Code of Conduct

Code of Conduct

This document contains the "Code of Conduct" which Directors, Auditors, Managers, employees of the Pirelli Group, and in general all those who work in Italy and abroad in the name and/or on behalf and/or in the interest of the Pirelli Group or who have business relations therewith ("**Recipients of the Code of Conduct**") must comply with in order to prevent situations that could lead to unlawful acts in general, and in particular the crimes governed by Leg. Decree 231/2001[1].
This Policy identifies, though not exhaustively, behaviour related to "do's" and "don'ts", referring in particular to relations with Public Administrations, third parties, and to the Company's activities and obligations, specifying the principles of the Ethical Code in operational terms.

§.1 "Do's"

- The Recipients of the Code of Conduct are committed to comply with the laws and regulations in force in the countries in which the Company operates.

- The Recipients of the Code of Conduct are committed to comply with corporate procedures, and follow the principles of the Ethical Code in any decision or action pertaining to the Company's management.

- The department heads must ensure that:
  - so far as is reasonably practicable, all employees are aware of the rules and consequent behaviour required and, if at any time they have doubts on the procedures to follow, they are adequately assisted;
  - a suitable program of continuous training and awareness of issues relating to the Ethical Code is implemented.

<u>Code of Conduct on the Company's relations with the Public Administration</u>

- When participating in tenders called by the Public Administration and in general in any negotiation therewith, the Recipients of the Code of Conduct must operate according to applicable laws, regulations and professional integrity.

- The department heads who regularly deal with the Public Administration must:
  - give their employees instructions on the operational mode of conduct to be followed in their formal and informal contacts with the various public offices/officers, according to the particularities of their scope of activity, giving them information about the law and making them aware of situations where there is a risk of crime;
  - provide adequate mechanisms for tracing communication/information flows towards the Public Administration.

- When applying for contributions, grants or funding from the State, other public bodies or from the European Community, all the Recipients of the Code of Conduct involved in such

[1] *Or different provisions of law and regulations in force in the countries in which the Group operates.*

procedures must:

- act fairly, using and presenting truthful and complete documents and statements, relating to the activities for which the benefits may be legitimately obtained;
- once the required funding is granted, use it for the purposes for which it has been requested and granted.

Code of Conduct on corporate matters and communications to the market

- The Company's Directors - as well as the General Director (if appointed) and the Responsible Officer - responsible for preparing the statutory accounting documents, within their respective powers - and anyone under their supervision, are required to fully comply with company regulations; in particular, they must comply with the procedures, instructions and detailed operational rules relating to the drafting of financial statements and to the regulation of key corporate process.

- 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, authorized and verifiable;
  - correctly and consistently recorded, so as to allow for the decision-making, authorization 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 authorized, performed, recorded and checked the transaction itself.

- The Recipients of the Code of Conduct involved in drafting the financial statements or other similar documents, must behave properly, provide full cooperation, ensure the completeness and clarity of the information provided, the accuracy of the data and calculations, report any conflicts of interest, etc..

- The Company's Directors must give notice to the Board of Directors and to the Board of Statutory Auditors of any interest they may have, whether personally or on behalf of third parties, in a Company transaction, specifying its nature, terms, origin and scope; in the case of a Managing Director, he/she must also refrain from carrying out the transaction, delegating it to the Board.

- The Recipients of the Code of Conduct and in particular the Directors:
  - when preparing the financial statements, any communications to the market or other similar documents, must represent the economic and financial situation of the Company in a truthful, clear and complete manner;
  - must comply promptly with any requests for information made by the Board of Statutory Auditors, and facilitate in every way the performance of controls lawfully attributed to shareholders, other corporate bodies or the external audit firm;
  - provide to the Supervisory Body with correct and complete information on the Company's economic and financial situation.

- Liquidators - even *de facto* liquidators - of Group companies, must behave with the utmost honesty and fairness in the liquidation process.

– Only duly authorized individuals can liaise with the press, and are required to give truthful information about the Company, in accordance with applicable laws and regulations.

Code of Conduct on relations with internal subjects and third parties

– The Recipients of the Code of Conduct, in accordance with the Ethical Code 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. The appointment of subjects operating in the name and/or on behalf and/or in the interest of the Company must be made in writing and 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 judgment. When selecting them, the Company will take care of assessing their competence, reputation, independence, organizational skills and ability to properly and timely perform the contractual obligations and tasks assigned thereto.

– 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 adopted in case by themselves.

§.2 "Don'ts"

– The Recipients of the Code of Conduct shall not perform, not even as an association, any act which is or may be deemed contrary to the law and/or applicable regulations, even if that conduct results in or might, even if only abstractly, result in any benefit or interest to the Company.

– The Recipients of the Code of Conduct are expected to avoid any conflict of interest with the Company. Should a conflict of interest nonetheless arise, they are required to report it immediately to the Company.

- The Recipients of the Code of Conduct must refrain from any conduct that is detrimental to the image of the Company.

Code of Conduct on the Company's relations with the Public Administration

– When dealing with representatives of the Public Administration, whether Italian or foreign, it is forbidden to:
  - promise or offer them (or their family members, relatives, cohabitants...) money, gifts or other benefits except in the case of gifts or items of moderate value[2], and incur unjustified entertainment expenses for purposes other than the mere promotion of the Company's

[2] *Moderate value is to be understood as less than 250 euro per beneficiary and transaction.*

image;
- promise or provide, including through "third parties", jobs/services of personal utility (e.g. refurbishment of buildings owned or used by them - or owned or used by their relatives, in-laws, cohabitants, friends, etc.);
- provide or promise to provide, solicit or obtain confidential information and/or documents, or any such documents or information that might compromise the integrity or reputation of either or both parties;
- favour, in the acquisition process, suppliers and subcontractors indicated by representatives of the Public Administration as a condition for the successful performance of an activity (e.g. assignment of the job, grant of funding at special terms, licence grant).

These actions and behaviours are prohibited both if carried out directly by the Company through its employees and if carried out through non-employees acting in the name and/or on behalf and/or in the interest thereof.

- Moreover, when dealing with the Public Administration, it is prohibited to:
  - produce false or altered documents/data;
  - remove or omit true documents;
  - act in such a way as to mislead the Public Administration in its technical and economic evaluation of the products and services offered/supplied;
  - omit information that should be given, thus orienting unduly the decisions of the Public Administration in one's favour;
  - behave in such a way as to unduly influence the decisions of the Public Administration;
  - abuse of the position of a civil servant to obtain personal benefits or benefits to the Company.

- In general, it is prohibited to employ or assign employed advisory tasks to former civil servants who have personally and actively participated in a business negotiation, or have supported any requests made to the Public Administration by the Company or its subsidiaries, affiliates or companies subject to joint control.

- In the course of civil, criminal or administrative proceedings, it is forbidden to engage, whether directly or indirectly, in any illegal action that can favour or damage any of the parties.

- It is prohibited, in any way, shape or form, acting in the misunderstood interest of the Company, to coerce the Recipients to respond to the judiciary authority or to induce them to invoke the right to remain silent.

- When dealing with the judiciary authority, all forms of influence that induce the Recipient to make false statements, are prohibited; in particular, with respect to any statement to be made, the Recipient cannot accept money or other benefits, not even through third parties.

<u>Code of Conduct on corporate matters and communications to the market</u>

- The Company's Directors - as well as the General Director (if appointed) and the Responsible Officer - responsible for preparing the statutory accounting documents, within

their respective powers - and anyone under their supervision, must refrain from behaviours that amount to the criminal conduct referred to by the Civil Code and the Finance Consolidated Act (Legislative Decree no. 98, 1998-TUF-) relating to "corporate crimes" as under Article 25-ter of Legislative Decree no. 231/2001.

- The Directors must not:
  - when pursuing the activities falling within their powers, perform or omit – following gifts or promised gifts - acts or facts in violation of the obligations set by law, including disposals of corporate assets for personal or third party interest;
  - return contributions to shareholders, or release them from the obligation to provide them, unless in case of a legitimate share capital reduction, and must not reduce the Company's share capital or carry out mergers or split-ups in violation of the law protecting creditors;
  - distribute profits or advances on profits not effectively earned or to be used according to law as reserves, or allocate non-distributable reserves;
  - have the Company acquire or subscribe shares or units issued by the Company or its parent company, except where allowed by law;
  - establish or falsely increase the capital of the Company through transactions not permitted by law.

- In their relations with the representatives of Italian and non-Italian companies, the Recipients of the Code of Conduct are prohibited to give or promise, either directly or through an intermediary, any money, goods or other benefits to those representatives (or to their family members, relatives, domestic partners…) 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 unfairness. 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.

- In general it is prohibited:
  - when preparing financial statements, formalizing reports or other corporate communications addressed to shareholders or the public, to represent untrue facts for the purpose of deceiving shareholders or the public, or to omit information whose disclosure is required by law, regarding the economic and financial situation of the Company or the Group it belongs to;
  - to prevent or hinder control or audit functions legally attributed to shareholders, other corporate bodies, the external audit firm, the Supervisory Body and the Group Internal Audit responsible for internal controls;
  - to omit disclosing any potential conflict of interest which Directors and/or Statutory Auditors, whether acting on their own or for third parties, might have in a determined Company transaction;
  - when preparing the communications which, according to law, must be given to public supervisory authorities, to represent – for the purpose of hindering the supervision function – untrue facts regarding the economic and financial situation of the persons subject to supervision, or to conceal, by any other fraudulent means, in whole or in part, facts that should have been disclosed concerning the same situation;
  - to damage the integrity of the Company's assets and to carry out transactions to the

detriment of creditors;
- to influence the Shareholders' Meeting and to spread false information about the Company.

– Directors, Statutory Auditors and employees must not:
  - buy, sell or carry out other transactions on financial instruments - including those issued by the Company, its subsidiaries, parent companies or the latter's subsidiaries - directly or indirectly, on their own or on behalf of third parties, by using inside information (i.e. precise information which has not been made public, relating directly or indirectly to one or more issuers of financial instruments or to one or more financial instruments and which, if made public, might significantly affect the price of such financial instruments);
  - recommend or encourage others to carry out the said transactions on the basis of inside information;
  - disclose inside information outside their normal work activities.

– In general, it is also prohibited to spread false or misleading information or engage in sham transactions or other devices that are capable of causing a significant change in the price of financial instruments, or to provide false and misleading information regarding them.

– The liquidators are prohibited from distributing corporate assets to shareholders before satisfying the demands of creditors or setting aside the resources necessary for this purpose.

REPORTING REQUIREMENTS

The Recipients of the Code of Conduct have an obligation to report[3] through the dedicated reporting channels established by the Pirelli Group:

- any breach or suspected breach of the Code of Conduct; reports can be also anonymous. The Company and the report managers protect employees and third party collaborators from any adverse consequences arising from such reporting, ensuring the confidentiality of the informants, subject to the requirements of the law.
  By way of example, the department heads shall report through the dedicated reporting channels:
- any conduct that gives rise to a risk of crime as under Legislative Decree 231/2001, concerning operational processes falling within their powers of which they have become aware, including through collaborators;
- any measures and/or news from the police or any other authority, of which they become officially aware, concerning unlawful acts and/or potential offences as under Legislative Decree no. 231/2001 that may have an impact on the Company.

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[3] *This reporting requirement, existing Group-wide, integrates the requirements of the "Whistleblowing Policy" Procedure for violations, suspect violations or induction to violation about:*
- *Laws and regulations;*
- *Principles enshrined in the Ethical Code;*
- *Principles of internal control;*
- *Rules and procedures;*
- *And/or any other conduct which would result, directly or indirectly, in a economic/financial loss or reputational damage for the Group and/or his Companies.*

Reporting tools are made available on the Group intranet, together with instructions on the operational procedures to be followed[4].

§.3 Sanctions

Any behaviour that does not conform to the provisions of this Code of Conduct entails, independently of and leaving aside any criminal action against the offender, the application of disciplinary sanctions pursuant to existing legislation and/or collective agreements.

[4] *See note n.3 – Whistleblowing Policy.*