**Pirelli Intellectual Property Policy (or IPR)**

**INTRODUCTION**

The intellectual property rights, also referred to as IPRs (or Technological Know-How), are competitive tools for Pirelli, creating value for its shareholders and providing the basis for the future growth of the Group.

Within this Policy, IPR means: all industrial and intellectual property rights, under any applicable law from time to time in force including, without limitation, patents and design protection, (including the applications submitted for their granting), know-how and trade secrets (including, without limitation, all the technical product and process information, including data, formulas, designs, software, documentation, specifications, manufacturing techniques, management data, plant layout, quality standards, and any combination thereof), and, regardless of the market sector, the Pirelli trademarks and whatever may be subject to copyright or similar rights protection; which are owned by or available to the Parent Company or the companies it directly or indirectly controls (including the Parent Company when exercising management and coordination activities).

IPRs developed by any Group Company are, by virtue of intercompany agreements, owned by the Parent Company, and may be used directly or under licence by Group Companies to manufacture, sell and promote products and services.

In general, IPRs are characterised by being property rights in the thing (“in rem”), absolute, and enforceable against any third party; and exclusive rights, which may not be used by others unless a licence has been granted.

Pirelli builds, protects, safeguards and enforces the IPRs relating, among other things to its investments in research and development, sports activities, communication and marketing.

All those working for and on behalf of Pirelli have to take care to protect and respect the intellectual property rights of Pirelli and third parties.

**DEFINITIONS**

**Trademark**

The trademark right prevents others from using marks which are identical or confusingly similar with the mark that is covered by the right.

The trademark right is built and maintained through its use, its registrations, its licences and its protection whether in judicial, extra-judicial and/or administrative proceedings. This protection, judicial or otherwise, constitutes an essential aspect of the protection of a trademark and is necessary to prevent a loss of value, trademark dilution, misuse or vulgarization and to assert the acquisition of a distinctive character through the secondary meaning and to establish goodwill and reputation. Licences, both intra-group and outside the group, confirm or increase the value of the trademark provided that they are explicit and controlled. The use by the licensee shall inure to the benefit of the trademark owner and should not be confusing or misleading as to the origin and quality of products or services offered under the mark, to avoid the risk of revocation of the trademark right. The trademark value corresponds to its reputation and its unique nature (i.e. its imputability to a sole owner). In the absence of such uniqueness of ownership, the value of a well-
known trademark would be lost. Please also refer to the Pirelli Name and Trademark Policy, issued in April 2010, for further discussion of this matter.

Know-How

Know-how is an intellectual property right and is represented by all the information of a technical or commercial nature that is confidential and has value for the company. It is a necessary condition for the existence of the right that the know-how is and remains strictly confidential. Once that information becomes public knowledge, the right may become void. It is therefore necessary that third parties who receive know-how, or even contribute to its creation as part of research agreements, are consciously obliged to secrecy.

Patent

A patent is the result of a technical-legal construction, with a description of a technical problem and its solution, which must be new and must not be obvious when compared with what was previously known. The non-obviousness of the invention may reside in both the perception of the problem (possibly new) and the problem-solution relationship.

The patent prevents others from reproducing the patented solution, as expressed by the claims which define the scope of the exclusivity.

Starting from the analysis of the technical data obtained in research and development, different protections can be built, with claims expressed in terms of product, process, method, system (including plant layout), composition, etc. The solutions covered by the Pirelli patents are characterised by being “business-driven”, meaning built based on the needs of the business and the related technical issues.

In this regard, Pirelli has established an Invention Award, which is aimed at rewarding inventors for patent applications filed as well as patents granted that have a proven competitive business advantage evaluated according to internal methods and procedures.

Design

It protects the aesthetic of a product, provided it is new and original (that is, it has an individual character). For example, tyres, shoes and other objects can be subject to design.

The protection of Pirelli products in terms of design is not an alternative but is complementary to their patent protection. The tread pattern, for example, lends itself both to patent and design protection.

Copyright

Copyright protects modes of expression that are original and creative.

In the case of industrial design works, their ability to be protected is conditional on the presence of the additional requirement of artistic value.

At Pirelli, a typical example of works protected by copyrights are the Pirelli Calendar and the photographic works included therein.

Copyright also protects software and databases. As in the world of art, copyright does not protect the story, but the way it is told, so the copyright on software does not protect the method for
solving a technical problem (possibly patentable), but rather the complex set of computer instructions for implementing the same method.

Licences

Licences on IPRs allow third parties to carry out industrial and/or commercial activities that the existence of IPRs would otherwise prevent. In a licensing agreement, the business is conducted by the licensee and not by the licensor. Normally, a licence is paid through royalties or paid via different mechanisms depending on the situation.

Cross-licensing allows mutual competitive advantages to be arranged between two parties.

They form a stable competitive asset which also gives value to the licensee.

When IPRs correspond for the owner to a competitive advantages, granting a licence in the same business reduces such competitive advantage and the company value unless other IPRs and/or economic return offset this reduction.

Even a confidentiality agreement on know-how is a licence that allows its use in conditions of secrecy and for certain limited and agreed purposes (normally to allow evaluations for possible subsequent agreements). The licence excludes uses of the know-how in ways other than those allowed.

IPR contracts

IPR contracts control the establishment and use of the IPRs to benefit the interest and for the purposes of the company. Typical contracts are licensing agreements (including confidentiality agreements) and joint research and development agreements with third parties (including research institutions, universities or companies).

REFERENCE PRINCIPLES

Trademarks

Prior to the adoption of a new trademark (being it a lettering, a logo, a design or colour), the Pirelli IP - Trademarks function must be contacted so that they can check of protection possibilities and compliance with the law on the marks that could constitute a valid trademark and perform a clearance aimed at verify the absence of any pre-existing rights of third parties. In addition, any new trademarks should be checked to be certain they don't contain or invoke any negative values (in terms of religious, sexual, racial or cultural meanings etc.) in the countries in which they are meant to be used.

It is not permitted to adopt new trademarks that have not been previously verified and approved by the Pirelli IP - Trademarks function even if it appears to be required only for local use. It is preferred that only globally usable trademarks are adopted.

All business functions are called upon to report any misuse of corporate trademarks to the IP - Trademarks function. Those functions are not permitted to grant authorisations or licences for the use of company trademarks that have not been approved and contractually regulated by the relevant functions. Uses of the trademark must be aligned with the prestige and values expressed by the trademark itself, including in terms of quality, whether regarding promotional and advertising activities or for the products and services offered.
Patents

Inventors must report any potential new invention/innovation to the Patent and Know-How function by preparing the appropriate Record of Invention. It is the task of the Patents & Know-How function to subsequently evaluate the patentability of the invention/innovation proposed.

The lack of novelty is an insuperable constraint to patenting. Typically, patents require the absolute novelty of the inventions they aim to protect. It is therefore necessary that the products, processes, methods or other elements which make use of probable inventions are kept secret before they have been patented. It is not desirable for the inventions covered by the patent application to become known to third parties before their publication which, by law, takes place 18 months after filing.

Design

Taking into account the different regulatory provisions in countries where the Pirelli Group operates, it is appropriate to file design applications when the design is still secret. Before any exhibition or public disclosure it is necessary for the Patent and Know-How function to be alerted in time and receive the descriptive elements of the product design.

Know-How

Within the company, Pirelli’s know-how (both technical and commercial information) is made available to its employees “on a need to know basis”.

Employees cannot make use of know-how, even within the company, for any purpose except that of their own specific function.

Outside the company, the know-how cannot be made available to third parties except after prior approval by the Patent and Know-How function. It is therefore necessary that third parties who receive know-how, or even contribute to its creation as part of research agreements, are consciously obliged to secrecy through the signing of a confidentiality agreement.

Know-how within the company must be segregated and protected against its indiscriminate dissemination, in order to ensure that those who come across it are aware of its secret nature and its value for the company.

Employees must be aware of the confidential nature of the information made available to them or of which they have knowledge as a result of their presence and their activity in the company.

The laboratories and plants are protected against intrusion or random or unchecked access.

It is recommended that personnel do not to accept alleged inventions, or patent proposals, or any other technical information not in the public domain from third parties and if such information is offered or obtained, to inform the IPR functions.

Licences

Exclusive licences to third parties are to be avoided since they impact both the competitive advantage and the value of the assets of Pirelli.
Intragroup licences are granted, by the Parent Company, in writing and approved by the appropriate authorities if required by local laws. They normally terminate as a result of exit from the Group (except formalisation of new licences on a case by case basis).

A differentiation in the trademark, for example in terms of colour, may be deemed necessary (subject to approval of IPR functions) in the event of possible confusion between the licensed business and the Group ones.

The licences of the PIRELLI trademark in the Tyre field are granted only in association with know-how licensing that, in combination with appropriate production investment by the licensee, would enable the achievement of quality targets at levels considered adequate by the licensor. The licensor must be able to monitor the quality of the products and processes of the licensee and ensure that the know-how and the trademark are used properly and within the scope and limits of the licence.

The use of Pirelli Trademarks by dealers, distributors or partners, including in relation to sponsorship relationships, must be regulated in writing by, or under the control of, the IPR functions. The above applies for the licences and authorisations granted and received.

In no case may sub-licence rights be granted to third parties except for sub-licences to subsidiaries of the licensee as long as they remain a subsidiary. Clauses regarding “assignment” and “change of control” are a necessary part of a licence.

No PIRELLI trademarks, or parts thereof, alone or in combination with other signs or trademarks, may be registered by third parties or others in their own name or used outside the provisions of licence agreements that ensure the preservation of property rights to the licensor (refer to the above Policy in paragraph 3).

Under no circumstances the trademark PIRELLI (letters and logo) be used in the corporate name of licensee companies not controlled by the Pirelli Group. The use of the PIRELLI trademark by such entities should avoid any possible confusion between the Pirelli corporate name and logo, and should not suggest that Pirelli conducts the business of the licensee.

Third party rights

Pirelli respects the intellectual property rights of third parties with the same diligence and seriousness with which it protects and enforces its own.

Any situation which might possibly be traced back to a situation of violation of the rights of third parties must be brought to the attention of the IPR functions that will be responsible for the analysis depending on whether they are patents, trademarks, know-how, licences and/or contracts.

These analyses require the use of professionally prepared resources, both internal and external, who can identify the potential risks and ways to avoid or overcome them.

Particular attention must be paid to avoid introducing technical or business knowledge into the company that could be covered by third-party rights. Such unwanted introduction could compromise the integrity of Pirelli’s proprietary rights and its own freedom to conduct its business competitively. In particular, the purchase of consultancy services or hiring of staff must be subject to verification that they do not bring into the company confidential technical or business information owned by third parties.
Various

The use by a third party or the sale of IPRs may not be implemented if not consistent with commensurate returns in relation to the value of the assets in the context in which they operate.

In the case of use of the images of people as part of photographs and/or video, it is necessary to contact the IPR function to prepare the applicable authorisation (for use of the image) by the holder.

Use any software/programs which are not among those provided by the Pirelli Group is not permitted; in the event that it is necessary to download and/or install different software or programs, prior authorisation must be received from the Security Department.

It's not allowed to download, install and send to another user any programs and/or files which either explicitly or due to their nature could be covered by copyright and/or not be covered by a user licence.

**ROLES AND RESPONSIBILITIES**

At Pirelli, as part of the Group's Chief Legal Officer (CLO), duties and functions are organised (Trademarks, Patents, Know-How, Licensing, Legal IPR) that are devoted to activities focused on building, protecting, preserving and managing the IPRs of Pirelli. The same functions combine to govern certain business activities so that the use of these assets follow methods that do not affect or compromise their integrity. The same responsibilities and functions are used for verification purposes, to prevent the use by Pirelli of third-party rights without a licence.

It is the responsibility of the IPR functions, in conjunction with other business functions, to ensure the compliance and enforcement of this policy.

The Top Management of Pirelli, supported by the continuous guidance of the Legal Affairs Department, plays a strategic role in the full implementation of this Policy, ensuring the involvement of all employees and those who collaborate with Pirelli, as well as its business partners, and the consistency of their behaviour with the values contained therein.

Pirelli provides a channel available to all its Stakeholders (the “Whistleblowing Policy” published on Pirelli’s website) that is dedicated to reporting, including anonymously, of any situation which, in violation of this Policy, constitutes or may constitute a risk for intellectual property rights.

June 2017

EXECUTIVE VICE CHAIRMAN and CEO

Marco Tronchetti Provera