

## INSTITUTIONAL RELATIONS POLICY - CORPORATE LOBBYING

### 1. Introduction

The guidelines referenced in this document are intended to regulate the *institutional relations* of the Group and, in particular, *corporate lobbying* activities, in order to ensure that they are being performed in observance of the principles enshrined in the Group's Code of Ethics and Anti-Corruption Compliance Programme, in line with *International Corporate Governance Network* principles and in accordance with the laws and regulations in force in the countries where Pirelli operates.

The Directors, Statutory Auditors, executives, employees of the Pirelli Group and all those who work in Italy and abroad or on behalf of the Pirelli Group, particularly if they have relations with institutional representatives, are called upon to observe the principles and requirements of this Policy within the scope of their duties and responsibilities.

### 2. Institutional Relations

*Institutional Relations* contribute to the creation of business value through an articulated and stable system of external relations aimed at individuals belonging to the public administration in order to ensure adequate representation of the Group's interests during the different phases of the public decision-making process.

All the activities are based on criteria of legitimacy, fairness and transparency, with regard to both the information disseminated in public agencies and to the relationships established directly with institutional stakeholders.

### 3. General Principles

#### Pirelli Group Code of Ethics

*"[...] The Pirelli Group [...]:*

- *does not tolerate any kind of corruption in any way, shape or form, in any jurisdiction, even where such activity is, in practice, allowed, tolerated, or not prosecuted. For these reasons, it is forbidden for the Recipients of the Code to give and receive gifts or other benefits that could constitute a breach of the rules, or be in conflict with the Code, or could, if made public, constitute any detriment, even if only to the image of the Pirelli Group;*
- *it condemns the pursuit of personal interests and/or those of third parties to the detriment of company interests;*
- *as an active and responsible part of the communities in which it operates, it is committed to respecting and ensuring respect, both internally and in its relations with the outside world, for the laws in force in the States in which it operates;*

- *it puts in place tools, safeguards and processes to enable the prevention of breaches of the rules and principles of transparency, fairness and loyalty by its employees and contractors and to supervise their fulfilment and specific implementation”.*

*The Pirelli Group maintains relations with public authorities at local, national and supranational levels that are characterised by full and active cooperation, transparency, and respect for their independence and the values contained in the Code. The Pirelli Group intends to contribute to the prosperity and growth of the communities in which it operates by providing efficient and technologically advanced services.*

*The Pirelli Group endorses and, where appropriate, provides support for social, cultural and educational initiatives geared towards promoting personal development and the improvement of living conditions.*

*The Pirelli Group does not provide contributions, advantages or other benefits to political parties or trade unions, or to their representatives or candidates, subject to compliance with any relevant legislation. [...] For these reasons, it is forbidden for the Recipients of the Code to give and receive gifts or other benefits that could constitute a breach of the rules, or be in conflict with the Code, or could, if made public, constitute any detriment, even if only to the image of the Pirelli Group”*

It is recalled that, as stipulated by the Anti-Corruption Compliance Programme, *“Pirelli offers gifts and covers representation expenses<sup>1</sup> only for institutional, commercial and marketing purposes, in line with the provisions of the Group and in any case within the laws, commercial customs and - where known - the ethical codes of the companies/entities with which it maintains relations.*

*Any gifts (including hospitality) for institutional purposes intended for persons belonging or related to the public administration (e.g. participation in events sponsored by Pirelli and/or provisions for charges to be borne by Pirelli including, by way of example, participation in Formula 1 events, the launch of the Pirelli Calendar, etc.) must be reported to the Executive Board responsible for Institutional Affairs, highlighting the reasons for this gift.*

*In all cases, when giving gifts to public officials, notification of the reasons for the gift must be given.”*

Pirelli Group Code of Conduct:

*“In relations with the public administration, whether Italian or foreign, it is forbidden to:*

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<sup>1</sup> Gifts and representation expenses are understood to be any use or benefit provided to a third party at no charge (including tyres, PZero products, hospitality and travel) to leave third parties with a positive image of the Group and its activities in terms of efficiency and organisation.

- *promise or offer them (or their relatives, housemates, etc.) any money, gifts or other benefits except in the case of gifts or items of negligible value<sup>2</sup>;*
- *create unjustified representation expenses for purposes other than mere promotion of the company;*
- *promise or provide, even through “third parties”, jobs/services for personal benefit (e.g. refurbishment of buildings owned or used by them, or owned or used by their relatives, partners, friends, etc.);*
- *provide or promise to provide, solicit or obtain information and/or confidential documents or documents of any kind that are likely to compromise the integrity or reputation of one or both parties;*
- *favour, in purchasing processes, any suppliers or sub-suppliers recommended by the representatives of the public administration as a condition for pursuing an activity (e.g. assignment of the order, granting of concessionary financing or licensing).*

*These actions and behaviours are prohibited whether performed directly by the Company through its employees, or through non-employees acting in the name of and/or on behalf of and/or in the interest of the same.”*

Moreover, Pirelli is governed, in the performance of *Institutional Relations* activities, by the following additional criteria:

#### LEGALITY

All *Institutional Relations* initiatives are to be conducted within the confines of the law, the regulations in force<sup>3</sup>, the Code of Ethics, the Code of Conduct and the Pirelli Group Anti-Corruption Compliance Programme, and are based on national and international best practices.

#### CORRECTNESS

Relations with institutional representatives are based on respect for the prerogatives, skills and decision-making autonomy of those involved and are conducted without exerting undue influence in the pursuit of corporate interests.

Activities aimed at the pursuit of personal interests and/or which are unrelated to those of the company are prohibited.

#### TRANSPARENCY

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<sup>2</sup> For the definition of low value in the different Countries in which the Group operates, please refer to the Regulations on Gifts and Representation Expenses. In any case it is understood that this is an amount of not more than €250 per beneficiary and single transaction.

<sup>3</sup> “Laws and regulations” shall be understood to be the laws and regulations in the Country in which the Pirelli Group is operating.

Where applicable, Pirelli also adheres to the registers established by national and/or international institutions to ensure conditions of observance of the law and transparency, with specific reference to the activity of corporate lobbying<sup>4</sup>.

In addition, Pirelli staff convey the company's corporate role and the nature of the interest represented using relevant and up-to-date information.

## **5. Process of corporate lobbying**

Corporate lobbying is one of the *Institutional Relations* initiatives through which the Group participates in a public decision-making process by means of specific actions to protect its related company interests. The process of corporate lobbying is performed through the transfer of detailed information and through qualified public decision-making bodies, in order to complete the cognitive framework of reference and contribute to creating guidance in reaching a decision.

The Institutional Affairs Department receives a biannual report from various subsidiaries on the institutional relations activities performed by the subsidiaries and sends a report at least annually to the *Audit, Risk, Sustainability and Corporate Governance Committee* on the corporate lobbying activities conducted during the year.

## **6. Criteria for corporate lobbying**

The corporate lobbying initiatives conducted by the Pirelli Group follow the guidelines outlined here, as defined by the Board of Directors of Pirelli & C. S.p.A.

Subject to compliance with the general principles and any other rules laid down in the Code of Ethics, the Code of Conduct and the Anti-Corruption Compliance Programme, the process of corporate lobbying is consistently conducted following criteria of *transparency and disclosure*, and in particular:

- in relations with institutional representatives, the company representative uses accreditation channels that are transparent, legitimate and autonomous, as well as forms of communication that allow the contact person to identify the business organisation and the interest being represented simply and immediately;
- the corporate interest represented in an ongoing decision-making process is indicated through the submission of appropriate proposals, suggestions, studies, research and analyses in order to highlight their importance and show the impact of the decision;
- information used in dialogue with the representative institutions is sent only after its completeness and reliability is checked by the departments/functions involved in each initiative.

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<sup>4</sup> Pirelli is registered in the "Transparency Register", established by the European Parliament and the European Commission on 22nd July 2011.

The guidelines also define the following as necessary requirements for the approval of corporate lobbying initiatives;

- the initiative must not be aimed at pursuing illegal purposes;
- the initiative must be conducted in compliance with applicable laws and the principles enshrined in the Code of Ethics, the Code of Conduct and the Anti-Corruption Compliance Programme, as well as in this document;
- the initiative must respect company strategy and be clearly linked to the achievement of business objectives;
- the initiative must be aimed at pursuing the interests of the Pirelli Group as a whole, not simply those of individual employees or shareholders;
- the initiative may not be addressed to any single member of the public administration or political parties, subject to compliance with any relevant legislation.

In any case, it is forbidden for any representative of Pirelli to conduct corporate lobbying activities in Italy and in any other country in which Pirelli operates without these activities having previously been evaluated and approved by the Institutional Affairs Department of Pirelli & C. S.p.A. as well as to make reference to the possible involvement of any third party professionals in support of the institutional activities of Pirelli in the countries in which it operates.

It also stressed that the Pirelli Group does not impede private participation/for own account of employees and associates in initiatives of a political nature, or similar.

, The Group exerts no pressure on employees and partners to support any political bodies.

## **7. Transparency and disclosure**

In order to ensure that all stakeholders are made aware of important aspects of the process and activity of corporate lobbying, in special sections of the Company's Financial Statements , as well as on the [pirelli.com](http://pirelli.com) website (Governance section and Sustainability section) and in addition to this "Corporate Lobbying Policy", information is published regarding:

- the components of the Institutional Affairs Department involved in corporate lobbying activities;
- the main completed or ongoing initiatives with institutional stakeholders and the general interests of the Group being pursued through the activities performed.

## **8. Training**

In order to ensure the highest degree of professionalism, those employees of the Pirelli Group involved in institutional relations are required to periodically undertake training

activities on ethical and professional issues, as well as to keep themselves up-to-date on new legislation and regulations, knowledge of which is considered essential for the proper and lawful exercise of the representation of corporate interests.