-338	TR-AP-250a.1.
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Par. Disclosure pursuant to article 8 of regulation (UE) 2020/852 (Taxonomy) – Performance indicators, p. 212-220	TR-AP-410a.1.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Par. Resource use and Circular economy – Actions – Management of end-of-life tyres, p. 196-198	TR-AP-440a.1.
Materials Efficiency	Percentage of products sold that are recyclable	Par. Resource use and Circular economy – Actions – Management of end-of-life tyres, p. 196-198	TR-AP-440b.1.
	Percentage of input materials from recycled or remanufactured content	Par. Resource use and Circular economy – Actions – Management of end-of-life tyres, p. 196-198	TR-AP-440b.2.
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Par. Disclosure pursuant to article 8 of regulation (UE) 2020/852 (Taxonomy) – Social minimum safeguards, p. 210-212	TR-AP-520a.1.

Activity Metrics	Page Number	SASB Code
Number of parts produced	NA	TR-AP-000.A
Weight of parts produced	Par. Resource use and Circular economy – Metrics – Resource outflows, pag. 200-201	TR-AP-000.B
Area of manufacturing plants	Par. Strategy, business model and value chain - Strategy, pag. 72-77	TR-AP-000.C

CERTIFICATION OF THE SUSTAINABILITY REPORTING PURSUANT TO ARTICLE 154-*BIS* OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998, AS AMENDED AND SUPPLEMENTED

The undersigned Andrea Casaluci, in his capacity as Chief Executive Officer, and Fabio Bocchio, in his capacity as Manager responsible for the preparation of the corporate financial documents of Pirelli & C. S.p.A., having also taken into account the provision of article 154-*bis,* paragraph 5-*ter*, of Legislative Decree 58 of February 24, 1998, hereby certify that the sustainability reporting included in the directors' report on operations has been prepared:

a) in accordance with the reporting standards applied pursuant to directive 2013/34/UE of the European Parliament and of the Council of June 26, 2013, and of Legislative Decree 125 of September 6, 2024;

b) with the specification adopted pursuant to article 8, paragraph 4 of Regulation (UE) 2020/852 of the European Parliament and of the Council of June 18, 2020.

April 28, 2025

The Chief Executive Officer	The Manager responsible for the preparation of the corporate financial documents
(Andrea Casaluci)	(Fabio Bocchio)

Independent auditor's limited assurance report on the consolidated sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Pirelli & C SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of Pirelli Group (the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the directors' report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of Pirelli Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "Disclosure pursuant to article 8 of Regulation (EU) 2020/852 (Taxonomy)" of the sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the *Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Report* section of this report.

We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the

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firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters - Comparative information

The consolidated sustainability report for the year ended 31 December 2024 includes, in the specific section "Disclosure pursuant to article 8 of Regulation (EU) 2020/852 (Taxonomy)", the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subject to any review.

Responsibilities of the directors and the board of statutory auditors of Pirelli & C SpA for the consolidated sustainability report

The directors of Pirelli & C SpA are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the ["IRO-1" note] of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph "Disclosure pursuant to article 8 of Regulation (EU) 2020/852 (Taxonomy)".

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the consolidated sustainability report

For the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

The disclosure about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.
The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Pirelli & C SpA responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- we understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- we understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;

- we understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- we identified the disclosures where a material misstatement is likely to arise;
- we defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- we understood the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- we reconciled the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- we verified the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- we obtained management's representation letter.

Milan, 29 April 2025

PricewaterhouseCoopers SpA

Signed by

Stefano Bravo
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers.

PIRELLI & C. Società per Azioni (Joint Stock Company)

Milan Office, Viale Piero e Alberto Pirelli n. 25
Share Capital Euro 1,904,347,935.66 fully paid in
Register of Companies of Milan No. 00860340157
REA (Economic Administrative Index) No. 1055