



Anti-Corruption Compliance Program

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1 **Pirelli's approach to fighting corruption**

Ethically responsible conduct based on fidelity, fairness and transparency is one of the key components of success for Pirelli.

We firmly believe that we have the responsibility to operate in compliance with the rules of the countries where we have a presence, distinguishing ourselves as an enterprise capable of exporting the values that permeate our actions, by promoting them in the communities where we operate.

Pirelli is sincerely committed to fighting corruption and rejecting it in all the contexts, forms and ways that it may occur.

Knowledge of the areas in which the risk of corruption lurks, acting as a spokesperson for exemplary conduct must continue to distinguish our daily commitment to protecting the most precious asset: our integrity.

This "Anti-Corruption Compliance Program" defines the values, principles and responsibilities that Pirelli adheres to in the fight against corruption.

Pirelli is committed to promoting ethical and responsible business conduct in compliance with the laws, regulations, standards and guidelines applicable to its business in the countries where it has a presence.

Pirelli has endorsed the principles of the United Nations Global Compact¹ and supports Transparency International².

In accordance with the Business Principles of Transparency International and the principles set out in the Global Compact, according to which *enterprises undertake to fight corruption in all forms, including extortion and bribery*, Pirelli confirms its commitment to the fight against corruption through implementation and continuous updating of the Compliance Program adopted in 2013 (also referred to hereinafter as the "Program"). This Program has been developed on the basis of various activities, including a specific assessment of exposure to the risk of corruption. That assessment will be repeated periodically to evaluate, monitor and prevent the risk of corruption, as well as define adequate education and awareness programs.

¹ The **United Nations Global Compact** is an action program promoted by the United Nations. It aims to engage the business world through the adoption of Ten Principles covering the following areas: human rights, labour standards, environmental protection, and the fight against corruption.

² **Transparency International** (TI) is the non-governmental and non-profit association whose mission is to combat corruption worldwide. TI compiles the annual CPI (Corruption Perception Index), a summary indicator that represents the level of corruption in numerous countries around the world.

The Compliance Program, updated in the light of the international standard ISO 37001-"Anti-Bribery Management System" which provides guidelines for preventing, tracing and dealing with corruption, has been adopted with the aim of establishing a benchmark framework for further reinforcement of the "anti-corruption" policy that Pirelli has implemented over time, first with the Code of Ethics and the Code of Conduct, and then with specific programs and models in the various countries where Pirelli operates (one example is the Legislative Decree 231 Compliance Program applicable to the Group's Italian companies).

The Compliance Program is based on the following commitments:

The commitment to fight corruption:

The Pirelli Group will not tolerate corruption in any guise or form, or in any jurisdiction, or even in places where such activity is allowed in practice, tolerated, or non-prosecutable. For this reason, Recipients of the Code are prohibited from offering complimentary gifts or other benefits that could constitute a breach of rules, or are in conflict with the Code, or might, if brought to public notice, damage the Pirelli Group or just its reputation."

Values and the Code of Ethics – Principles of Conduct

To these ends, the Pirelli Group is committed to not tolerating corruption in any way, shape or form, or in any jurisdiction, or even if such activities are allowed, tolerated, or non-prosecutable.

Social Responsibility Policy for Occupational Health, Safety and Rights, and Environment

In their relations with the representatives of Italian and non-Italian companies, the Recipients of the Code of Conduct are prohibited from giving or promising, either directly or through an intermediary, any money, goods or other benefits to those representatives (or to their family members, relatives, domestic partners etc.) outside of normal commercial and institutional relations, where the amount of said money, goods or other benefits is intended to acquire undue benefits, or such as to give the impression of bad faith or lack of fairness. In any event, it is prohibited to give or promise money, goods or other benefits to the aforementioned individuals so that they perform or fail to perform acts in violation of their official duties or their obligations of fidelity, thereby causing harm to the entity to which they belong.

Code of Conduct on corporate matters and communications to the market

The commitment to comply with the law:

The Recipients of the Code of Conduct, in accordance with the Code of Ethics of the Group, are committed to comply with the laws and regulations in force in the countries in which the Company operates. No relation will be initiated or continued with anyone who does not intend to respect this principle.

Code of Conduct on relations with internal subjects and third parties**Careful selection of counterparties:**

The appointment of subjects operating in the name and/or on behalf and/or in the interest of the Company must [...] include a specific clause that requires compliance with the ethical-behavioural principles adopted by the Company. Failure to comply with this specific clause will entitle the Company to terminate the contractual relationship.

All consultants, suppliers and in general, any third party acting in the name and/or on behalf and/or in the interest of the Company, are identified and selected with complete impartiality, autonomy and independent judgement. When selecting them, the Company will take care of assessing their competence, reputation, independence, organisational skills and ability to properly and in a timely manner perform the contractual obligations and tasks assigned thereto.

Code of Conduct on relations with internal subjects and third parties**Careful monitoring of counterparty activity:**

All consultants and other people serving the Company must always, without any exception, act with integrity and diligence, in full compliance with all principles of fairness and lawfulness laid down in any code of ethics that may be adopted by them.

Code of Conduct on relations with third parties**Commitment to defining accounting data:**

The administrative/accounting department heads, as part of their duties and within the scope of their powers, must ensure that each transaction is:

- legitimate, fair, authorised and verifiable;*
- correctly and consistently recorded, so as to allow for the decision-making, authorisation and execution process to be verified;*
- supported by documents that are such as to allow, at any time, for controls on the characteristics of and reasons for the transaction and for the identification of those who have authorised, performed, recorded and checked the transaction itself.*

Code of Conduct on corporate matters and communications to the market

Pirelli employees and the third parties with whom Pirelli works must comply with these principles.

2 The regulatory context

In recent years, numerous measures have been enacted at the national and international levels to fight corruption.

At the global level, the regulatory trend is imposing increasingly severe penalties on forms of corruption that are based on international conventions and treaties. These in turn aim at defining a global strategy to reduce existing differences between different national legal systems.

In this context, many nations have already adopted laws that penalise not only the corruption of public officials but also corruption between private parties.

As a multinational group under the control of Pirelli & C. S.p.A. and operating in over 160 nations, Pirelli is subject to the laws of many countries that forbid it to:

- **offer or promise Italian or foreign representatives of the Public Administration**, either directly or through an intermediary, any money, gifts or other benefits to induce them to omit or perform an act related to their official duties (active corruption in the public sector);
- **offer or promise third parties**, either directly or through an intermediary, any money, gifts or other benefits to induce them to omit or perform an act related to their assigned duties (active corruption in the private sector);
- **request or receive from third parties**, either directly or through an intermediary, any money, gifts or other benefits to omit or perform an act related to assigned duties (passive corruption in the private sector).

Any violation of these rules would also expose Pirelli to serious and irreparable damage to its reputation and specific penalties, even regardless of the local laws and regulations of the country where the act of corruption was committed. In certain cases, these penalties might even lead to a complete ban on all commercial activity by Pirelli in that country.

3 Compliance Program

3.1 Objectives and scope of application

Pirelli's commitment to fighting corruption is manifested by the Compliance Program, which is based on rejection of any act of corruption, in all its direct and indirect forms, in both the public and private sectors, while undertaking to comply with all laws, including anti-corruption laws.

This document aims to provide a benchmark framework for the anti-corruption policies adopted by Pirelli.

3.2 Adoption and implementation procedures

After being approved by the Board of Directors of Pirelli & C. S.p.A., the Anti-Corruption Compliance Program applies to all Pirelli employees worldwide, and also to all those parties who act in the name and/or on behalf and/or in the interests of Pirelli, or that have business relationships or other contractual relationships with Pirelli (hereinafter, the "Recipients"). Therefore, all of these parties are required to read this Program on the Pirelli corporate website.

Specific training and information programs have been planned at the Group level and target current employees, while all newly hired employees must sign the Compliance Program.

The Recipients must comply with the applicable laws and regulations in the countries where they operate, and with corporate procedures and regulations. They must also present and exemplify the principles set out in this document with daily commitment and participation. Only ethically responsible conduct can effectively support the success of a Group.

Any amendments to the Program are subject to approval by the Pirelli Board of Directors.

3.3 Whistleblowing

Pirelli encourages compliance with the principles set out in this document by promoting an open corporate culture that does not permit any form of reprisal against those who report possible violations or suspected violations of the Compliance Program.

In any event, the recipients must report any direct or indirect request to obtain payments, gifts, trips, personal assistance or other benefits for an individual or his/her relative or another beneficiary in accordance with existing Pirelli whistleblowing procedures, and specifically in

accordance with the Group Whistleblowing Policy, which may be obtained by writing to: ethics@pirelli.com.

3.4 Violations

The Recipients who suspect or know of violations of the Program or of any other Pirelli regulation, or violations of anti-corruption laws and regulations, must report them by using available channels and tools and in accordance with the procedures that have been issued and published on the corporate website (Whistleblowing Policy).

No one may be fired, suspended or discriminated against at work in any way in consequence of having made any report in good faith concerning violation of Pirelli regulations.

Pirelli guarantees the whistleblower's anonymity and reserves the right to take appropriate action against anyone who takes reprisal or threatens to take reprisal against those who have filed whistleblowing reports in relation to this Program.

If the Program has been violated, Pirelli will apply the penalties imposed by the corporate disciplinary system, in accordance with the collective bargaining agreements, procedures, laws and regulations applicable in the countries where Pirelli operates.

No employee shall suffer retaliation, discrimination or disciplinary action for:

- having refused to participate in any activity in which the employee has reasonably assessed that there is a significant risk of bribery;
- having expressed suspicion or made good faith reports, based on a reasonable belief, of attempted, actual or current acts of bribery.

3.5 Education & Awareness

The Recipients have the obligation to know and comply with the contents of this document and the anti-corruption laws in effect in the countries where they operate, so that they may take responsible decisions and appropriately address any corruption risks that might arise in the course of performing their own duties.

- Pirelli supports and promotes adequate education and awareness programs: the Compliance Program (and subsequent amendments) are notified to all employees and made available on the corporate intranet.

- Communication and training activities aim to guarantee familiarity with the local and international anti-corruption laws and regulations, the contents of this document, and all the other initiatives undertaken to address anti-corruption issues.
- The training activities target employees who are identified according to their roles at the Company and their related exposure to the risk of corruption.

3.6 Roles and Responsibilities

Pirelli's Top Management, supported by the Group Compliance Function, plays a strategic role in the full implementation of this Policy, ensuring the involvement of all Pirelli employees and collaborators and the consistency of their behaviour with the values contained in this Policy.

The Group Compliance Function, acting as a compliance function for the prevention of corruption, provides support in applying the principles and regulations of the Compliance Program, constantly monitoring the risk of corruption and providing training and advice to Pirelli personnel on all matters relating to corruption.

The Internal Audit Department audits and monitors active compliance with the principles and regulations imposed by the Compliance Program during the audits that are regularly conducted at all Group companies.

3.7 Penalties

Pirelli does not engage in conduct that violates these principles and the current anti-corruption laws and regulations in the countries where it operates.

If a Recipient is held liable for such a violation, Pirelli applies the penalties envisaged by the applicable statutory/contractual system, which may go as far as termination of employment.

4 Sensitive Areas

The Recipients must comply with the rules that have already been set out in the Code of Ethics, the Code of Conduct and internal regulations, and comply with the following principles that permit harmonised management of areas subject to contingent risk. These measures lead to the definition of an organisational, management and control system that prevents possible corrupt practices.

Regardless, Pirelli verifies the experience and technical qualifications of its different business partners (employees and everyone who acts in the name and/or on behalf and/or in the interest of Pirelli, or who maintain business or other contractual relationships with it), and also asks them to declare that they are not subject to any investigations or court judgements related to corrupt practices.

Moreover, all activities must be documented by adequate accounting records, be supported by documents that fairly reflect all transactions at a reasonable level of detail, and be confirmed by meticulous audits.

Monitoring of the ban on corrupt practices is fundamental and is particularly important in the following sensitive areas:

4.1 Intermediaries and Suppliers

In support of its own activities, Pirelli relies on intermediaries and suppliers³ that must satisfy the requirements of honesty and professional fairness recognised by Pirelli. Its relationships with intermediaries and suppliers are based on the following principles:

- The management of the relationship with intermediaries is regulated by the law and is governed by the company rules in force on the purchase of goods and services and on professional advice and services.
- Intermediaries and suppliers are chosen on the basis of a preliminary screening process carried out by persons having independent judgement, know-how and delegated authority, in compliance with Pirelli regulations.

³ "Intermediaries and suppliers" refer to persons who are in contact with or that work between two or more commercial counterparties. For the purposes of this document, they are considered to be agents, representatives, consultants or consultancy firms, distributors, resellers, outsourcers, subcontractors, subsidiaries and franchisees.

- Pirelli examines and verifies the experience and technical expertise of these intermediaries, and asks that they declare that they have not been subject to investigations or court judgements related to corrupt practices.
- Some counterparties, depending on the activity covered by the contract, on the value or on the relevance / criticality of the supply, may be subject to Due Diligence activities aimed at analysing ethical aspects;
- The contracts are made in writing, in accordance with existing Pirelli standards, and contain specific clauses that are designed, inter alia, to enforce compliance by the counterparty with the anti-corruption commitments made by Pirelli.
- During their collaboration, the intermediaries and suppliers are required to engage in business conduct consistent with Pirelli ethical principles. Violation of those principles may result in immediate termination of the contract.
- The consideration paid to the counterparty must be based on adequate accounting documents that allow verification of the consistency of the service with the clauses of contract.
- The results of the selection process, the accounting documents and the documents related to the contractual agreements made with the counterparty must be filed, registered and stored in accordance with Pirelli regulations.

In the context of the relationship with Intermediaries and Suppliers, the management of payments is particularly important, a process that must follow the provisions of the Group Regulations and in particular:

- full compliance with international and national benchmark standards, including those relating to anti-money laundering;
- the close monitoring of any payments which, for a proven economic reason, need to be made to off-shore/non-collaborating countries⁴;
- the appropriate authorisation of manual payments or increasingly uncommon paper payments

⁴ Each Company must refer to the blacklists applicable in the geographical areas in which it operates and defined by the competent international institutions or national governments (for the European Union, the list at the link: https://ec.europa.eu/taxation_customs/tax-common-eu-list_en is applicable; for Italy, the list at the link is applicable: <https://www.guidafisco.it/paesi-black-list-elenco-aggiornato-773>).

- - the updating of suppliers' banking information after verification of the identity of the requesting party (so-called "call back" procedure) in order to verify the authenticity of the request and avoid undue payments/scams.

4.2 Relations with the Public Administration

In relations with the Public Administration (Public Officials), the Recipients must refrain from all acts or omissions that might represent even a mere attempt to corrupt them.

- The Recipients must keep documented records of economic relationships with Public Officials (e.g. entertainment expenses, gifts, compensation for services performed by the Public Administration, etc.).
- Any request made by a Public Official directly or through an intermediary to obtain payments, gifts, trips, personal assistance or other benefits in favour of him/her or his/her family, relatives and domestic partners, or to be given to another beneficiary so that acts be performed or not performed on behalf of Pirelli must be reported immediately to the Group Compliance Function.
- Any gifts and entertainment expenses (including hospitality) given for institutional purposes to members of or persons related to the Public Administration (e.g. participation at events sponsored by Pirelli and/or that involve costs charged to Pirelli, for example: participation at Formula 1 events, presentation of the Pirelli Calendar, etc.) must be, as a rule, of a lower value than the moderate value, and approved by top management in line with the provisions of company regulations on gifts and entertainment expenses. Only in proven exceptional cases (such as public events or institutional visits) will it be possible to waive the moderate value limit in relation to senior officials of the Public Administration.
In any case, for gifts and entertainment expenses for Public Officials, the company proposing the entertainment expenses and/or gifts must inform the authorising parties of the reasons for the expense.

4.3 Gratuities and entertainment expenses

Pirelli gives gifts and incurs entertainment expenses⁵ only for institutional, commercial and marketing purposes, in accordance with Group regulations and always in compliance with the laws, commercial practices and – if known – codes of ethics of the firms/entities with which it has relations.

- Gifts and entertainment expenses must be managed in compliance with the provisions of current Group regulations that define rules of conduct for gifts received and not only for gifts received for this issue and in particular the following benchmark principles:
 - a) Pirelli does not exceed the business practices of the companies in which it operates if it provides such "free of charge" benefits.
 - b) Pirelli does not allow any form of gift that might be intended to encourage the performance or omission of specific activities involving Pirelli.
- Gifts or other useful items of moderate value may be given to Public Officials according to the rules defined at the Group level and as described in detail in the section “Relations with the Public Administration”.
- No exceptions are allowed in any case for gifts and entertainment expenses (made or received) which are unconnected with normal institutional, commercial, marketing and courtesy relations and/or the ordinary operation of business activity, and otherwise capable of giving the impression that they are aimed at acquiring or granting undue benefits.
- Pirelli regulations make acceptance of the gift and its destination subject to a specific authorisation process based on the estimated value of the gift and provide that, in the case of gifts exceeding the moderate value, a report to the Control Functions.
- Those employees who receive benefits or gratuities outside of the allowed cases must notify their immediate supervisor and the Compliance, which will assess their fairness on the basis of corporate procedures.
- The accounting and authorisation documents related to gratuities and entertainment expenses must be filed, recorded and retained in accordance with Pirelli regulations.

⁵ Gifts and entertainment expenses are construed as any item, service or benefit provided to a third party free of charge (including tyres, Pzero products, hospitality and trips) carried out for promotional or public relations purposes, in order to generate potential economic benefits for the company.

4.4 Sponsorships and promotions

Pirelli engages in sponsorships and promotional activities⁶ in order to enhance the name recognition and prestige of the Pirelli brand. The recipients guarantee that the pursued aim is only the one stated.

Sponsorships and promotional activities must be managed in accordance with the provisions of Pirelli regulations in force on the issue and specifically comply with the following reference standards:

- Pirelli identifies a counterparty with whom it can develop sponsorships and promotional activities and that satisfies the requirements of honesty and professional fairness. The contracts are made in writing and contain clauses that enforce compliance by the counterparty with the anti-corruption commitments undertaken by Pirelli.
- Sponsorship initiatives are subject to a specific authorisation process, differentiated according to the value of the initiative and assessing the objectives and expected impact.
- The activities of analysis and selection of beneficiaries and the accounting documents and documents related to the agreements made with the counterparty must be filed, recorded and stored in accordance with Pirelli regulations.

4.5 Contributions to the external community

Pirelli supports numerous activities contributing to the external community⁷ in favour of natural persons and legal entities, private and public institutions and associations in view of supporting projects or pursuit of the beneficiaries' institutional objectives.

Contributions and payments to the external community must be managed in accordance with the Pirelli regulations in force and specifically consider the following reference standards:

- The beneficiaries of Contributions and Donations are identified by parties who have independent judgement, expertise and delegated authority, as provided by the Pirelli Procedure. Contributions to the external community are subject to a specific authorisation process differentiated according to the value of the initiative;

⁶ The sponsorships and promotional activities are defined, like any event or activities organised to create opportunities for the promotion of Pirelli business and brand.

⁷ "Contribution" means any form of contribution (whether in cash, in kind or in the concession of spaces/services) to natural persons or legal entities, institutions, associations having proven experience, repute and recognition at the national and international level, and operating in the educational and academic, culture, sport, road safety, social solidarity, human rights, environment and environmental education sectors.

- The analyses and selection of beneficiaries, accounting documents, and documents related to the agreements made with the counterparty must be filed, recorded and stored in accordance with Pirelli regulations.

4.6 Human Resources

The Pirelli Human Resources recruitment and selection process⁸ complies, inter alia, with the principles of non-discrimination, absolute impartiality, autonomy and independent judgement, which are intended to guarantee that the final decision results in selection of the individuals most qualified to hold the position in question and include an offer that is competitive on the reference market, while guaranteeing equal access to job opportunities.

The hiring process must be managed specifically in compliance with the Pirelli procedure in force by persons who satisfy the professional and independence qualifications to perform this task.

According to applicable laws and regulations, the candidates must declare:

- any relationships that they might have with Public Officials;
- any role held in the Public Administration in the last two years (in this case it is requested that the application must be promptly notified to the Compliance function for appropriate checks).

4.7 Facilitation Payments

Pirelli promotes exemplary business conduct worldwide. Therefore, it does not allow the payment, offer, or acceptance of direct or indirect facilitation payments⁹, i.e. payments and benefits of all kinds and types intended to accelerate the performance of mandatory services by parties outside of Pirelli.

If a facilitation payment is requested, promised or offered, one's own direct superior and the Group Compliance Function must be notified immediately.

⁸ This is defined as the set of activities and phases that lead to hiring of new staff (including temporary workers, trainees and Directors).

⁹ Facilitation payments are defined as payments made to Public Officials to facilitate or accelerate "routine governmental activities" that already have to be performed on behalf of the Company such as, for example: issuance of permits, licenses or other official documents, preparation of governmental documents, such as visas or other orders for work, provision of telecommunication, energy and water services, loading/unloading of merchandise, or protection of fragile/hazardous goods, planning of inspections related to performance of the agreement transit of goods in the country.

5 Information Flows

In order for the Anti-Corruption Compliance Program to be effectively useful for the Group in preventing and combating corruption, a reference framework must contain specific information flows for the timely cognisance and identification of the most significant situations in the various countries where Pirelli operates, and in particular:

- **STATUTORY CHANGES:** recent amendments and changes to the anti-corruption laws and regulations in the country, by highlighting the principal changes and appending documents useful for adequate analysis;
- **EDUCATION & AWARENESS:** compliance of the training and communication plans, as envisaged, with organisational units delegated to disseminate and provide detailed information about the applicable anti-corruption laws and regulations, the contents of this document, and the other measures taken to implement defensive measures against corruption;
- **WHISTLEBLOWING:** reports or other useful experience related to anti-corruption activities in Sensitive Areas or other areas;
- **AUDITS:** results of audit and/or other activities aimed at preventing and detecting the risk of corruption.