

## THE COMMITMENT OF PROMETEON TYRE GROUP

With this preface, Prometeon Tyre Group wants to communicate its commitment in the fight against the Covid-19 which started in 2019 and became a priority for the world and the Companies. Prometeon Tyre Group has joined forces to support workers, communities and businesses affected by the COVID-19 pandemic.

Coronavirus disease 2019 (COVID-19) is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The disease was first identified in December 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–20 coronavirus pandemic. As of 3 April 2020, more than 1.01 million cases of COVID-19 have been reported in more than two hundred countries and territories, resulting in over 53,000 deaths and more than 211,000 people have been recovered. **The World Health Organization** (WHO) declared the 2019–20 coronavirus outbreak a Public Health Emergency of International Concern (PHEIC) on 30 January 2020 and a pandemic on 11 March 2020.

**The Company immediately took action for the health of people who are human capital and for the protection of the company's assets.** All these activities will be reported in detail in the 2020 Sustainability Report (according to the new guidelines of Sustainability principles during the current year).

Here below the main initiatives carried out since the beginning of the disease. In this particular moment Prometeon Tyre Group is supporting the Public Health Emergency of International Concern through several activities aimed to support the internal and external community.

### INTERNAL COMMUNITY

In order to protect the right to health of all its employees and collaborators, the Company proceeded at global level with the following actions:

- raising awareness of the risks associated with the pandemic and providing **information on contagion prevention** measures and techniques;
- **"smart working"** methods was applied, making all the necessary equipment and technologies available, carrying out adequate coordination work, facilitating communication between remote resources; the Company enhanced video and call conference systems with the implementation of additional tools;
- the Company provided to all its **employees additional and specific insurance coverage** to cover the contagion from COVID-19;
- an **extraordinary sanitization of the workplace** has been carried out in order to safeguard employees;

- Prometeon Tyre Group encouraged employees to adopt **safe behavior** (hand sanitization, safety distance, use of medical / protective devices, etc.);
- meetings / visits of external guests have been canceled;
- all trips by Company's employees were promptly suspended.

**Specific actions** have been undertaken in all the countries where the Company operates and a particular attention was put **on production plants** with the aim of guaranteeing the safety and health in the workplace of its employees and at the same time supporting the continuity of the business. Based on specific actions plans, it was decided to implement the following main action in the Prometeon Tyre Group factories:

- increase the number of **company buses** entering and leaving the factories so as to allow people to position themselves at least two meters from each other;
- **extraordinary cleaning plans** have been provided for the production areas and common areas (especially the canteen and changing rooms);
- **employee temperature measurement** is expected at the beginning of each shift. Shift that can be suspended in case of suspicious symptoms;
- carriers cannot access company offices for any reason;
- for suppliers / transporters and / or other external personnel, it is planned to identify and / or install dedicated toilets;
- production departments must comply with the strict distance of one meter;
- staggered entry /exit times are encouraged in order to avoid contacts in the common areas as much as possible (entrances, changing rooms, canteen);
- the sterilization of lockers, bathrooms, restaurants, offices, mosque production (Egypt) areas and parking areas was carried out on a daily basis and at every shift;
- prevent handshaking and hugs inside the facility;
- water with saline solution was fed into the factory to clean the throat and nose.

## EXTERNAL COMMUNITY

As a commitment to the external community, **Prometeon Tyre Group** has decided to proceed with an internal donation campaign **with the support of all employees** devolved to **ASST Fatebenefratelli Sacco in Milan** which is an important research center for epidemiological emergencies. The total amount of the donation will be used to purchase devices to support the intensive care unit and to support research on COVID19.



In addition, Prometeon Tyre Group is organizing to provide further donations, in all the Countries where the Company operates, to local hospitals and international organizations that can provide medical furniture and thus with the support of its **strong partnerships with customers and suppliers**.

**PROMETEON**

*Supports, through donations to international organizations, the World Health Organization in the fight against the Covid-19*



# METHODOLOGICAL NOTE

## INTRO

Prometeon Tyre Group explores the Sustainable Management Model with the governance tools to support maintenance and creation of values, relationships with Stakeholders and related connection with the development of financial, productive, intellectual, human, natural, social and relational capitals.

### United Nations Global Compact

In order to enhance its management capacity for the creation and maintenance of sustainable values, in August 2019 Prometeon Tyre Group joined the **United Nations Global Compact**, which offers leadership guidelines envisaged to inspire advanced and innovative Sustainability Performance Management for business community. Moreover the United Nations Global Compact has proposed a series of initiatives to provide support in the definition of strategies and partnerships for the pursuit of Sustainable Development Goals launched in September 2015 in New York with the aim of accompanying the activities of sustainable companies until 2030.

The present Report reflects the integrated Sustainability model adopted by Prometeon Tyre Group in 2019 which is following the Ten Principles of the United Nations Global Compact (here in after “UNGC”).

The Ten Principles of the UNGC are the following:

### Human Rights

- Principle 1: states that Businesses should support and respect the protection of internationally proclaimed human rights;
- Principle 2: requires Businesses to ensure that they are not complicit in human rights abuses.

### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour;
- Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: requires Businesses to undertake initiatives to promote greater environmental responsibility;
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### **Anti-Corruption**

- Principle 10: Businesses should take part in fight against corruption in all its forms, including extortion and bribery.

The over mentioned principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The foundations of corporate sustainability are laid by a company's value system and a principles-based approach to doing business which imply for that company to adopt operating standards that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UNGC into strategies, policies and procedures, and establishing a culture of integrity Prometeon Tyre Group is not only upholding its basic responsibilities to people and planet, but also **setting the stage for long-term success**.

## United Nations Sustainable Development Goals



Prometeon Tyre Group is also inspired by the seventeen Sustainable Development Goals of the United Nations (here in after “SDGs”) designed to accompany the activities of sustainable companies up to 2030. The SDGs are the **blueprints to achieve a better and more sustainable future for all** that address the global challenges and that companies have to face out, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that all the companies work to achieve them all by 2030.

### PROMETEON TYRE GROUP SUSTAINABILITY PLAN AND THE SDGs

The targets of the Company’s 2017-2020 Sustainability Plan contribute to the global effort to achieve the SDGs. In particular, it is possible to note the strong connection between the Sustainability Plan adopted by Prometeon Tyre Group and the following SDGs:

- **2. Zero Hunger:** in the section dedicated to “Social Dimension” in particular in the “External Community” paragraph “Donation”;
- **3. Good Health and Well-being:** in “Social Dimension” section, with specific regard to “Welfare and Initiatives for the Internal Community”;
- **4. Quality Education:** in the section dedicated to “Social Dimension”, with special regards to paragraphs “Welfare and Initiatives for the Internal Community” and “Company Initiatives for the External Community”;

- **6. Clean Water and Sanitation:** in “Environmental Dimension” section, under the “Water Management” paragraph;
- **7. Affordable and Clean Energy:** in the section dedicated to “Environmental Dimension” under the paragraph “Energy Management”;
- **9. Industry, Innovation and Infrastructure:** in the section dedicated to “Environmental Dimension” under the paragraph “Energy Management”; with specific reference to paragraph related to “Product Safety, Performance and Eco-Sustainability” in the “Economic Dimension” section;
- **12. Responsible Consumption and Production:** with particular attention to the section dedicated to “Environmental Dimension”; and in the specific paragraph for “Product Safety, Performance and Eco-Sustainability” under the “Economic Dimension” section;
- **13. Climate Action:** with special reference to “Management of Greenhouse Gas Emissions and Carbon Action Plan” in the section “Environmental Dimension”.

The Sustainable Objectives listed above are not the only ones in which the Company is engaged; in addition to the above, this Report describes initiatives and activities that refer to other SDGs such as:

- **1. No Poverty:** in the “Social Dimension” section with specific reference to the paragraph for “Company Initiatives for the External Community”;
- **8. Decent Work and Economic Growth:** in the paragraphs dedicated to the “Main Policies” under the “Governance and Business Ethics” section; in the paragraphs related to “Internal Community” in the “Social Dimension” section and in the paragraph “Our Suppliers” under the section dedicated to “Economic Dimension”;
- **10. Reduced Inequalities:** in the paragraphs related to “Main Policies” in “Governance and Business Ethics” section and the “Diversity Management” paragraph under the “Social Dimension” section;
- **11. Sustainable Cities and Communities:** in the specific paragraphs dedicated to “Progetto Comune di Milano Per Costituire un Distretto di Smart Mobility che sia riferimento in termini di Sostenibilità ed Innovazione (*Project of the Municipality of Milan to build an exemplary Smart Mobility District in terms of Sustainability and Innovation*)”; “Zero-emission mobility: the SmartBUS Project continues”; “Safe mobility: “PRO-Drive” with GreenRoad” under “Economic Dimension” section;
- **15. Life on Land:** in the specific paragraph dedicated to “Sustainable Rubber Policy” under the “Main Policies” paragraph in the “Governance and Business Ethics” section;
- **16. Peace, Justice and Strong Institutions:** in the paragraphs related to the “Main Policies” and “Programs of Compliance 231, Anti-Corruption” in the “Governance and Business Ethics” section;
- **17. Partnerships for the Goals:** in the paragraphs “Road Safety”, “High Value Approach to Future Mobility”, “Product Safety, Performance and Eco-Sustainability” in the section

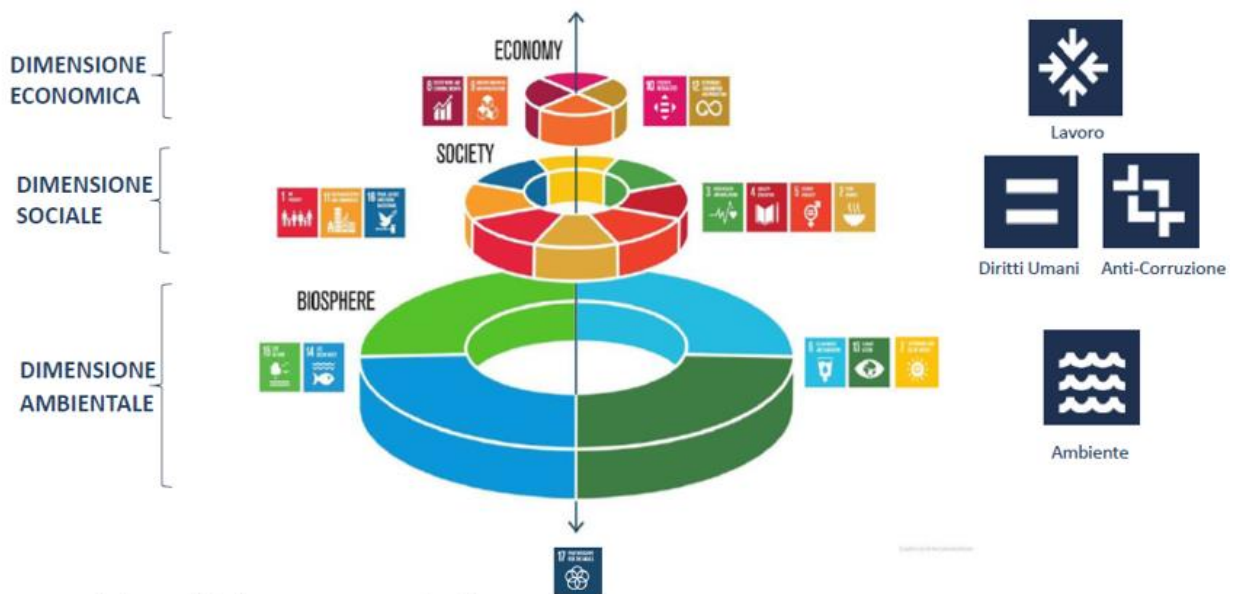


dedicated to “Economic Dimension”; with specific reference to the paragraphs dedicated to “Institutional Relations of the Prometeon Tyre Group” under the “Social Dimension” section; in the specific paragraph for the “Sustainable Natural Rubber” Policy in the “Governance and Business Ethics” section. It is noted that all the sub-paragraphs relating to “Company Initiatives for the External Community” indicate the main SDGs that the projects and initiatives described impact directly. Moreover in the section related to the “Environmental dimension”.



### Prometeon Tyre Group supports the Sustainable Development Goals

The Sustainability Plan has been developed in accordance with the “Value Driver” model drawn up by the UNGC and sets targets that combine growth, productivity, Governance and risk management. Moreover, through the adoption of the Ten Principles of the UNGC and the inspiration for the 17 SDGs, the Company endeavors to create the perfect correlation between the four main areas of the Ten Principles and the SDGs, where indeed the latter address the former in a more detailed manner.



\*Source: Fondazione Global Compact Network Italia



In all countries where Prometeon Tyre Group operates with manufacturing plants, local affiliates are assigned with specific targets identified in accordance with Company's sustainability approach. The targets include the constant monitoring of Compliance with the SA8000® Standard, the specific reduction in the accident frequency index, the specific reduction (weighted on the total finished product) in energy consumption and water withdrawal, as well as control of the sustainability of the supply chain, dissemination and local implementation of Group Policies and engagement with stakeholders.

The Report shows the sustainability performance of Prometeon Tyre Group in 2019, compared to 2018. The information systems that contribute to collect the data accounted in the Report are: HSE-DM (Health, Safety and Environment Data Management), SAP HR (SAP Human Resources) and SAP/HFM (SAP Financial Accounting).

The Report is structured into four main areas which are in line with the Ten Principles of the UNGC (see disclosure TABLE UNGC – last page of the present report) and directly related to the SDGs as showed in the table above:

- **Governance and Business Ethics**, an introductory section related to the Sustainable Management Model adopted by the Company, related Policies and activities;
- **Economic Dimension**, in which the distribution of added value is detailed along with the management and performance relating to customers and suppliers;
- **Environmental Dimension**, which describes the management of environmental aspects and impacts for the Company plants;
- **Social Dimension**, which brings together the paragraphs dedicated to governance of industrial relation, welfare, the internal community and the external community.





## MANAGEMENT MODEL

Responsible management by Prometeon Tyre Group runs through the entire value chain. Every operating unit integrates economic, social and environmental responsibility in its own activity, while cooperating constantly with the other units, implementing the Group strategic guidelines. The main management systems adopted include **ISO 9001**, **IATF 16949**, **ISO 14001** and **OHSAS 18001 certifications**. Moreover, the Company is inspired by the requirements of Standard **SA8000®** as a reference tool for managing Social Responsibility at its Affiliates and along the supply chain.

## CERTIFICATIONS & MANAGEMENT STANDARDS

-  • **IATF 16949:2016** - International Standard for Automotive Quality Management Systems;
-  • **ISO 9001:2015** - Quality Management System;
-  • **ISO/IEC 17025** - General requirements for the competence of testing and calibration laboratories (Pirelli);
-  • **OHSAS 18001** – Requirements on Occupational Health and Safety Management Systems;
-  • **ISO 14001** - Environmental Management System;
-  • **European Regulation 1907/2006** - Registration, Evaluation, Authorization and Restriction of Chemicals (REACH);
-  • **ISO 50001:2018** - Energy Management System (EnMS) (Turkey plant).

This section of the Annual Report 2019, entitled “Report on Responsible Management of the Value Chain”, constitutes the “Consolidated Non-Financial Disclosure” of the Company and explores the Sustainable Management Model adopted by Prometeon Tyre Group, the governance tools to support maintenance and creation of values, relationships with Stakeholders and related connection with the development of financial, productive, intellectual, human, natural, social and relational capital.

## COMMUNICATION AT THE SERVICE OF THE END-USERS

Truthfulness and honesty are the two essential characteristics that define Prometeon Tyre Group’s communication with its stakeholders. Since its establishment, the Company has been very active in communication, constantly providing information to customers, distributors and end-users both in relation to the product and related initiatives through multiple communication tools including the main social channels and targeted paper communication activities. In particular, Prometeon Tyre Group continuously issues **Press Releases on Corporate and Product Communication**

regarding the main industrial sector media and the general Press in order to increase Brand Awareness.



PROMETEON PRESENTS THE NEW GENERATION H:01™ COACH,  
TO EQUIP BUSES ON REGIONAL AND MOTORWAY ROUTES

THE NEW FH:01™ AND TH:01™ COACH LIFT PERFORMANCE STANDARDS IN GRIP AND TRACTION,  
MILEAGE AND FUEL SAVING, WHILE OFFERING HIGHER SAFETY, COMFORT AND EFFICIENCY IN  
PASSENGER TRANSPORT AND REDUCTION OF CO<sub>2</sub> EMISSIONS

295/80R22.5 FH:01™ COACH IS THE FIRST TYRE WITH LOAD INDEX XXL 156/148M  
DEVELOPED TO EQUIP HYBRID AND ELECTRIC BUSES

Milan, December 18<sup>th</sup>, 2019 - The new generation of Pirelli branded **H:01™** Coach tyres was conceived by Prometeon's R&D team, using the company's latest technological innovations, with a view to **maximizing safety, performance, versatility, efficiency and comfort**. The aim is to satisfy the needs of operators in the sector while keeping pace with the evolution of vehicles (hybrid and electric) which must comply with the most stringent regulations in terms of CO<sub>2</sub> emissions reduction and noise generation.

All the new generation tyres are marked **3PM5F** and suitable for use in winter conditions. The new line includes: FH:01™ Coach, specialized to equip steering and all-around axes, and TH:01™ Coach dedicated to equipping drive axes when additional traction and grip performance is required in more critical winter conditions. **The tread design and the special geometry of the grooves (Prometeon patent) and sipes allow TH:01™ Coach to maintain optimal traction and wet grip performance during the entire life of the product.**








PRESS RELEASE

Alltrucks Truck & Trailer Service and Prometeon Tyre Group sign partnership agreement to create synergies among leaders in 360° fleet management.

*Alltrucks Truck & Trailer Service and Prometeon have signed a comprehensive partnership agreement. Around 700 Alltrucks partners in Europe will now receive exclusive products and service from the global tyre manufacturer.*

Munich - The multi-brand, full-service workshop concept "Alltrucks Truck & Trailer Service" and Prometeon Tyre Group, the only tyre company solely focused on the industrial sector, have agreed to cooperate at the European level starting from 1 October 2019. Thanks to the cooperation agreement, commercial vehicle workshops affiliated with the Alltrucks network will receive exclusive and privileged access to the tyre manufacturer's portfolio, as the latter expands its product and service-expertise to offer more extensive service to existing and new customers.

## PROMETEON



### COMUNICATO STAMPA

#### CONVENZIONE PROMETEON E ANAV: LA PIATTAFORMA INTEGRATA DI PRODOTTI E SERVIZI PER GLI ASSOCIATI

Milano-Roma, 25 Ottobre 2019 - Prometeon Tyre Group ha siglato una convenzione con ANAV, l'Associazione Nazionale Autotrasporto Viaggiatori che rappresenta in Confindustria la categoria delle imprese a capitale privato che esercitano i servizi di trasporto passeggeri con autobus.

ANAV conta tra i suoi associati circa 600 imprese, operanti in Italia con un parco circolante di circa 18.000 unità.

Nell'ambito dell'iniziativa, i soci ANAV potranno accedere a **condizioni vantaggiose sull'acquisto dei pneumatici e sui relativi servizi di manutenzione**, con la garanzia di rivolgersi ad una rete di rivenditori specializzati selezionati da Prometeon su tutto il territorio nazionale.

La convenzione si poggia interamente sul nuovo **sistema di fatturazione centralizzata di Prometeon PRO-Management**, che garantirà sia alle flotte che ai rivenditori coinvolti affidabilità e velocità del processore gestionale del servizio ed una **semplificazione della gestione amministrativa**.

"E' con grande soddisfazione che ufficializziamo l'intesa tra Prometeon e ANAV. Abbiamo lavorato insieme con grande spirito collaborativo per arrivare a **questo traguardo che metterà a disposizione delle flotte delle aziende associate l'offerta migliore di prodotto e di servizi innovativi di Prometeon Tyre Group**" ha commentato Antonio Giardino, Country manager Italia di Prometeon.

**Prometeon Tyre Group's official corporate website, [www.prometeon.com](http://www.prometeon.com)** is a key instrument for communication activities, in particular in the spreading of the Press Releases. Moreover, the website provides to visitors information concerning the Company, the corporate governance and the job opportunities in the section "careers".

Now day social media platforms are a fundamental for Companies 'communication. In 2017 after the split with Pirelli Consumer, Prometeon Tyre Group made its first appearance with its own brand on social media such as: Facebook, Instagram, LinkedIn and Youtube. During 2018 the Company increased the number of followers reaching in 2019 a plus of 67% for Instagram and a plus of 9% for Facebook. The analysis carried out highlighted that main followers are coming from Turkey, Brazil, Italy and Poland. The Company is engaged with the support of multiples activities to increase furthermore the number of Countries and followers of interest.



**PROMETEON**  
**PROMETEON TYRE GROUP**  
Settore automobilistico · Milan · 24.080 follower

✓ Già segui

Tyre Solutions for Professionals

Visita sito web

Marco e 18 altri collegamenti lavorano qui  
Visualizza tutti i 1.126 dipendenti su LinkedIn

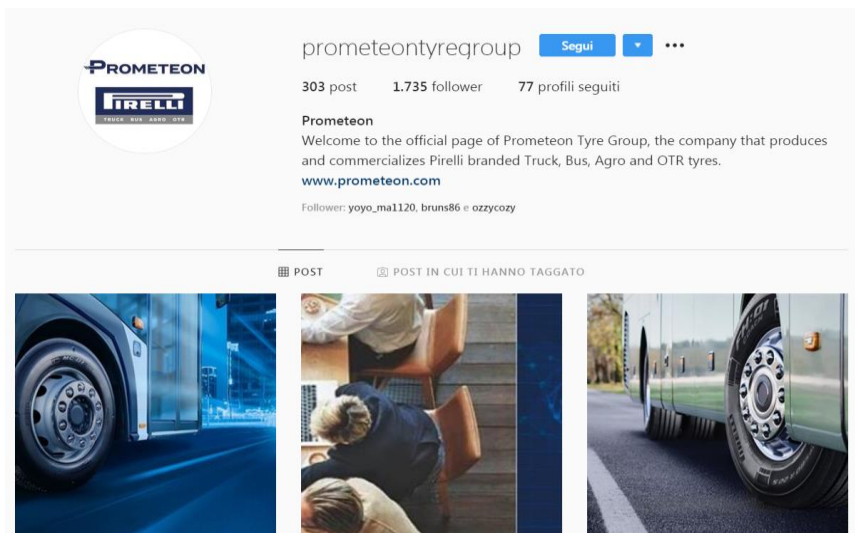


**PROMETEON**  
**PIRELLI**  
TRUCK BUS AGRO OTR

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Home  
Post  
Recensioni

Ti piace  
Pagina seguita  
Condividi




**PROMETEON**  
**PIRELLI**  
TRUCK BUS AGRO OTR

prometeontyregroup Segui

303 post 1.735 follower 77 profili seguiti

**Prometeon**  
Welcome to the official page of Prometeon Tyre Group, the company that produces and commercializes Pirelli branded Truck, Bus, Agro and OTR tyres.  
[www.prometeon.com](http://www.prometeon.com)  
Follower: yoyo\_ma1120, bruns86 e ozzycozy

POST POST IN CUI TI HANNO TAGGATO



# GOVERNANCE AND BUSINESS ETHICS

## MAIN POLICIES

The Sustainable Management Model throughout the value chain is reflected in the main Group Policies, made available to the stakeholders (published on company's Intranet / Prometeon's Website) outlined in English and communicated to blue collars in their local language.



### Ethical code

The Group Code of Ethics formulates the general principles of transparency and fairness inspiring the conduct of business. It indicates the objectives and the values informing business activity in relation to the main stakeholders with which Prometeon Tyre Group interacts on a daily basis: investors, environment, the financial market, customers and staff. This document provides all the Group's affiliates with coherent and uniform guidelines for the professional practices to be followed by anyone who works for or on behalf of the Prometeon Tyre Group, or has business dealings with it ("Addressees of the Code") including agents and other intermediaries.



### Organisation Model "231"

The Organisation and Management Model is a document that forms part of the supervisory infrastructure required under Legislative Decree 231/2001. The Model – provided it is adequately monitored – exempts the legal entity from liability and also provides an indispensable guide for all employees and collaborators. It sets out clear code of conduct, control schemes and measures to prevent crimes and corrupt practices as far as possible.

### Group Code of Conduct

The Group Code of Conduct is a manual of good company practices and behaviors, in compliance with laws and regulations in force in the Countries where the Group operates, with a view to prevent situations potentially favorable to the commission of crimes.

The Code of Conduct represents an operating destination of the Group Ethical Code and it particularly focuses on three areas:

- for Company relations with Public Administrations;
- on Corporate matters and communications to the market;
- for relations with internal subjects and third parties.

The Code of Conduct identifies, though not exhaustively, behaviors in terms of "do's" and "don'ts". The "do's" area states the obligation to comply with laws and regulations in all the Countries where Prometeon operates, as well as the rules of conduct to be followed, while the "don'ts" area identifies the prohibited conducts and behaviors.



### Anti-Corruption Program

This program defines values, principles and responsibilities in terms of banning corruptive practices. Prometeon has endorsed the principles of the United Nations Global Compact, according to which enterprises undertake to fight corruption in all forms, including extortion and bribery. This program was developed from the results of a specific evaluation of exposure to risk of corruption in the countries where the Group operates. This evaluation will be repeated periodically in order to guarantee steady monitoring of such risk; in addition, suitable education and awareness programs will be developed where they could be useful. The Program has been adopted in view of establishing a benchmark framework for further reinforcement of the "anti-corruption" policy that the company has implemented over time, first with the Ethical Code and Code of Conduct, and then with specific programs and models in the various countries where Prometeon Tyre Group operates (for example in the Legislative Decree 231 Compliance Program applicable to the Group's Italian companies).

In particular, the following Policies are recalled:

- the “Ethical Code”;
- the “Code of Conduct”;
- the “Anti-Corruption Program”;
- the “Health, Safety and Environment” Policy;
- the “Social Responsibility Policy for Occupational Health, Safety and Rights, and Environment”;
- the “Global Tax” Policy;
- the “Group Whistleblowing - Group Reporting Procedure” Policy;
- the “Global Antitrust and Fair Competition” Policy;
- the “Conflict Minerals” Policy;
- the “Natural Rubber hedging” Policy;
- the “Tax Governance” Policy;
- the “Compliance with limitation on relationships issued by authorities” Policy;
- the “Sustainable Natural Rubber” Policy;
- the “Corporate Social Responsibility” Policy;
- the “Global Human Rights” Policy;
- the Group “Equal Opportunity Statement”;
- the “Global Quality” Policy.

The “**Ethical Code**” formulates the general principles of **transparency** and **fairness** inspiring the conduct of business. It indicates the **objectives** and the **values** informing business activity in relation to the main stakeholders with which Prometeon Tyre Group interacts on a daily basis: investors, environment, the financial market, customers and staff. This document provides all the Group's affiliates with cogent and uniform guidelines for the professional practices to be followed



by anyone who work for or on behalf of the Prometeon Tyre Group, or has business dealings with it ("Addressees of the Code") including agents and other intermediaries.

Prometeon Tyre Group has been and remains firmly committed to compliance with the principles of **Equal Opportunities** in the workplace, without any form of discrimination on the basis of gender, marital status, sexual orientation, religious or political beliefs, union membership, colour, ethnic origins, nationality, age or disability. Moreover the Company seeks the active support of all Group employees in putting the principles into practice.

Prometeon Tyre Group **pursues and supports compliance with internationally proclaimed human rights**. The Company's sustainable development strategies pursue various objectives, including continuous improvement in the environmental and occupational health and safety conditions affected by its own activities, in firm compliance with and support of the "Universal Declaration of Human Rights", the "International Labour Organization's Declaration on Fundamental Principles and Rights at Work", the "Rio Declaration on Environment and Development" and "the "United Nations Convention against Corruption".

Regarding the "**Global Human Rights**" Policy, the Company's activities are based on respect for global human rights, **which are a non-negotiable fundamental value if its culture and corporate strategy**, in line with the sustainability model foreseen in the international standard SA8000.

Furthermore Prometeon Tyre Group promotes respect for human rights and adherence to applicable international standards with its Partners and Stakeholders and bases its governance model on the recommendations contained in the United Nations Guiding Principles on Business and Human Rights, implementing the "Protect, Respect and Remedy" Framework. Additionally the Company is open to cooperation with governmental, non-governmental and sectorial and academic bodies for the development of global policies and principles aimed at protecting human rights and regularly informs its Stakeholders about the activities carried out and the performance achieved, primarily through Prometeon Tyre Group's annual report and the corporate website.

Prometeon Tyre Group's adherence to the UNGC and inspiration for the SDGs are indeed the result of the Company's loyal commitments to both the promotion and protection of respect for universal human rights and to openness to cooperation. The policies and principles adopted by the Company are not just in line with the Ten Principles of the UNGC but also instrumental for achieving the SDGs set under the Agenda 2030. In particular, the "Ethical Code", the "Principles of Equal Opportunities in the workplace" and the "Global Human Rights Policy" combined with the Company's enthusiasm for cooperation, are of significant importance to Prometeon Tyre Group in offering its humble contribution to achieve the SDGs for "*Decent Work and Economic Growth*", "*Reduced Inequalities*", "*Partnerships for the Goals*" by 2030.



As far as the **“Sustainable Natural Rubber”** policy is concerned, with global demand for natural rubber expected to rise, a sustainable governance of the natural rubber supply chain is essential in order to preserve forests and biodiversity, and to allow long-lasting development for local communities and economies. In this context, the Company strives to be an active player in global efforts towards natural rubber sustainability and is committed to ensure the conservation, restoration and sustainable use of ecosystems, promoting the implementation of sustainable management of all types of forests as stated by the SDG for “Life on Land”. For this purpose the Company works together with its value chain and industrial sector to enhance transparency and further develop processes and instruments to enhance traceability.

The current problems concerning global peace, justice, and rule of law as well as ending all forms of violence and torture against children and adult persons remain as one of the most difficult challenges to overcome for creating a sustainable world and ensuring a bright future for all of us. The Ten Principles of the UNGC and the SDGs require urgently from Global Business Community to take concrete steps and implement efficient solutions. As the cause at stake is directly related to the fundamental values of both the humanity and Prometeon Tyre Group, the Company is endeavoring to achieve the SDG for “Peace, Justice and Strong Institutions” through cooperation with national, international and supranational authorities.

Regarding the **“Conflict Mineral”** Policy Prometeon Tyre Group shares international concerns about the conflict in the Democratic Republic of the Congo and adjoining countries, and we are working to ensure that the mining of the minerals that end up in our products does not contribute to human rights violations in the region. US law requires certain US-listed companies to disclose the use of conflict minerals (Tin, Tungsten, Tantalum or Gold) in their products. Prometeon Tyre Group is not a US-listed company, but complies with requests from customers conducting country of origin verification or due diligence in their supply chains.

Concerning the **“Compliance with limitations on relationships issued by authorities”**, Prometeon Tyre Group is committed to the utmost promotion and protection of respect for Universal Human Rights, Global Peace and Justice. In line with its commitment, the Company complies with the provisions issued by national, international and supranational authorities such as the United Nations, European Union, and the United States of America on the limitations of relationships with governments and/or natural and legal persons of Syria, Sudan, North Korea, Iran, Cuba and Libya where gross human rights violations and armed conflicts are currently taking place. Therefore, Prometeon Tyre Group is not engaged in business activities with the aforementioned countries and subjects thereof.

In particular, for the purposes of ensuring compliance thereof, the functions involved are requested to verify – before the contracting phase - the presence or absence of restrictions on the type of product/service offered or to be purchased in the country in which the

marketing/purchasing is to take place or with regard to the contracting party, in accordance with the regulatory framework mentioned above. The Chief Financial Officer of each company within the Prometeon Tyre Group must ensure compliance with any restrictions that may have an impact on the management of banking and treasury services (e.g. termination or suspension of payments to an entity/country), and to report any breach or suspected breach of the provisions in this Policy without delay to the Compliance Group and to the Chief Financial Officer of the Group for the necessary and appropriate audits and resulting actions, without prejudice to the civil, administrative and criminal liability of the entity that has carried out the violation of such requirements.

The contents of the aforementioned Policies and the related methods for implementation are addressed in the sections of this report that deals with the related issues additionally; a specific focus has been put on programs of Compliance “231”, “Anti-corruption”, and on the “Whistleblowing Policy”.

### **Programs of Compliance 231, Anti-corruption**

With regards to the administrative responsibility of companies and bodies as provided for by **Legislative Decree 231/2001 in Italy** (hereinafter also the “Decree”), Prometeon Tyre Group has adopted and updates on regular basis an Organization and Management Model structured in a General Part, which includes a review of the regulations contained in the Decree, of the relevant crimes for the Italian companies of the Group and of the methods for adoption and implementation of the Model, and in a Special Part, which indicates the company processes and the corresponding sensitive activities for the Group’s Italian companies pursuant to the Decree, as well as the internal control principles and schemes to oversee these activities.

Prometeon Tyre Group emphasizes the importance of the role played by effective, accountable and transparent institutions in ensuring the sustainable future of our world. Since its establishment, the Company had a “zero tolerance” approach in fighting corruption and bribery in all its forms, which is perfectly in line with the Principle 10 of the UNGC and the SDG for “Peace, Justice and Strong Institutions”.

The **Group Anti-Corruption Program** was adopted in 2017 and its implementation is currently ongoing in the main countries in which Prometeon Tyre Group operates. With reference to Italian employees, specific trainings have been carried out in 2019 with regard to the Organization and Management Model and the Decree, including anticorruption matters. Such trainings are planned in case of amendments of the Organization and Management Model and are constantly supplied for new employees. Likewise, specific training has been implemented in Spain in connection with the applicable Ley Organica 1/2015. . The Group Anti-Corruption Program, available in English on the Prometeon Tyre Group’s intranet and website, is the corporate reference 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 principles already set out in the Ethical Code and the Code of Conduct are deployed, including zero tolerance of “*corruption in any guise or form, or in any jurisdiction, or even in places where such activity is admissible in practice, tolerated, or not challenged in the courts*”. For this reason, Group entities are prohibited from offering complementary gifts or other benefits that could constitute a breach of rules, or are in conflict with the Group’s Code of Ethics, or might, if brought to public notice may damage Prometeon Group or even just its reputation. Among the provisions of the Group Anti-Corruption Program are a prohibition in respect of recipients of the Ethical Code from offering gifts and other utilities that might meet conditions of a breach of rules, or which are in conflict with the Ethical Code, or may, if made public, constitute prejudice even only to the image of the Company. Moreover in 2019, specific internal instructions were provided to Prometeon Employees stating that employees are not entitled to accept gifts or any other benefits from third parties who supply (or may supply) goods and/or services to the Company if such gift or benefit has an estimated value exceeding Euro 25. Any gift/benefit received having a value exceeding such threshold must be delivered to the relevant HR function. Gifts/benefits so received will be re-allocated to external community for Charity Association. (*Social Dimension – External Community*)

Regarding **Tax Evasion** according to the Ethical Code adopted, Prometeon Tyre Group establishes organizational mechanisms aimed at preventing infringements by its employees and external staff of the rules and principles of transparency, propriety, and fairness, and checks that these rules are complied with and implemented.

In line with the foregoing as well as in light of the Group Tax Policy, our group conducts all of its business in an honest and ethical manner. Prometeon Tyre Group takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the laws of any jurisdiction in which Prometeon Tyre Group operates.

The Company is committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.

With specific reference to UK system, criminal Finances Act 2017 became effective on 30th September 2017 and the purpose of the Act is to hold companies criminally liable where they fail to prevent the actions of their staff, agents or other persons associated with them, from criminally facilitating tax evasions. In 2019, Internal Audit & Sustainability Department carried out a risk analysis in order to comply with the procedures in UK.

Furthermore the UK Company decided that senior managers need to be made aware of the issue and the procedures and they in turn need to make sure that their staffs are aware. Moreover senior management issued in 2019 a statement demonstrating its commitment to the Company’s

policy that will be approved by the Board of Directors of our UK entity on 2020. Finally in 2020 Prometeon Tyre Group will proceed implementing a plan related to:

- Communication and training: communication of the policy and the commitment of senior management plus training of staff in key areas;
- Monitoring and review: regular monitoring of the risks and the procedures.

The Act creates two new corporate criminal offences for failure to prevent the facilitation of tax evasion by a “person associated” with the Company.

These offences include:

- Failure to prevent facilitation of UK tax evasion (“UK FTP”);
- Failure to prevent facilitation of foreign tax evasion (“Foreign FTP”).

Additionally, Prometeon Tyre Group defends and protects its corporate assets, and shall procure the means for preventing acts of embezzlement, theft, and fraud against the Group and *“condemns the pursuit of personal interest and/or that of third parties to the detriment of social interests”*.

Referring to the **contribution made to the External Community**, Prometeon Tyre Group has adopted internal procedures defining the roles and responsibilities of the function involved, and the operational process of planning, achieving, monitoring and control of results of initiatives supported. The Prometeon procedure specifies that initiatives may not be promoted for the benefit of beneficiaries in respect of whom there is direct or indirect evidence of failure to abide by the human rights, workers, the environment, or business ethics. The Prometeon Code of conduct and Ethical Code set forth in their turn that the Company *“does not give contributions, advantages, or other benefits to political parties or trade union organizations, or to their representatives or candidates, without prejudice to its compliance with any relevant legislation”*.

In terms of prevention and control, the audits carried out by Internal Audit & Sustainability Department at Group affiliates include monitoring of crime risks, among which also the risk of corruption and fraud figure.

### **Focus: Reporting Procedure - Whistleblowing Policy**

**The Group Whistleblowing Policy**, supporting the Group internal compliance and control systems is directed both towards employees and external stakeholders, and notified to all employees in English via intranet and available to the External Community, on the Prometeon Internet website. The Policy governs the manner of reporting breaches, suspected breaches and inducement to breaches in the matter of law and regulations, principles ratified by the Ethical Code, including, obviously, equal opportunities, principles of internal auditing, rules, corporate policies and

procedures, and any other behavior of commission or omission that might directly or indirectly lead to economic-equity detriment, or even one of image, for the Group and/or its companies.

The Whistleblowing reporting channel is also expressly referred to by the **Sustainability Clauses** included in each order/supply contract as well as by the Group Policies published on the Company's intranet and website.

Reports may be made also in an anonymous form and protection of utmost confidentiality is at all times restated, as too is zero tolerance in respect of acts of reprisal of any kind with respect to those who report or who are the subject of reporting. Reports may concern directors, auditors, management, employees of the Company and, in general, anyone operating in Italy or abroad for Prometeon Tyre Group or engaging in business relations with the Group, including partners, customers, suppliers, consultants, collaborators, auditing companies, institutions and public entities.

The e-mail [ethics@prometeon.com](mailto:ethics@prometeon.com) is made available to anyone wishing to proceed with reporting, which is valid for all Group affiliates, as well as for the External Community, and is centrally managed by the Group Internal Audit and Sustainability function.

Internal Audit & Sustainability Department has the task of analysing all reports received, even involving corporate functions deemed concerned for the activities necessary of verification, in addition to scheduling specific action plans. In the event of a report being found to be grounded, adopting adequate disciplinary and/or legal actions is foreseen for the protection of the Company.

In respect of reports received in the 2019, a summary table is provided here below, along with further details about the reported instances.

	2018	2019
<b>Total reports</b>	24	23*
<b>of which confirmed</b>	18	14
<b>of which filed not confirmed and/or closed being absolutely generic</b>	4	7
<b>of which on-going</b>	2	2
<b>Countries of provenance of the reports ascertained</b>	Brazil, Egypt, Italy, USA	Argentina, Brazil, China, Egypt, Italy, Turkey, USA
<b>Matter alleged in the reports ascertained</b>	Management misbehaviours, complaints on business processes, bribery, others.	Management misbehaviours, complaints on business processes, bribery, others.
<b>Outcome of cases investigated</b>	Undertaken appropriate actions, including both disciplinary actions and corrective interventions in order to improve the processes and strengthen the internal control system; and resignation/removal.	Undertaken appropriate actions, including both disciplinary actions and corrective interventions in order to improve the processes and strengthen the internal control system; and resignation/removal.

\* 2 out of 23 reports are on-going

During 2019 the Whistleblowing procedure was activated 23 times.



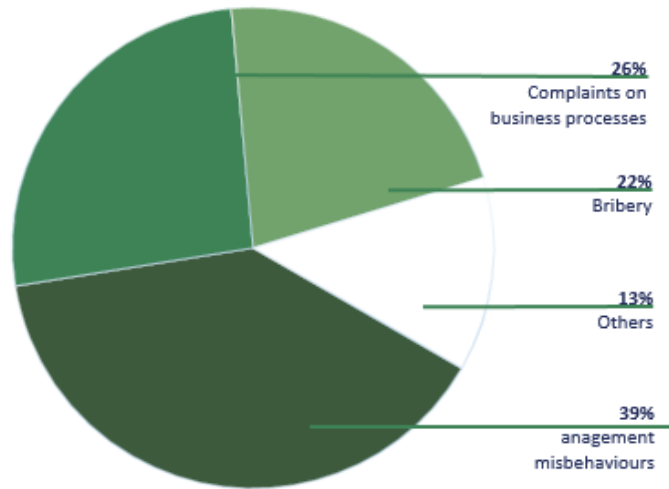
In particular:

- the 23 reports referred to 7 different Countries (Argentina, Brazil, China, Egypt, Italy, Turkey and USA as shown above);
- 40% of the reports (9 cases) were submitted using the email address [ethics@prometeon.com](mailto:ethics@prometeon.com), whereas 60% (14 cases) were addressed to management which dealt with informing Internal Audit & Sustainability Department as per corporate rules;
- 87% of the reports (20 cases) were signed, whereas the remaining 13% (3 cases) were received in anonymous form. Specifically, with reference to the 20 nominal cases, 7 were activated by external stakeholders and the remaining 13 were reported by internal stakeholders;

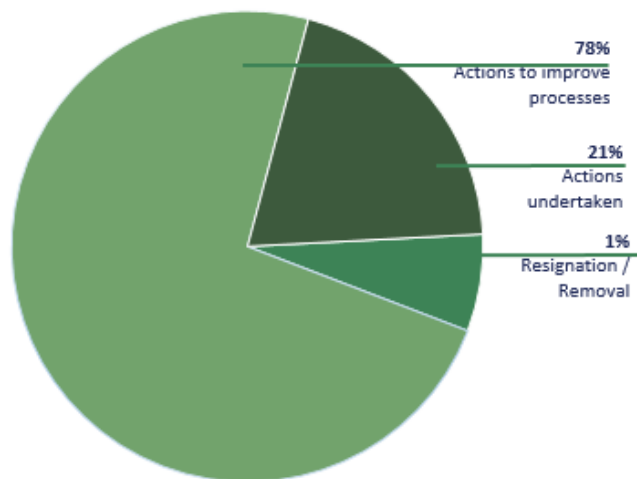
With regards to the 21 reports for which the analyses were completed involving the competent corporate functions, based on the activities carried out and the documentation made available during the assessment, it emerged that:

- Reported facts were confirmed in 14 cases, and in 7 cases, matter reported was generic and was assessed to be not founded;
- the 14 cases mentioned above are mainly related to these instances: management misbehaviors and complaints on business processes. Appropriate countermeasures have been undertaken, including both disciplinary actions and corrective interventions aimed to improve the processes and strengthen the internal control system.

### UNDERLYING REASONS OVERVIEW



### ACTIONS OVERVIEW



\*One specific case has resulted both in resignation / removal of relevant subject(s) and in actions to improve processes.

The Internal Audit & Sustainability Department periodically reported the reports received and the progress of the analyses carried out to the management.





## SOCIAL DIMENSION

Prometeon Tyre Group has a dedicated channel to reports, also anonymously, of any situations that constitute or may constitute a risk of violation of laws and regulations, provisions set out in the “Ethical Code”, internal control principles, corporate regulations and procedures. (“Whistleblowing Policy - Group Reporting Procedure” published on Prometeon Tyre Group’s website <http://www.prometeon.com/en-ww/company/governance.php>. A section in this report is dedicated to the “Whistleblowing Report Procedure”, to which reference is made for further information on reports received in 2019. In terms of materiality in the corporate value chain, the respect for human rights and labour rights assumes particular importance in human resources and the supply chain management).

The management of human rights in the supply chain is reported in the section “Our Suppliers” of this report, to which reference is made for more details.

With regard to the perception of internal risk at the Company sites and in the connected supply chain aspects, the survey was submitted to the function managers, while for the perception of risk in the external context of Prometeon Tyre Group the survey was submitted to both the aforementioned Prometeon Tyre Group functions and to the local non-governmental organizations of reference.

The consolidation of the feedback received from the Prometeon Tyre Group operating sites, with reference to the internal risk of the Prometeon Tyre Group sites and in the related supply chain, did not reveal any significant risks perceived.

## INTERNAL COMMUNITY

The Company’s social responsibility management is based on Values and on the specific commitments that the Company states in the “Ethical Code”, in the “Health, Safety and Environment” Policy, communicated to all employees in English available in intranet.

## PROMETEON TYRE GROUP EMPLOYEES AROUND THE WORLD

Prometeon Tyre Group employees at December 31, 2019 - expressed in Full Time Equivalent - amounted to 7,171 resources (vs. 6,873 in 2018) recording a net increase of 298 resources compared to the previous year.

### BREAKDOWN OF EMPLOYEE BY CATEGORY

	Executive	White collars*	Blue collars	Total
<b>2018</b>	53	1056	5764	6873
<b>2019</b>	48	1104	6019	7171
<b>2018 VS 2019</b>	(5)	48	255	298

\*White collars: numbers of cadre and staff are included for the calculation

### 2018 PERCENTAGE OF EMPLOYEE BY CATEGORY GENDER AND AGE PER REGION

#### EMEA\*

	Executive			Cadre			Staff			Blue collar			Totals		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
<30	0%	0%	0%	3%	5%	3%	21%	40%	25%	15%	0%	15%	15%	28%	15%
30-50	63%	100%	64%	72%	85%	74%	63%	49%	60%	79%	100%	79%	76%	61%	76%
>50	37%	0%	36%	25%	10%	23%	16%	11%	15%	6%	0%	6%	9%	11%	9%
Total	100%	100%	100%	101%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

#### AMERICAS

	Executive			Cadre			Staff			Blue collar			Totals		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
<30	0%	0%	0%	1%	0%	1%	15%	27%	18%	18%	63%	18%	17%	34%	18%
30-50	60%	0%	50%	71%	93%	74%	73%	66%	71%	75%	37%	74%	74%	60%	74%
>50	40%	100%	50%	28%	7%	25%	12%	7%	11%	8%	0%	8%	8%	6%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	101%	100%	100%	100%	100%	100%	100%

#### APAC

	Executive			Cadre			Staff			Blue collar			Totals		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
<30	0%	0%	0%	14%	0%	10%	18%	57%	29%	0%	0%	0%	16%	36%	22%
30-50	0%	100%	50%	86%	100%	90%	82%	43%	71%	0%	0%	0%	80%	64%	75%
>50	100%	0%	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%	0%	100%	100%	100%

\*EMEA (included HQ)

### 2019 PERCENTAGE OF EMPLOYEE BY CATEGORY GENDER AND AGE PER REGION

#### EMEA\*

	Executive			Cadre			Staff			Blue collar			Totals		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
<30	0%	0%	0%	2%	9%	3%	24%	44%	29%	13%	50%	13%	14%	33%	15%
30-50	59%	80%	62%	77%	83%	78%	64%	47%	60%	80%	0%	80%	78%	57%	77%
>50	41%	20%	38%	22%	9%	19%	12%	9%	11%	6%	50%	6%	8%	10%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

#### AMERICAS

	Executive			Cadre			Staff			Blue collar			Totals		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
<30	0%	0%	0%	2%	5%	2%	11%	30%	16%	17%	63%	18%	17%	37%	17%
30-50	71%	0%	63%	70%	90%	74%	77%	63%	73%	75%	33%	75%	75%	57%	75%
>50	29%	100%	37%	28%	5%	24%	12%	7%	11%	7%	4%	7%	8%	6%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

#### APAC

	Executive			Cadre			Staff			Blue collar			Totals		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total
<30	0%	0%	0%	10%	0%	9%	13%	33%	19%	0%	0%	0%	12%	29%	15%
30-50	100%	0%	100%	80%	100%	82%	80%	67%	76%	0%	0%	0%	81%	71%	79%
>50	0%	0%	0%	10%	0%	9%	7%	0%	5%	0%	0%	0%	8%	0%	6%
Total	100%	0%	100%	100%	100%	100%	100%	100%	100%	0%	0%	0%	100%	100%	100%

\*EMEA (included HQ)

**BREAKDOWN OF EMPLOYER BY GEOGRAPHIC AREA AND GENDER**

2019			
	Male	Female	Total
HQ - EUROPE	216	96	312
AMERICAS	3.848	160	4.008
MEA - AFME	2.754	64	2.818
APAC	26	7	33
<b>TOTAL</b>	<b>6.844</b>	<b>327</b>	<b>7.171</b>

2018			
	Male	Female	Total
HQ - EUROPE	214	73	287
AMERICAS	3.559	135	3.694
MEA - AFME	2.797	59	2.856
APAC	25	11	36
<b>TOTAL</b>	<b>6.595</b>	<b>278</b>	<b>6.873</b>

2018 VS 2019			
	Male	Female	Total
HQ - EUROPE	2	23	25
AMERICAS	290	25	315
MEA - AFME	(43)	5	(38)
APAC	1	(4)	(3)
<b>TOTAL</b>	<b>249</b>	<b>49</b>	<b>298</b>

**BREAKDOWN OF EMPLOYEE BY GEOGRAPHIC AREA AND CONTRACT**

	2018				2019			
	Permanent	Temporay	Agency	Total	Permanent	Temporay	Agency	Total
EMEA*	2.998	145	-	3.143	2.965	165	-	3.130
AMERICAS	3.631	63	-	3.694	3.785	224	-	4.009
APAC	6	30	-	36	9	24	-	33
<b>TOTAL</b>	<b>6.635</b>	<b>238</b>	<b>-</b>	<b>6.873</b>	<b>6.759</b>	<b>412</b>	<b>-</b>	<b>7.171</b>

\*EMEA (included HQ)

Additionally the following data refer to incoming/outgoing employees.

EMPLOYEE FLOWS BY GEOGRAPHIC AREA				
	2018		2019	
	Incoming	Outgoing	Incoming	Outgoing
EMEA*	577	507	672	664
AMERICAS	221	1.149	917	519
APAC	33	8	5	10
<b>TOTAL</b>	<b>831</b>	<b>1.664</b>	<b>1.594</b>	<b>1.193</b>

\*EMEA (included HQ)

**2018 EMPLOYEE FLOWS BY GEOGRAPHIC AREA, GENDER AND AGE: TOTAL VALUES**

	Incoming					Outgoing				
	<30	30-50	>50	Male	Female	<30	30-50	>50	Male	Female
EMEA*	413	153	11	545	32	294	177	36	481	26
AMERICAS	100	118	3	204	17	142	785	222	1102	47
APAC	2	30	1	30	3	3	3	2	5	3
<b>TOTAL</b>	<b>515</b>	<b>301</b>	<b>15</b>	<b>779</b>	<b>52</b>	<b>439</b>	<b>965</b>	<b>260</b>	<b>1588</b>	<b>76</b>

**2018 EMPLOYEE FLOWS BY GEOGRAPHIC AREA, GENDER AND AGE: PERCENTAGES VALUE**

	Incoming					Outgoing				
	<30	30-50	>50	Male	Female	<30	30-50	>50	Male	Female
EMEA*	72%	27%	2%	94%	6%	58%	35%	7%	95%	5%
AMERICAS	45%	53%	1%	92%	8%	12%	68%	19%	96%	4%
APAC	6%	91%	3%	91%	9%	38%	38%	25%	63%	38%
<b>TOTAL</b>	<b>62%</b>	<b>36%</b>	<b>2%</b>	<b>94%</b>	<b>6%</b>	<b>26%</b>	<b>58%</b>	<b>16%</b>	<b>95%</b>	<b>5%</b>

\*EMEA (included HQ)

**2019 EMPLOYEE FLOWS BY GEOGRAPHIC AREA, GENDER AND AGE: TOTAL VALUES**

	Incoming					Outgoing				
	<30	30-50	>50	Male	Female	<30	30-50	>50	Male	Female
EMEA*	497	171	4	617	55	406	208	50	642	22
AMERICAS	319	568	30	845	72	125	316	78	497	22
APAC	1	3	1	1	4	2	8	-	5	5
<b>TOTAL</b>	<b>817</b>	<b>742</b>	<b>35</b>	<b>1.463</b>	<b>131</b>	<b>533</b>	<b>532</b>	<b>128</b>	<b>1.144</b>	<b>49</b>

**2019 EMPLOYEE FLOWS BY GEOGRAPHIC AREA, GENDER AND AGE: PERCENTAGES VALUES**

	Incoming					Outgoing				
	<30	30-50	>50	Male	Female	<30	30-50	>50	Male	Female
EMEA*	74%	25%	1%	92%	8%	61%	31%	8%	97%	3%
AMERICAS	35%	62%	3%	92%	8%	24%	61%	15%	96%	4%
APAC	20%	60%	20%	20%	80%	20%	80%	0%	50%	50%
<b>TOTAL</b>	<b>51%</b>	<b>47%</b>	<b>2%</b>	<b>92%</b>	<b>8%</b>	<b>45%</b>	<b>45%</b>	<b>11%</b>	<b>96%</b>	<b>4%</b>

\*EMEA (included HQ)

During 2019, the Company operated internationally to strengthen internal know how and key functions.

At the end of 2019 the total number of headcount (HC) employed at Prometeon Tyre Group was equal to **7,171** HC, of which **1,152** white collars (16%) and **6,019** blue collars (84%).

The total number of employees has increased by 298 HC compared to the same period of 2018, that can be explained with an increase of blue collars in logistic branch in Brazil, coming from an internalization of services which were previously outsourced. This helped Prometeon Tyre Group to increase its effectiveness in Region Americas and gaining efficiency from integration.

As far as white collars are concerned, the Company invested for expanding internal know how reinforcing Headquarter and supporting Region Europe's growth.

## DIVERSITY MANAGEMENT

Prometeon Tyre Group is characterized by a multinational context where individuals manifest a great diversity, whose conscious management simultaneously creates a competitive advantage for the Company and a shared social value. Prometeon Tyre Group's commitment to compliance with equal opportunities and the enhancement of diversity in the workplace is expressed in the main group sustainability document: the "Ethical Code" approved by the Board of Directors and signed by the Chairman. This document has been distributed to all employees in English and published in intranet of the Company.

While respecting the cultural differences of the individual countries, what necessarily unite all Prometeon Tyre Group affiliates in the same culture are shared corporate values, policies and rules, which are applied at Group level and communicated in English to all employees.

A functional tool for the management of equal opportunities and the prevention of risk of breach thereof is the Group Whistleblowing Procedure, through which employees, suppliers and the External Community can anonymously report any suspected violation, as detailed in the relevant section.

In 2019, **14 reports were ascertained** for cases that could be linked to Management misbehaviours, misappropriation of Company's Assets, disservices to customers, complaints on business processes, and bribery. Appropriate countermeasures were undertaken, including both disciplinary actions and corrective interventions. Specifically, the Company took action intervening with disciplinary sanction and with dismissal in order to improve the processes and strengthen the internal control system. For further information on reports received in 2019 reference is made to the paragraph "Focus: Reporting Procedure – Whistleblowing Policy".

Internationality and multiculturalism are the characteristic elements of Prometeon Tyre Group.: as a company that operates in over 20 countries, Prometeon Tyre Group is aware of the cultural differences, which create the Company's own identity. Such identity is reflected not just by the "Ethical Code", which expresses the commitment for the compliance with equal opportunities and the enhancement of diversity, but also through the Company's inspiration for the SDGs "**10 Reduced Inequalities**" and "**8 Decent Work and Economic Growth**". In line with this inspiration, Prometeon Tyre Group is dedicated to providing "equal opportunities" for its all employees with regard to various aspects concerning diversity such as gender, culture, religion, experience, international mobility and training.

EMPLOYEE BY CATEGORY						
Year	Executives	Cadre	Staff	White Collars [Executives+ Cadre+Staff]	Blue collars	Total
2018	53	336	720	1109	5764	6873
2019	48	346	758	1152	6019	7171

The table below shows the breakdown of gender in terms of employment contract in 2018 and 2019:

EMPLOYEE BY GENDER AND CONTRACT						
	2019			2018		
	Male	Female	Total	Male	Female	Total
Permanent	6.461	298	6.759	6.377	258	6.635
Temporary	383	29	412	219	19	238
Agency	-	-	-	-	-	-
Total	6.844	327	7.171	6.596	277	6.873

In the context of gender diversity, Prometeon Tyre Group pays special attention to remuneration equality, constantly monitoring this issue.

The countries considered significant in the analysis of the remuneration policy at the end of 2019 are Brazil, Egypt and Turkey (managers and white collar employees). At a methodological level, it should be noted that the remuneration differentials between men and women were calculated for each Country and at the same weight of positions held, cross-checking the “grade” (i.e. the weight attributed to each position on the basis of various factors) with elements such as professional seniority. This valuation method allows objectivity and accuracy of the survey and evaluation: in fact, it should be noted that data calculated and/or reported only at Group level would be unable to pay due attention to the structural differences of the local markets, the different professional seniorities and the logic of remuneration markets with special features not comparable with each other.

In regard to the **standard salary** of new hires during their first year of work at Prometeon Tyre Group, this is greater than the **minimums prescribed by local legislation** and there are no differences between men and women or related to other diversity factors.

The following procedures and activities to promote **equal opportunities** have been well-established:

- introduction of new initiatives aimed at respecting cultural and religious diversity (e.g. different and clearly marked diets in canteens, kitchens typical of different cultures from that of the host country...);

- welfare and work-life balance initiatives (in regard, refer to the paragraph “**Employee experience and Internal Community**”;
- “Welfare” in this report.

## **EMPLOYER BRANDING, COMMUNICATION & TALENT ACQUISITION**

Prometeon Tyre Group considers crucial to enter in the market transmitting drivers that can distinguish the Company. In particular the Company identified its drivers in **Business, People and Change** and based its business approach in **technological know-how and product innovation**, technological and commercial leadership. Moreover focus on results and meritocracies have always ensured the best growth for employees, both locally and internationally.

Regarding the spreading of Company’s principles, Employer Branding is a useful tool that can give visibility to job opportunities addressed to recent graduates and profiles with experience and thus not only in the Italian labour market but also globally. In 2019 in the production sites where the Company operates, such as Turkey, Brazil and Egypt, events, projects and meetings were organized with the aim to promote **Employer Branding initiatives**. These activities have been carried out thanks to the **network and partnerships with prestigious universities** in different countries. The cooperation with these universities gave to young graduate candidates the opportunity to work in collaboration with Research &Development function and Industrial Technology.

Together with these institutions, the Company has organized **Career Days, Job Fairs, factory tours** and Company presentations supported by social media such as Instagram and YouTube with the aim to show videos, the core value and business of the Company. Furthermore students had the opportunity to visit the production sites where the Company operates giving them the possibility to have a “personal experience”. Young graduates joining Prometeon Tyre Group as interns had the chance to improve their knowledge and skills working in an international environment. In 2019, in order to promote the Company, Chief Financial Officer participated through a testimony during a course related to Planning and Control managed by Professor Dossi in **Bocconi University**.





*\*Factory tour in Egypt*



*\*Job fair in Egypt*

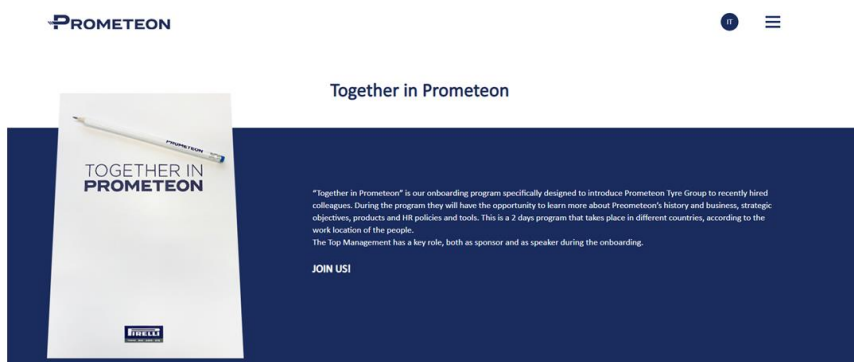
Nowadays internet plays an important role and Prometeon Tyre Group investing in this specific channel proceeded developing its recruiting activities through this specific channel. Prometeon Tyre Group created its LinkedIn page in 2018 with the aim to increase Group's audience in terms

of job offers views and engagement in terms of engagement and job offers views. The Company was mainly focused on recruiting activity through LinkedIn as principal channel.

In 2019 the Company focused on these latest through LinkedIn and with the support of the official website [www.prometeon.com](http://www.prometeon.com) in the section “Who we are” showing the corporate identity, the mission and the management model adopted by the Company. Moreover the Company decided to link the section “Careers” automatically with LinkedIn page.



At global level the Company worked on an on boarding program “**Together in Prometeon**” which is a program structured for new hired aimed to introduce and share Prometeon Tyre Group history, vision, mission, business, strategic goals, brand, products, and processes. Moreover in the countries where the Company operates, the over mentioned program was applied with local initiatives that can match with local culture and needs.



In Egypt, concerning Logistics and R&D functions, the Company organized factory visits with college students in order to support them on their term and graduate project through technical

knowledge and practical experience. Also on April 2019, Prometeon Tyre Group Egypt participated at the Engineering Job Fair College of Alexandria with the aim to present the Company and meet young engineers. Moreover summer training program for students of 2nd and 3rd Year College, a specific training experience concerning multinational work environment, was organized. In detail, students received a certificate of completion and a compensation of 200 EGP at the end of the session.

## **LEARNING & DEVELOPMENT**

### **Performance Management**

Since 2017 the Company started to communicate new **Performance Management system GetPro** and related **BePRO** materials in order to extend the new behaviours. The Performance Management is a specific tool for the evaluation and development of dialogue between the manager and the employee. In 2018 the tool was made operational and in 2019 extended in countries where the Company operates. The Performance Management process involves all staff worldwide (executives, managers and employees) and, with an external support, a survey was carried out in order to understand the needs of the Company. To support the quality of assessments, the process foresees Calibration Meetings organized by Human Resources, Business Partner and Managers of the individual functions, Business Units and countries, with their direct reports, during which the assessments of people who belong to a specific organizational unit are pooled with the objective of ensuring a shared and balanced distribution of the assessment, resulting in process that is as consistent, homogeneous and objective as possible. Through the help of this tool employees can have an open dialogue with their manager where feedbacks are given. Moreover, based on the results, together they can define and set new individuals goals in order to improve the previous results. This specific process is aimed to give the opportunity for a development and orientation that through the help of some preset markers, the employee can improve his competencies and soft skills.

With specific reference to **GetPro** approach the Company has optimized its process of communication between manager and employee to support people performance and achieve company goals. In addition to skills and processes, each person involved must identify and develop through application new attitudes and behaviours; GetPro is strictly related to the approach of **Training, Development and Talent Management** and it can support the Company in the long-term **Succession Planning strategy**.



Prometeon's behaviours for growing performance. Our 5 Behaviours talk about us, they have an impact on our work and they are part of our People Management System.

**BE PROACTIVE**  
**BE PROFESSIONAL**  
**BE PROMETEON**

In 2018, the new Performance Management system **GetPro** was launched in Prometeon Tyre Group. Deployment was supported by several activities at Group level as, for example, **in Turkey** all employees were invited to participate at Information Sessions with the aim to gain knowledge about the new approach, new system and new behaviours. In 2019 the process continued, involving all employees to set goals and evaluation criteria.

As far as the Get Pro is concerned the evaluation is founded on **performances** and on **5 fundamental behaviors**:

- Run for results;
- Drive team excellence across functions;
- Pursue continuous feedback;
- Find another way;
- Act as an entrepreneur.

With reference to **Talent Management**, the Company developed **Pro Generation**; a pilot development project has been launched at Headquarter level in April 2019 with the aim to support the professional growth of **Prometeon Tyre Group's new talent**.



The project implemented specific actions for young talent in order to develop **new competences and managerial skills**. 36 young HQ employees, from different functions, have been identified according to defined criteria as: age, seniority, evaluation and then involved in the project.



During six months the program gave to young talent the possibility to measure themselves through the participation of specific training and several project works regarding strategic topics that have been presented to Top Management. The path included different methodologies such as working in group, time management and individual contribution.

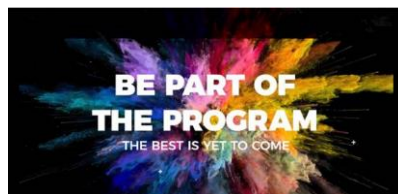
Specific development assessment was put in place and divided in two different stages:

1. an online assessment including online multimedia and interactive tests (business case, questionnaires, etc.) designed for skill mapping which were aligned with Prometeon Tyre Group skills model;
2. A face to face assessment.

The path ended with a feedback on the assessment and specific development activities monitored with a dedicated App for self-learning.



*\*Young talent during brainstorming*



*\* Young talent of Prometeon Tyre Group Italy*

## PROPeople

At the end of 2019 Prometeon Tyre Group has launched **PROPeople**, a 3 years Human Resources roadmap aimed to support Company growth.

PROPeople represent the main Human Resources processes project and is based on five pillars in which new initiatives and improvements will be implemented in the next years.

The five pillars are the following:

- Employer Branding, Communication & Talent Acquisition;
- Learning & Development;
- Employees Experience, Rewards & Welfare;
- Organization & HR Analytics;
- Industrial Relations & HSE.

The first step of the project is the definition of **new Prometeon Identity and Mindset**. During the last two months of 2019 the second step was listening more than 450 people (top managers, employees, sales, talents and customers) in more than 20 focus groups and meetings organized at worldwide level. In addition, employees contributed to this step answering (in several selfie videos) to three questions regarding the Company needs and challenges for the future.

Moreover in 2020 next steps of the project will be implemented, and for each pillar, and specific actions will take place at global and local level following the methodology of **innovation, commitment and digitalization**.



*\*ProPeople Focus Group in Turkey*



*\*ProPeople Focus Group in Brazil*

## LEARNING

The training offer is based on the strategic priorities of the organization and of the various functions, which are alongside the needs that emerge annually from the Performance Management process. The three main contents that may define employees' requirements are: management/behavioral skills, technical skills and mandatory trainings. The first two are provided centrally or locally, while mandatory trainings are managed and implemented directly in the individual countries in order to meet the specific local needs.

In 2018, the Company collaborated with an external company in order to make a unique platform so that all the courses can be reached globally. The platform has been launched in 2019 and employees had the possibility to complete some training, as for example in Italy the mandatory courses such as local and labor law (anticorruption program applied at global and local level eg.in Italy "Modello 231").

Local Human Resources collect training needs through individual meetings with managers or analyzing the Company needs.

Requirements were collected in **three main areas**:

- management/behavioral skills;
- technical skills;



- mandatory trainings.

Local Human Resources and function managers discussed the requirement and then defined different types of learning methods such as:

- e-learning;
- internal or external classroom trainings;
- coaching or Mentoring;
- conferences;

### Local Education

The training provided locally responds to the specific training needs of the local context and culture of the reference country for the entire local company population. The seminars cover areas of expertise ranging from the improvement of interpersonal skills, stress management, the development of Information Technology, language, regulatory skills up to seminars on issues of welfare and to diversity at the Company. Some courses particularly appreciated and attended in 2019 were:

- **“Social Styles”**, dedicated to employees who need to refine their communication skills. The course makes use of numerous exercises and role play in which participants are involved. At the end of the course participants learned the different types of social styles, their own spirit and also how to behave and manage the relationship with the other approaches.
- In Turkey the Company started the **“Innovative Problem Solving”**, a special support for employees who want to experiment with a methodological approach how to problem solving, learning how to make decisions in a complex environment. Among the teaching tools used in the classroom was the mapping of non-rational elements in order to reduce their impact in the decision-making phase together with simulation exercises. In 2019, for specialists who managed blue collar a specific package program was put in place giving them the opportunity to work in team doing emotional intelligence trainings.
- **“Great Place to Work Journey”**, supports the managers to improve team management and communications skills. Journey had started with an information session that includes how to be a Great Place to Work Manager; ensuring the transformation by deploying the positive trust effect on the organization. Through Coaching sessions, learning from Each Other sessions and Progress Dialogues sessions Managers discussed actions, responsibilities and roles which could be considered in order to create positive effect and thus starting from the evaluation of themselves. In 2019 employees and managers have

filled out a Great Leader Survey, training and coaching process will continue also in 2020 with the new managers

The importance of feedback and communication in developing mutual trust were evaluated at same level for all managers.

Company's Managers worked on several activities embodying actions with One-to-One interviews related to the following questions:

- "How an ideal Prometeon Tyre Group Manager should be?";
- "How we can support each other for this?".

Regarding the relationship of the transition from judging mindset to learning mindset, team motivation and the influence of manager on the team were evaluated with concrete examples. 40 managers had been involved in Great Place to Work Journey starting with the "How an ideal Prometeon Tyre Group Manager should be?" and One-to-One coaching and development sessions. In 2019 employees and managers have filled out a Great Leader Survey and training and coaching process will continue with new managers also in 2020.

In 2019, approximately **30,000 hours trainings** took place for white collar employees such as:

- More than **12,000** hours of **training on soft behavioural and managerial skills**. The Company focused on several classrooms such as communication, problem solving, change management, conflict management and coaching pills. During the onboarding and induction program several hours on internal culture were dedicated. Moreover, team building courses were organized with outdoor initiatives;
- Company cares about updating the skills and competences of their employees and for this more than **15,000 hours of technical trainings** were organized. In particular the training were based on research and development field, quality certification, suppliers and purchasing topic and dedicated meeting on Salesforce;
- More than **3,000 hours training** were accomplished within the **mandatory requirements** (eg. Requested by local labour law) which are held in classrooms and also in e-learning system.

Emotional Intelligence training and mentoring processes were launched in 2019. All first-line managers and other additional managers performing as mentors of employees from different departments and levels were involved. Furthermore 10 young employees were selected to perform as reverse-mentors of first-line managers. Periodical follow-up meetings were realized

and after six months a new group of employees started mentoring and reverse mentoring processes.



*\*Team building in Turkey*

## EMPLOYEES EXPERIENCE, REWARDS AND WELFARE

### REWARDS

The remuneration policies adopted by Prometeon Tyre Group aim to ensure fair remuneration in line with the individual's contribution to the success of the Company, recognizing the performance and quality of the individual's professional goals, in a philosophy of sustainable remuneration. The purpose is twofold: on one hand to attract, retain and motivate key employees, while on the other hand to reward and promote a conduct consistent with the corporate culture and values.

Compensation policies and processes for Group management (Global Executives) are managed by the HQ Human Resources and Organization department, while Non-Executive personnel are handled locally by Human Resources department at country level.

In 2019, in accordance with market best practices, the impact of the short-term and medium-term variable remuneration has been fostered, improving the correlation between remuneration and performance. In particular, one of the main instruments of the variable remuneration is the annual **Management By Objectives** (MBO) previewed for management team that rewards employees based on financial objectives of the Group and/or Business Unit and/or Region.

## INTERNATIONAL MOBILITY

International mobility in Prometeon Tyre Group is highly promoted with the aim to enhance cultural and value integration, sharing of experience and professional development, an approach that the Company considers crucial to maintain and create value for the long term.

In 2019, **13 new international assignments** have been initiated (+ 2 vs. 2018): almost half of them involved employees from Turkey, and the mobility flows are related both to managerial positions to be covered in Milan Headquarter and to technical roles in industrial countries with presence of manufacturing plants.

Prometeon International Mobility Policy has been standardized and shared within all the affiliates, with common treatment rules at Group level that enable a uniform management for expatriate employees. The policy guarantees the application of a fiscal neutrality principle as well as specific benefits in order to support expatriates and their relatives ensuring the application of an equitable and appropriate remuneration package thus facilitating the international mobility within the Company.

## WELFARE

The **welfare initiatives** that Prometeon Tyre Group attempt to its employees vary from country to country, in accordance with the specific needs identified in the social contexts in which the affiliates operate.

Prometeon Tyre Group offers to its employee's different welfare initiatives that change in accordance with the specific needs of each country and social context where the Company operates.

Each country implements the Group guidelines with a local approach: the affiliates adopt activities, tools and welfare processes aimed to create collaborative environments and to provide an adequate support for the needs of personal life, respecting local regulatory, social and cultural specificities.

In addition, a significant focus has been placed to **employee experience**, meaning the day-to-day life of employees in and outside the office. The objective is to facilitate the sharing of information, administrative tasks and a better balance between personal and professional life, in particular supporting health care, familiars, employees' free time and flexibility on the job.

Different initiatives are in place to support Prometeon Tyre Group's employees in their personal and professional life as scholarships and daycare for employees' children, fiscal assistance for personal income declaration and canteen.

Moreover through the **Corporate Welfare Portal**, all employees have access to many facilities such as: flexible benefits, special discount for subscriptions to public transport in Milan (Azienda Trasporti Milanese and Trenord), purchase of school book with discounted price, scholarships for college and universities and a dedicated price to all employees who wants to buy Pirelli tyres.



Concerning the **retirement saving**, the Company supports employees who decide to allocate the deferred compensation (Trattamento di Fine Rapporto) to the retirement category fund (Fondo Gomma Plastica) giving them a proportional amount which is lodged in the same fund account.

**In Italy**, in addition to Italian public health system, Prometeon Tyre Group ensures to all employees a high level of health care coverage though a medical insurance. This latest covers medical checks, including dental care and hospitalization for employees and their relatives. The

Company also offers for HQ employees the possibility to benefit of free medical services and examinations in Poliambulatorio Bicocca, which cost is completely at Company charge.

**In Brazil**, Prometeon Tyre Group previews for its employees a **health plan** that covers the majority of medical examinations and services providing a private room in case of hospitalization. These services are guaranteed for the entire employee but also for retired of Santo André plant which can benefit of the health plan for other 12 months after their retirement.

Besides the **Social Security Plan**, which is mandatory by law, Prometeon Tyre Group offers an additional Private Pension Plan named: Previdência Privada. The purpose is to complement the retirement pension after the termination of employment. The employee participation in the Private Pension Plan is optional and incentivized by the fact that if the employee decides to make a monthly contribution, Prometeon Tyre Group will adds a proportional amount.

**In Egypt**, Prometeon Tyre Group offers to its employees and their spouses a private medical insurance which is completely at Company charge. The employees have also the possibility to have optional benefit which enrolls their children under the umbrella of the coverage at a competitive price. The private health insurance includes medical examination, hospitalization, medications, dental and eye care.

Furthermore, dedicated initiatives to support employees' welfare are in place in Egypt, such as canteen, daily meals, transportation cost at Company charge and a loan program that supports employees facing to emergencies and critical crises granting to them a loan with favorable conditions. The Company established retirement plan which previews one-shot bonus for employees at their retirement moment and Company's additional provisions.

**In Turkey**, a Private Health Insurance ensure to employees and their family the access to health care in hospitals within the scope of ambulatory, patient treatment and a check-up package for members aging more than 35 years while the Private Pension System guarantees a Company contribution that can reach up to 100% of the employee contribution in case of 5 years enrollment.

In order to support **family welfare**, a dedicated plan contributes to the expenses of scholarship for employees' children enrolled to first school, high school and university. Specific allowances are previewed for events like child birth, marriage, maternity and familiar death and employees can benefit also of a loan program that helps to obtain this latest with advantageous conditions.

Moreover all employees in Turkey can benefits of the following services: canteen in Izmit plant and ticket restaurant in Istanbul head office, free transportation for commuting, tyre discount. The Company through the **Seniority Awards** which reward the employees of 5, 10, 15, 20, 25 and 30 years of seniority with gift such as: rosette, plaque, wristwatch, Company tour together with their families with an included lunch and/or special bonus for highest seniorities. In addition during special days such as: birthday, New Year, Seniority Day, Women's Days, Job anniversary, Mother's

day, non-absenteeism, a credit is loaded in a dedicated platform allowing the employees to do online shopping.

At Group level, in order to recognize the seniority and the loyalty of its employees Prometeon Tyre Group assign a **Seniority Bonus Award** after 25, 30, 35, 40, 45 years thanking them for their work collaboration.

**“Prometeon Tyre Group Smart Way”** has been launched and implemented in 2017 with the aim to give the opportunity to all employees to home-working during a defined number of days per month. It has to be highlighted that market trends and studies clearly demonstrates that smart working improves productivity, work-life balance, cost-saving while contributing to environment protection. After the launch in 2017 and a pilot phase involving 60 participants in Head Quarter, in 2018 the participants raised to 92 with a total day of smart working and in 2019 the number of participants reached 152 participants with a total of 1,250 days with an increase of 65%. Through the successful results of the project the Company decided to extend the smart-working in UK, Germany and Poland.

## **EMPLOYEE EXPERIENCE AND INTERNAL COMMUNITY**

With specific reference to the internal community, in order to evaluate work life and work environments (e.g. flexible working hours, facility, individual development training, cultural growth and group celebrations), as for 2018, also in 2019 the Company organized for the employees and their families’ different special events and celebration of festivities.

Welfare initiatives directly connected to the internal community, offers to its employee’s adequate support for the need of personal life, respecting local regulatory, social and cultural specificities. Reflecting the Group guidelines internal community activities in 2019 were also related to free time such as Open Days like Family Day, sports like Marathon Run, and Pilates.

**In Brazil**, the Company organized a special breakfast for the Mother’s Day inviting 80 mothers of the Brazilian Company.

Moreover in 2019 the Company organized each two months a special event **“Nossa Casa Prometeon”** giving the possibility to the employees to bring their families and visit the factory all together.





***\*Employees and their families participating to “Nossa Casa Prometeon”***

**In Turkey**, Prometeon Tyre Group organized a Family Day in honor of the Victory Day which is a national holiday in Turkey, always celebrated on August 30th. It may also be known as Armed Forces Day. Victory Day commemorates the victory in the Battle of Dumlupınar which was the decisive battle in the Turkish War of Independence in 1922. The Company proposed several activities involving all the people invited and giving the possibility to the employees to spend the day with their families.



***\*Family Day in Turkey***

In September 2019 in **Italy**, the Company organized its first **Open Day**, giving the opportunity to the employees and their families to spend time together. During the day many activities were organized such as **game for kids, music and children had the opportunity to visit parents' office**. Furthermore the Company collaborated with an Italian association (Lega Italiana per la Lotta contro i Tumori) who raise funds for cancer research. On top, during the Open day more than 1,000 Euro were raised thanks to the participation of employees.



*\*Painting made by the families and their children during Open Day in HQ*





*\*Open Day in Italy*



Moreover in **Brazil** the Company celebrated volunteering activities involving 5,000 people from the Internal Community (employees with their families), children of employees received a

Christmas Gift from Santa Claus. At Headquarter level, employees found on their desk a typical Christmas cake (panettone) and a branded jacket with the new Logo of Prometeon Tyre Group. Furthermore in order to promote Sustainability aimed at reducing plastic and waste, the Italian Branch of the Company provided to all employees of Headquarter a mug with their names.



***\*Employees celebrating Christmas with their families***

Every year Egyptian Company organizes dedicated program for **holidays and pilgrimage** giving to employees the possibility to receive a company contribution. In 2019, 350 employees benefited from the contribution offer of 470K EGP (around Euro 27K) and 10 employees received the company contribution of 30K EGP (around Euro 1,800) for the pilgrimage to the Mekka. Moreover in 2019 the Company provided to the employees more than 3.000 “Sweets Bags” for a corresponding amount of 770K EGP (around Euro 40 for person) during the month of Ramadan, Eid Al-fitr and Eid Al- Adha. Furthermore, using the company ID card, the employees can receive discounts opportunities for health care, mobile phones & accessories, fashion & beauty, entertainment & educational services, food shops & restaurants.

Regarding External Community, in Turkey the Company organized an information seminar on volunteering activities for all white collar employees.

In line with the its inspiration for the SDG “**4 Good Health and Well-Being**” Prometeon Tyre Group organizes and implements various initiatives aimed at health and well-being of the Company’s employees – both at work and outside of the work- and their families.

Prometeon Tyre Group provides infirmaries in all its production units where health operators and medical specialists are available to all employees during working hours. These facilities provide counseling for health problems outside work as well as first aid care and periodic health supervision.

In June 2019 **Headquarter** organized the second edition of **Health Safety and Environment day** giving employees the opportunity to be involved in the path of cultural change that Prometeon

Tyre Group has started worldwide. During the event different arguments were discussed with the aim to increase the awareness of a correct and healthy life style thanks the contribution of a nutritionist that gave advices and a correct approach to combine a specific diet during sports and working hours. Furthermore, some internal and external testimonials gave their contribution telling their experiences in sports and in changing and improving life habits.

**In Brazil** Prometeon Tyre Group organized two days promoting healthy lifestyle, doing prevention on cancer: **Pink October and Blue November**. In these two days 600 women and 2,500 men participated to different workshops doing also prevention tests.



*\*Pink October in Brazil*

**In Turkey** the Company started cooperation together with one of the most important government of health insurance in Germany named Barmer GEK. The aim of this cooperation with Barmer was to reduce the illness days in the company. Barmer GEK, started to send regularly (monthly basis) to the employees healthy tips for the working hour period. Once the initiative has been implemented employees started to use the healthy tips and giving excellent feedback on this activity. Furthermore during the Health and Safety day in Italy, "**Croce Rossa Italiana**" participated giving first aid advices in case of emergency and alternative way to communicate the Health and Safety topics. During the event all the speeches have been developed with different types of communication in order to reach all the people and raise awareness on the topics.

In October 2019, employees from **Headquarter** participated to a **10km race "Deejay Ten"** which was organized in Milan. During the previous months employees trained once a week thanks to a special training program made together with personal trainer g for the race as per the Pilates classes. Moreover each employee paid a membership fee for the training sessions, which were doubled by the Company and donated to "**Croce Rossa Italiana**".





*\*Italian employees during training hours and marathon run*



**PROMETEON**  
**RUN4HEALTH**  
 enjoy the fun



Oggetto: Ringraziamenti per donazione alla Croce Rossa di Milano.

Spettabile PROMETEON TYRE GROUP SRL,

a nome della **Croce Rossa di Milano**, di tutti i volontari e soprattutto delle persone beneficiarie delle attività che portiamo avanti sul territorio in ambito sanitario, sociale ed emergenziale, desideriamo esprimere a questa Azienda i nostri sinceri ringraziamenti.

Croce Rossa Italiana  
 Comitato di Milano



Milano, 02/12/19



Moreover as employees of a company with a high level of corporate social responsibility, in order to promote the spreading of quality education in line with the Company's inspirations for the SDG "4 Quality Education", Turkish colleagues, joined for the third year the Istanbul Marathon which was aimed at collecting donations as Prometeon Turkey and thus on behalf of 'TEV-Turkish Education Foundation'. **TEV (Turk Egitim Vakfi)** gives scholarships to successful students that are devoted to the principles and reforms of Atatürk, but lack financial support. All over Turkey, students who study at Technical and Industrial Vocational Schools, Vocational High Schools, High Schools, Universities, Master's and Doctorate Programs can benefit from scholarships. Scholars are chosen by a committee, which is created by their own educational institution that includes one representative from TEV. Turkish Educational Foundation has given scholarships to 4041 students affected by the earthquake in Marmara in 1999, to 1000 students after the Afyon earthquake in 2002 and to 100 students after the earthquake in Bingöl in 2003. Recently, in order to support their education scholarships were assigned to 400 students who were victims of the earthquake which took place on October 23rd, 2011 in Van.



*\* Turkish colleagues, at the Istanbul Marathon*

During 2019 the Company has shown also its commitment for endeavoring targets set by SDG “**2 Zero Hunger**”. In line with its inspiration for the SDG “**2 Zero Hunger**”, **Headquarter** celebrated Christmas sharing gifts with those most in need donating to Caritas Ambrosiana, food and warm clothes. **In Brazil** instead during the month of June more than 350 employees participated to a campaign raising funds.

## INDUSTRIAL RELATIONS

The **Industrial Relations** policy adopted by the Group is based on respect for constructive dialogue, fairness and roles. Guaranteeing and respecting **free trade union activities** is one of the key values on which Prometeon Tyre Group bases its own **Human Capital Management System**. Relations and negotiations with trade unions are managed locally by each affiliate in accordance with the laws, national and/or company-level collective bargaining agreements, and the prevailing customs and practices in each country.

The general guidelines are defined at headquarter and subsequently shared at local levels, thus the local departments follows the indications given from Headquarter. At local level, these activities are supported by the central department, which coordinate the activities and ensure that the aforementioned principles are observed throughout the Group.



Industrial Relations also have an active role in the Group's commitment in terms of health and safety, characterized by active participation on the part of the union and workers. In December 2019, 85% of the Group's employees are covered by representative bodies that periodically, with the Company, monitor and address the current issues and awareness and intervention plans/programs, aimed at the improvement of activities and to safeguard the health and safety of employees.

In accordance with the principle of constructive and timely dialogue with employees, in the event of corporate reorganization and restructuring, employees and their representatives are informed in a timeframe that varies from country to country in full compliance with local laws, collective agreements in force and trade union agreements.

Compliance with statutory and contractual obligations governing overtime, time off, association and negotiation, equal opportunities and nondiscrimination, bans on child and forced labor.

The governance to protect **Human and Labor Rights** is the subject of Prometeon Tyre Group's Ethical Code and specific Policy adopted by the Company, in particular the "**Health, Safety and Environment**" Policy. All the aforementioned Ethical Code and Policy are public and have been communicated in English and local languages to employees.

Prometeon Tyre Group's approach has always been characterized **by compliance** with all legal and/or **contractual requirements** concerning **working hours**, the use of **overtime** and the right to regular **days of rest**. These requirements are often the subject of agreements with **trade unions**, in line with the regulatory context of each country. There are no restrictions on workers' right to use their total number of holidays and the period is generally agreed between the employee and the Company.

In addition to the trade union dialogue and coordination between Headquarter and local functions, Prometeon Tyre Group verifies the application of the law, rules and regulation of each country at its affiliates through periodic audits performed by the Internal Audit & Sustainability Department, in compliance with the audit plan.

### **Labor and social security lawsuits**

In 2019, as in previous years, the level of work and social security litigation at Group level remained low. Just as in previous years, Brazil remains one of the countries most affected for litigations, to the point of representing about 92% of all the labor lawsuits currently pending against the entire Group. Labor lawsuits are extremely common in this country and depend on the peculiarities of the local culture. As such, they affect not only Prometeon Tyre Group but also the other multinational companies operating there. Labor lawsuits are generally initiated when an employment contract is terminated, and they usually involve the interpretation of regulatory, legal 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.

### **Unionization levels and industrial action**

The Company is not able to measure exactly the consolidated percentage of union membership at Group level, due to the fact that this information is not legitimately available in all countries where Prometeon Tyre Group operates.

However, it is estimated that over **85% of Prometeon Tyre Group employees are trade union members**. This figure is associated with the historical, regulatory and cultural differences between each country. Collective agreements for renewal in 2017 in Egypt and in 2018 in Turkey and Brazil were renewed without any conflict and strikes. In 2019 has gone like all the previous years. It has to be highlighted that in 2020 in Turkey and Brazil the Company will proceed with a new negotiation for new collective agreements related to the years 2020- 2021.

In 2019, the **Industrial Relations & Manufacturing Committee** was established with the aim of ensuring long-term Sustainability and Competitiveness of Prometeon’s industrial footprint in a volatile context. The main objectives of the Committee will be to ensure a global and consistent approach, an adequate focus on blue collars, which represent the wide majority of Prometeon Tyre Groups’ population, coordination of industrial relations topics, and the identification of local best practices to be shared with other plants where the Company operates which can customized according to local specificities.

### **Supplementary pension plans, supplementary health plans and other social benefits**

The Group has defined contribution and benefit funds, the benefit plans at Group level are:

- **Health plans:** accident insurance for company users and the management, full medical tests for the management twice a year, life insurance also for the family (e.g. dental plans, optic, vaccine, etc.), invalidity/disability insurance, additional parental leave and pharmacy discount.
- **Social benefits:** canteen, internal polyclinic based in Milan Headquarter (instrumental examination, therapies etc.), family support as scholarships, summer camps for employees’ children, flexible working hours, plenary meeting, funeral expenses support, social security complementary subsidy, and educational school kit (granted to kids up to 14 years old). The Company makes available to employees a dedicated internal website: benefits, discount with many external partner and provider like a company nursery at discounted prices as well as school books with discount for the employees’ children. Moreover in house doctor visits and, private pension plan and local pension plan are calculated yearly according to the annual salary, saving schemes.

The Group also maintains various supplemental medical benefit plans at its affiliates according to local requirements. These healthcare schemes vary from country to country in terms of allocation

levels and the types of coverage provided. The social benefits recognized by Prometeon Tyre Group for employees (including life insurance, invalidity/disability insurance and additional parental leave) are generally recognized to all employees, regardless of the type of contract whether permanent, temporary or part-time, in compliance with company policies and local trade union agreements.

## **OCCUPATIONAL HEALTH, SAFETY AND HYGIENE**

### **Management model and system**

Prometeon Tyre Group's approach to responsible management of occupational health, safety and hygiene is based on the principles and commitments expressed in the "Ethical Code" of the Group, in the "**Health, Safety and Environment**" Policy which are issued in 2017 in the intranet of the Group and in the "**Global Human Rights**" Policy and in the "**Quality**" Policy. In particular, the "Health, Safety and Environment" Policy outlines the Company's commitment to:

- manage its activities regarding health and safety protection at work in compliance with the laws and all the commitments entered into, as well as according to the most qualified management international standards;
- pursue objectives of "no harm to people", by implementing actions for early identification, assessment and prevention of risks for health and safety at work aimed at a continuous reduction in the number and severity of injuries and occupational illnesses, activating health surveillance plans in order to protect workers from specific risks associated with their business duties;
- develop and implement emergency management programs to prevent and avoid harm to persons;
- define, monitor and communicate to its Stakeholders specific objectives of continuous improvement of health and safety at work;
- empower, train and motivate its employees to work safely involving all levels of the organization in an ongoing program of training and information, aimed at promoting a culture of safety at work;
- promote information and awareness-raising on health and safety issues;
- provide ongoing and concrete support aimed at facilitating the work-life balance;

- manage its supply chain responsibly by including issues of health and safety at work in the supplier selection criteria, the contractual clauses and the audit criteria, also requiring suppliers to implement a similar management model in their supply chain;
- make available to all its Stakeholders a channel (the “Whistleblowing Policy-Reporting Procedure” published on Prometeon Tyre Group’s website and intranet) 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 Paragraph “Focus: Reporting Procedure-Whistleblowing Policy” of this Report for an outline of reports received in 2019, none of which regarding health and safety).

All the documents mentioned above are communicated to all employees and are published in the Governance section of the Prometeon Tyre Group website, which should be consulted for full display of the content.

The **occupational safety management system** was developed in compliance with procedures and guidelines elaborated centrally in order to consolidate a “common language” that guarantees sharing, alignment and effective management in the Group.

The Company adopts an occupational health and safety management system structured and certified according to OHSAS 18001:2007. All certificates are issued with ANAB international accreditation (ANSI-ASQ National Accreditation Board - US accrediting body). Moreover in 2019, RINA Services S.p.A. evaluated the conformity of the health and safety management systems of Prometeon Tyre Group. At the end of 2019, all production facilities are certified according to OHSAS 18001:2007 and the transition to ISO 45001 expected in next years, is already planned.

At local level, in each productive unit, periodical meeting with employees’ representatives (Health & Safety Committee, which is composed by both HQ and local Health, Safety and Environment Departments and local productive unit manager) are held with the aim of displaying, in respect of the management system, the activities done and those planned, and of sharing the results of the risk assessments on workplace risks.

### **Safety culture**

“**The Zero Accidents Target**” is a precise and strong corporate position. The Company strongly believes that leaders play a strategic role in risk prevention. Their behavior must therefore be an example for all employees. 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 behavioral aspect of all Company players.

It is necessary to pursue the safety culture in accordance with the rules, while maintaining a very clear idea of everyone's responsibilities to themselves, others, and their own family. This approach, together with the involvement and continuous internal dialogue between management and workers, has allowed a sharp decline in historical injury indices.

In particular, in addition to the strengthening and consolidation of the safety culture concepts based on conduct, the focus on Leading Indicators was further developed, namely measuring what preventive measures should be implemented and how this should be done, rather than Lagging Indicators, namely reactive indicators, such as the number or frequency of accidents.

The sharing of the **Safety Culture** was also supported by the monthly newsletters like the **Safety Bulletin**, and the periodic publication of significant events through the traditional channels of internal communication.

Some of the most important areas of intervention of the **"Excellence in Safety" Program** are related to the improvement of governance on safety, the organizational structure, the clarity of the tasks and roles, empowering workers, improving communication within the organization, the sharing of objectives, motivation with respect to a common strategy: all substantial issues for a work environment that is psycho-socially appropriate and stimulating, in which workers feel valued and the psychosocial risks are effectively prevented and countered.



## Safety training

In addition to **safety training** offered locally at every local company of Prometeon Tyre Group (which is illustrated in the section of this report dedicated to training), special mention should be made of Group activities and projects, which simultaneously target several countries by allowing an alignment of culture and vision, fully benefiting pursuit of the Company's own improvement targets.

## Health Safety and Environment Day

In line with both the Company's relevant policies and inspiration for the SDGs "**3 Good Health and Well-Being**", "**8 Decent Work and Economic Growth**", Prometeon Tyre Group is committed to promote a healthy way of life and to raise awareness on environment and safety at work. In this regard since 2018 Prometeon Tyre Group organizes each year "Health, Safety and Environment". The second edition of the HSE Day was held in June 2019 and the focus topic of the year was healthy way of life both at work and in private life. At the HQ level, in order to promote a healthy life style among employees by encouraging them to take an action, Pilates courses and running sessions with the eventual aim of participating DeeJay Ten Milano 2019 were organized.



## Monitoring of Performance

Alongside establishing specific guidelines and procedures for implementing management systems, the Group uses the web-based Health, Safety and Environment Data Management (HSE-DM) system, elaborated and managed centrally by the Health, Safety and Environment Department. This system makes it possible to monitor HSE performance and prepare numerous types of reports as necessary for management or operating purposes.

The HSE-DM system collects all the information on accidents occurred at the factories, Group fitting units, equities and logistics units managed directly by the Company (accident analysis, corrective action taken...). If the dynamics of a particular case are significant, all the plants are not only provided with the information via a system called Safety Alert, but are also urged to conduct an internal audit as to whether conditions similar to the ones that caused the injury or near miss also exist at their plants and to define any possible corrective measures. By using this system, every site is able to audit the solutions adopted by other plants in order to share the best choices.



## Performances

The performances reported below concern the years 2018-2019 and cover the same scope of Group consolidation. It is noted that, in order to guarantee the same scope set out by the GRI principles, the split between Consumer and Industrial business in 2017 required a recalculation of the historical values reported below for the years 2018 and 2019.

The Business plan with specific target for 2020 is aimed to reduce the Frequency Index of -70% compared to 2009. In 2019 the Company reached an injury Frequency Index (FI) of 0,11 with a reduction of 54% compared to 2018.

### The Injury Frequency Index (FI),

	2018	2019
Frequency Index (FI)	0,24	0,11

*FI = number of injuries / number of hours worked x 100.000*

The **Injury Severity Index (SI)** of the Group in 2019 was 0.10 compared to 0.12 in 2018. A summary of the SI values in the last two-year period is provided below:

	2018	2019
Severity Index (SI)	0,12	0,10

*SI = number of days absence, starting from the first day following the injury, per injury/number of hours actually worked x 1.000*

With reference to commuting accidents (not included in the calculation of the FI and SI mentioned above), the following tables show the total number registered by the Group in the last two years and the distribution by geographic area of the 2019 cases.

	2018	2019
Commuting accidents	21	1

	MEA	South America
Commuting accidents	1	-

## Fatalities

- 2019: there was no fatal accident involving Group employees or employees of independent contractors working at the Group's operating sites.
- 2018: there was no fatal accident involving Group employees or employees of independent contractors working at the Group's operating sites.

## Health and Safety Expenditure

In the four-year period 2016-2019, expenditure for health and safety by the Group amounted to about Euro 10.7 million, of which about Euro 2.1 million was invested in 2019.

The expenditure made targeted improvements on machines and plant and, more in general, the workplace environment as a whole (ex. improvement of microclimate and lighting conditions, changes in layout for ergonomic improvement of activities, measures to protect the healthfulness of infrastructure...).

## Health and Safety Targets

- 2020: reduction in the Accident Frequency Index of -74% compared to 2015 (underway);
- 2016-2020: global implementation of the “Excellence in Safety” program (underway);
- 2017-2020: completion of integration of Health, Safety and Environment KPIs for the sales/commercial/equities areas.

## EXTERNAL COMMUNITY

Prometeon Tyre Group is aware that neither the goals addressed by the Ten Principles of the UNGC nor the SDGs cannot be achieved by 2030 without any form of cooperation in a world where business and non-business actors are connected and integrated by various economic, political, cultural and historic ties. Therefore, in offering its humble contribution for making our world sustainable, the Company cooperates and collaborates with various third parties, mainly non-governmental organizations such as trade unions, think tanks, associations and foundations.

## INSTITUTIONAL RELATIONS OF THE PROMETEON TYRE GROUP

In all the countries where Prometeon Tyre Group operates, the aim of **Institutional Relations Management** is directed towards creating corporate value through managing structural relations with reference stakeholders, ensuring adequacy of representation of the Company.

The activities are based on the utmost transparency, legitimacy and accountability, with respect to both the information disseminated in public venues, and to relations managed with institutional interlocutors, in line with the Group’s Ethical Code and in line with the principles of the *International Corporate Governance Network* (ICGN) and however in compliance with the laws and regulations of the countries where the Company operates.

The geographical scope of the Prometeon Tyre Group's industrial and economic interests therefore calls for an extended and multilevel network of institutional relations on a national, European and international level.

In the area of institutional relations, Prometeon Tyre Group acts above all via active monitoring and in-depth analysis of the institutional and legislative context and identification of stakeholders of reference. Institutional dialogue is further accompanied by projects and initiatives carried out in collaboration with institutional entities to promote and support issues of general interest on corporate matters.

The Institutional Business activity also includes the analysis of global political-economic dynamics, linked to the development of the main topics of corporate interest, and benefits from collaborations with selected think tanks of international prestige. These include among others the collaborations with the Institute for International Policy Studies, the International Affairs Institute, The Trilateral Commission, and the Aspen Institute.

At an international level, Prometeon Tyre Group interacts with the main institutional interlocutors present in the countries where it operates with its production sites. When necessary, the Group promotes initiatives directed towards mutual understanding and with the purpose of promoting representation of its interests through a strategy based on a clear perception of the industrial objectives and business valorization.

## **COMPANY INITIATIVES FOR THE EXTERNAL COMMUNITY**

As specified in the Group "Ethical Code", Prometeon Tyre Group provides support to **educational, cultural, and social initiatives** for promoting personal development and improving living standards. The Company does not provide contributions, advantages, or other benefits to political parties or trade union organizations, or to their representatives or candidates, this without prejudice to its compliance with any relevant legislation. Prometeon Tyre Group has been aware that an important role in the promotion of civil progress in all the communities where it operates and, capitalizing on the Company's natural strengths, it has identified three focus areas: technical training and solidarity through sporting activities for young people Essential support in the identifying of the actions that best satisfy local requirements comes from the dialogue with locally operating NGOs. Priority is given to those initiatives whose positive effects on the External Community are tangible and measurable according to objective criteria. The internal procedure also specifies that no initiatives may be taken in favor of beneficiaries for whom there is direct or indirect evidence of violation of human rights, worker rights, environmental protection or business ethics. Furthermore, in line with its inspiration for achieving SDG "**1 No Poverty**", the Company kept endeavoring to reach out and help as many people as possible.

Within this context, in order to prevent corruption, in 2019 the Prometeon Tyre Group has implemented a new procedure regarding the gifts offered by the Company's suppliers. In Italy according to the new procedure suppliers are required to make a donation to the **Save the Children** - an initiative that aims to improve the lives of children through better education, health care and economic opportunities, as well as providing emergency aid in natural disasters, war and other conflicts – instead of gifts received for the Company HQ employees that have a value exceeding Euro 25. In Turkey, the Company required its local suppliers to make donations for **TEV (Turk Egitim Vakfi)**.

In Headquarter, the Company collaborates to the project **“Insieme per Croce Rossa”**. The aim of this latest is to involve all employees donating part of their working hours (from 24 hours up to 3 working days).

As a Company of which the corporate culture is based on the utmost promotion and protection of the Universal Human Rights and committed to the sustainability, for Prometeon Tyre Group sustainable development starts with quality education of children, which are tomorrows' sustainable world's future. In line with its inspiration for the SDG **“4 Quality Education”**, the Company organizes various activities e sponsors projects aimed at reaching many children as much as possible for ensuring that they receive a quality education.

**In Egypt**, since 2017 the Company pursues the project **Progirls**, aimed to enhance the professional orientation of Egyptian female 16 years old, blue- and white-collar of pupils, from private and governmental secondary and vocational schools. Through cooperation with companies and organizations active in the fields of STEM (Science, Technology, Engineering and Mathematics) or in managerial fields, girls gain first-hand experience of new fields of work and encounter female role models as a means of widening their career options.

In 2019 Prometeon Tyre Group started collaboration with the **Goethe Institute** giving the possibility to have:

- mentoring program for 2 students: the aim is to help these students to discover their strengths, weakness and helping them to develop a career plan doing interview simulation and receiving feedback from the tutors;
- internship program: the Company hosted 5 young girls inside the factory giving the opportunity to know how the multiples departments works and having interview sessions with females already working inside the Company.

**In Turkey**, the Prometeon Tyre Group sponsors the **“Chasing Innovation Project”** with various activities, training courses and workshops. In November 2017 the Sustainability Project presented new tools and platforms where young people could get introduced to innovation and also develop 21st century skills required to create and dream to innovate, this project is still continuing in 2019.

Technical training has a fundamental role in the creation of a skilled labour pool needed to maximise plant productivity. **In Egypt** with the “**Technical Education Project**”, ATCO supported Al Amreya Industrial Secondary School to offer a better learning environment and prepare qualified youth for professions that directly related to the market needs. This project established a new specialization referring to the Company needs, mechanics for maintenance and fixation, which Prometeon Tyre Group completely equipped a new workshop for this new specialization.



***\*Technical Education Project in Egypt***



***\*Chasing Innovation Project in Turkey***

In Turkey ad hoc visits in rehabilitation centers had been organized by the Company with the aim to inspirit the atmosphere.



In Brazil, in order to provide support to educational and social initiatives in 2019 have been put in place:

- **“Locomotiva”**: in Santo André the project propose, music classes for more than 1,800 children and teenagers, classes of Lutheria Sustainable, where the students make the instruments from disposal materials, which will be used in music classes. The project is aimed to develop social and cultural activities, the creativity and the professional skills of the student.
- **“Escola de Kart”**: a sport initiative addressed to children and teenagers for all the social kart classes, with the aim to develop potential talents in the motoring. This school kart which is located in Speed Park International Kart Center in the city of Birigui can attend 120 kids, between 6 and 16 years.



*\*Locomotiva in Santo André*



*\*Escola de Kart in Birigui*

The over mentioned initiatives will continue in 2020.



## ENVIRONMENTAL DIMENSION

Prometeon Tyre Group considers environmental protection as a fundamental value in the exercise and development of its activities.

Prometeon Tyre Group “Ethical Code” states that: *“Investment and business decisions are anchored to environmental sustainability, with a view to eco-compatible growth, also through the adoption of special technologies and production methods where operationally feasible and economically viable that allow for a reduction of the environmental impact of operations, in some cases even below statutory limits”.*

The environmental management model adopted is detailed in Group policies such as the “Health, Safety and Environment” Policy and the “Quality” Policy, based on which Prometeon Tyre Group undertakes to:

- assess and reduce the environmental impact of its own products and services throughout their entire life cycle, as of products and services purchased;
- develop products and production processes that are safe and designed to minimize polluting emissions, waste generation, consumption of natural resources available and the causes of climate change, in order to preserve the environment, biodiversity and ecosystems;
- manage its environmental activities in full compliance with applicable laws and in compliance with the highest international standards;
- monitor and communicate to its stakeholders the environmental performance associated with processes, products and services throughout the entire life cycle, promoting its culture of environmental protection;
- monitor the environmental impacts of its suppliers by requesting them to adopt the same business model along the related supply chain;
- support customers and end consumers in understanding the environmental impacts of its products, informing them of the safest use and disposal methods, facilitating recycling or re-use where possible;
- empower and train its workers in order to extend adequate culture of environmental capital conservation.

All the documents mentioned above are communicated to the Group’s employees and published in the intranet, as well as made available in the website to the external community from 2018.

### PROMETEON TYRE GROUP ENVIRONMENTAL STRATEGY

The reporting of the emissions impacts complies with the provisions of the GHG Protocol and GRI Standards Guidelines. All impacts listed by the standards that are not mentioned, both upstream and downstream of the industrial activity of Prometeon Tyre Group, either do not apply or are not significant.

The main environmental impacts are generated by various activities related to the different stages. In the case of raw materials procurement, the main impact derives from the related production and distribution. In the case of tyre production, the main impact is related to the **consumption of electricity and natural gas**: in particular the main pressure in terms of emissions into the atmosphere and water consumption is attributed to the production of the latter. In the case of the distribution of new tyres and their use by customers, the impact derives from the fuel consumption of vehicles (only the fuel consumption related to the power absorbed by the rolling resistance of the tyres is allocated to the customers).

The Global Warming Potential concerns the effect on the climate of anthropic activities and is calculated, as mentioned, in tons of CO<sub>2</sub> equivalent (the greenhouse effect potential of the gas considered is assessed in relation to CO<sub>2</sub>, considering a residence time in the atmosphere of 100 years).



## ENVIRONMENTAL MANAGEMENT SYSTEM AND FACTORY'S PERFORMANCE

### MONITORING

All the production sites of Prometeon Tyre Group have **Environmental Management Systems** and are certified under **International Standard ISO 14001**. The International Standard ISO 14001 was adopted by the Company as a reference in 2015, at the time the Industrial segment was still a business unit within Pirelli Group. All the certificates have been issued with international accreditation ANAB (ANSI-ASQ National Accreditation Board: accrediting entity of the United States).

In 2017, after the split from Pirelli Consumer, Prometeon Tyre Group production sites began the transition process of their Environmental Management System from ISO 14001:2004 to the 2015 version. Group policy mandates implementation and certification in accordance with ISO 14001. As such, it is also applied to new facilities. The certification activity, together with control and maintenance of previously implemented and certified systems, is coordinated on a centralised basis by the Health, Safety and Environment Department.

All the production sites of Prometeon Tyre Group have Quality Management Systems and are certified under International Standard ISO 9001:2015 and IATF 16949:2016; in which part of their mandatory requirement is to determine, provide and maintain the environment necessary for the operation of its processes and to achieve conformity of products and services.

The environmental, health and safety performance of every tyre manufacturing site is monitored with the web-based Health, Safety and Environment Data Management (HSEDM) system, which is processed and managed centrally by the Health, Safety and Environment Department.

## SCOPE OF REPORTING

The performances described concern 2018 and 2019 and cover the same scope of Group consolidation.

The amount of finished product in 2019 regarding only industrial production was approximately of **292.131** tons.

As noted above, the performance reported below in this chapter includes the impacts of all the units of the Prometeon Tyre Group: from industrial realities to commercial and administrative sites.

## TREND IN ENVIRONMENTAL PERFORMANCE INDICES

The year 2019 saw a growth in production volumes: tons of finished products increased by around 11% compared to the previous year (value calculated on basis of volume of industrial productions in 2018 and 2019).

The 2019 environmental performance indicators, calculated on tons of finished product, show a general improvement of all specific indices reported: **energy consumption, waste recovery, water withdrawal and greenhouse gas emissions**. The same positive result of the indicators is also recorded for the indexes referring to the operating result (compared to the value of EBIT Adjusted).

It is noted that the trend of the above indexes were significantly impacted by the production focus adopted. Our production is focused on Premium tyres and production processes are characterized by higher energy intensity, more stringent quality specifications, more complex processing and smaller production batches compared to production processes for medium-low end tyres. In the aforementioned context, the reduction in indexes is of strong environmental and economic value, in terms of consumption and emissions avoided, unused resources, and avoided costs.

The tables showed in the following report section, including car production for (even if after invoiced to Pirelli) total quantity of finished product production; in 2019 the total of finished products was 308,196 tons.



## Energy Management

The Company monitors, manages and reports its energy consumption through three main indicators:

- absolute consumption, measured in GJ, which includes the total consumption of electrical energy, thermal energy, natural gas and petroleum derivatives (fuel oil, gasoline, diesel, and LPG);
- specific consumption, measured in GJ for ton of finished product, which indicates the energy used to produce one ton of finished product;
- specific consumption, as measured in GJ per euro of Operating Income.

The Sustainability Plan provides for a reduction of 19% of specific energy consumption by 2020 compared to 2009 values (the Sustainability Plan was adopted in 2009, before the split between Pirelli Consumer and Pirelli Industrial. After the split Prometeon Tyre Group decided to remain loyal to the goals set by the plan).

During 2019 the energy efficiency plan continued at all Prometeon Tyre Group plants, already initiated in the previous years and characterized by actions aimed at:

- improving energy management systems, through measurement consumption and a daily focus on technical indicators;
- optimizing 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;
- Energy Management System (EMS) – MEA - Egypt;
- Revise curing presses open close time ( reduce steam consumption) – MEA - Egypt;
- Lock all offices air condition to be 24C, and add curtains– MEA - Egypt;
- Use of flash steam in the Semi-finishing area – LATAM – Gravatai;
- Air Compressor Exhaustion System – LATAM – Gravatai;
- New type of insulations in old truck presses – MEA – Izmit;
- Air pressure reduction in Banbury 10 bar lines – MEA - Izmit;
- Nitrogen curing – MEA - Izmit;
- Chiller lines automatic closing valves (mills) – MEA - Izmit;
- Boilers of the brand Miura model SG300 4,5 ton / h – LATAM - Santo Andre;
- Pressure increase from 0.5 bar to 1.1 bar and temperature from 105 to 112°C of the Boiler Deaerator – LATAM - Santo Andre;
- Lower the set point (20°C) of the thermoregulators on weekends and stop factory – LATAM - Santo Andre;



In 2019, various activities were made such as the implementation of LED lighting systems (Light Emitting Diode) in order to replace the less efficient systems installed before. In order to speed up the replacement plan, the Company proceeded using “Light Service” contracts, which guarantee both energy savings of **more than 50%** and the quality of light achieved. Great attention was placed to efficiency in the transformation of thermal energy and the recovery of thermal waste for heating of premises. Excellent results were achieved in reducing compressed air and steam losses both on machinery and on distribution lines. In addition, the electrical absorption measurements carried out on the individual equipment have made it possible to correlate the specific consumption to production in greater detail, in order to optimize the operating conditions.

In July 2019, the Company obtained the **ISO 50001 energy certification** applied for the Izmit factory in Turkey, issued to virtuous factories in energy management.

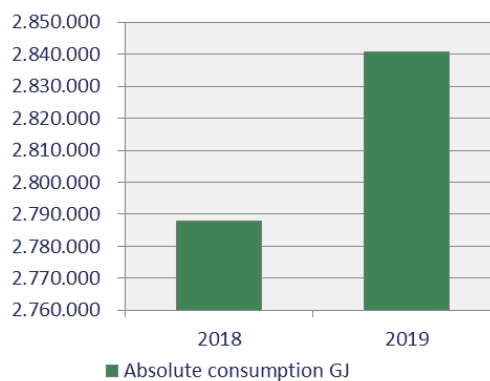
As a result of the Company’s efforts aimed at improving the energy efficiency of manufacturing plants, machineries and offices, which are inspired also by the Sustainable Development Goals “**7 Affordable and Clean Energy**”, “**9 Industries, Innovation and Infrastructure**” and “**12 Responsible Consumption and Production**”, the year 2019 recorded an improvement in the specific energy index (weighted on tons of finished product) of about **6.49-** % compared to 2018.

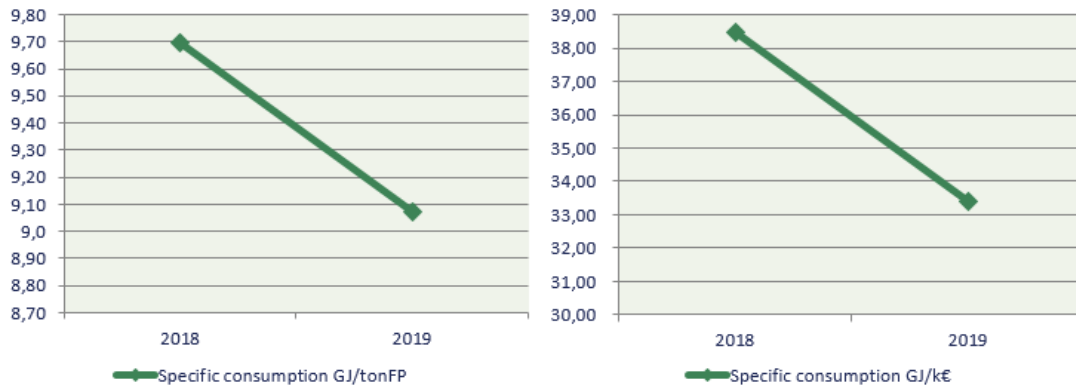
The absolute and specific consumption data reported in the following table were calculated by using direct measurements according to procedure (GHG Corporate Standard) and were subsequently converted into GJ by using heating values.



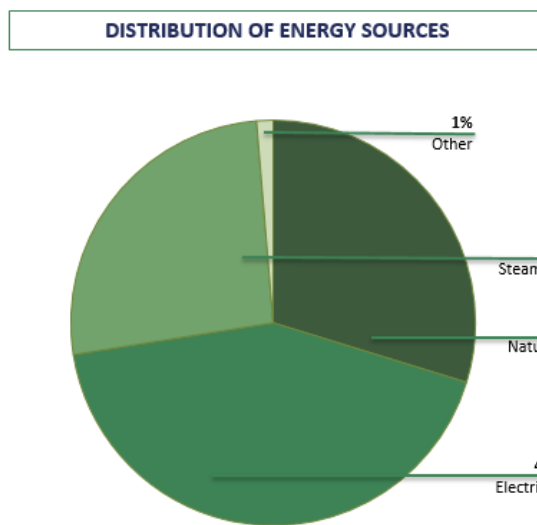
		2018	2019
Absolute consumption	GJ	2.787.973	2.840.859
Specific consumption	GJ/tonFP	9,70	9,07
	GJ/k€	38,45	33,42

The same figures weighted in economic terms.





The graph below highlights the “Distribution of Energy Sources” used in production process:



### Management of Greenhouse Gas Emissions and Carbon Action Plan

The Company monitors and reports its emissions of greenhouse gases through the calculation of CO<sub>2</sub>, which takes into account the contribution of carbon dioxide and of methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). To quantify emissions, the energy consumption of local units (under operational control) included in the scope of reporting are collected annually through the CSR-DM IT system.

- As in the case of energy, the Company monitors and accounts for its consumption by using three principal indicators:
- absolute emissions, as measured in tons;
- specific emissions, as measured in tons per ton of finished product;
- specific emissions, as measured in tons per euro of Operating Income.

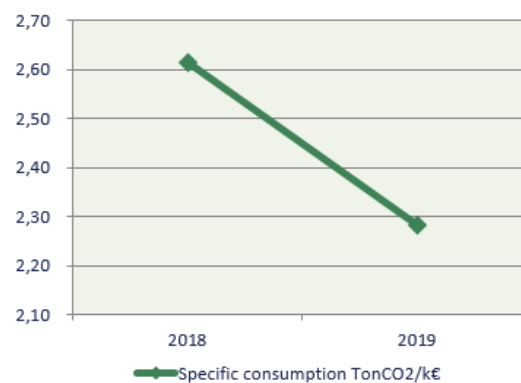
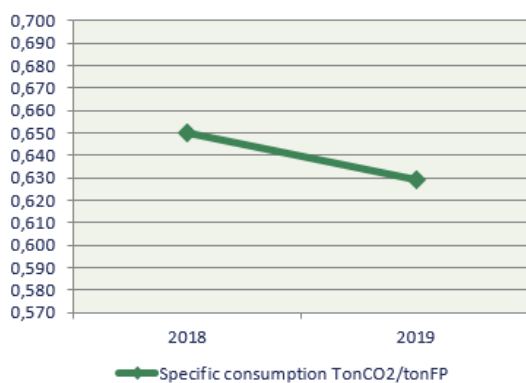
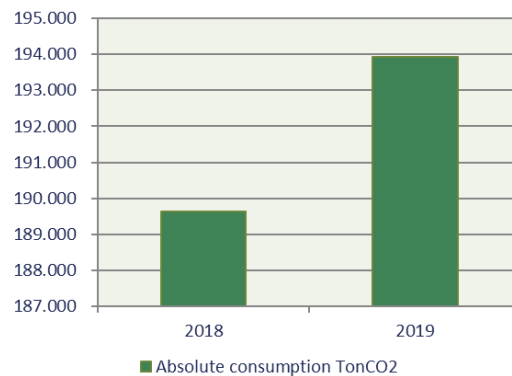
Prometeon Tyre Group management, calculation and reporting model of GHG emissions was defined according to the ISO 14064 Standard.

In general, the Sustainability Plan envisages a reduction in specific emissions (on tons of finished product) of CO<sub>2</sub> in the future.

In 2019 Prometeon Tyre Group saw an increase regarding the absolute emissions of GHG due to the growth in the total amount of finished product in the year. Although on one hand the absolute emissions of GHG saw an increase in 2019, on the other hand the Company recorded significant decreases with regard to the specific emissions. In particular, for the **first time** in the course of the last 3 years specific emissions in tons per euro of Operating Income **decreased**. Prometeon Tyre Group is aware of actual and potential dangers of climate change and committed to fight it by taking every necessary measure as much as possible, trying to achieve targets set by the Sustainable Development Goals **“12 Responsible Consumption and Production”** and **“13 Climate Action”**.

The following tables show the performance of the last two years.

		2018	2019
Absolute consumption	TonCO <sub>2</sub>	189.625	193.930
Specific consumption	TonCO <sub>2</sub> /tonFP	0,65	0,63
	TonCO <sub>2</sub> /k€	2,62	2,28



## Water Management

The Company monitors the **“Water Footprint”** along the life cycle of the product (as extensively explained earlier in this chapter) and tyre manufacturing is the third most influential phase.

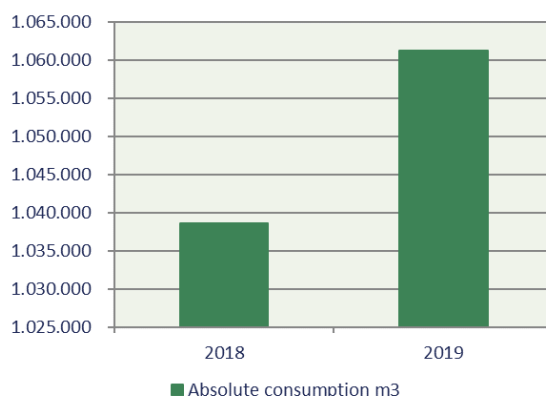
In the aforementioned environmental strategy of the Group, the efficient and responsible use of water in production processes and at workplaces is addressed comprehensively with actions to improve it; from design of the machinery to Facility Management activities. Particular attention is paid to the local context of the use of this resource, with action plans identified.

A reduction target of specific **withdrawal of water** was set and it foresees that -10% in 2020 compared to 2016.

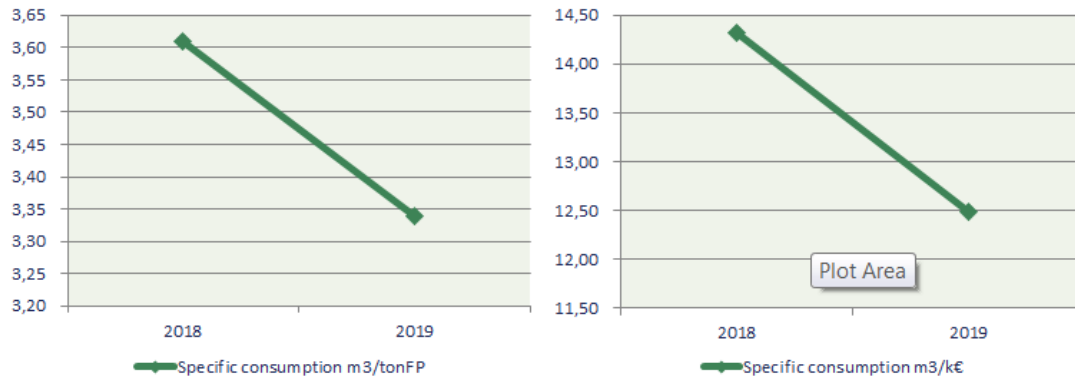
The year 2019 recorded absolute withdrawal of about 1,061 million cubic meters, with a reduction of specific withdrawal measured in cubic meters per ton of finished product of 4.71% compared to 2018, which amounts to more than 200 liters of water To provide an overall view of the performance in terms of water withdrawal year on year, the following tables report the indicators:

- absolute withdrawal, measured in cubic meters, which indicates the total uptake of water by the Group;
- specific withdrawal, measured in cubic meters per ton of finished product, which indicates the withdrawal of water used to make one ton of finished product;
- specific withdrawal, as measured in cubic meters per euro of Operating Income.

		2018	2019
Absolute consumption	m <sup>3</sup>	1.038.540	1.061.251
Specific consumption	m <sup>3</sup> /tonFP	3,61	3,44
	m <sup>3</sup> /k€	14,32	12,48

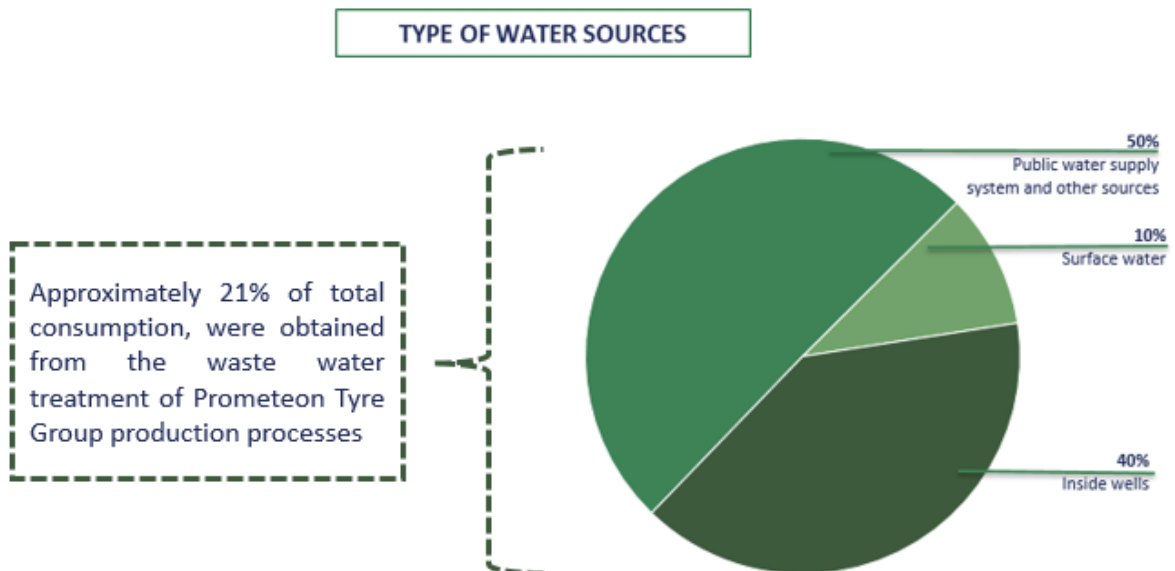






The following two graphs show the distribution of absolute withdrawals by type of use and water supply weight by type of source.

TYPE OF WATER SOURCES (m <sup>3</sup> )	2019
Public water supply system and other sources	538,337
Surface water	105,125
Inside wells	417,538
<b>Total</b>	<b>1,061,000</b>



Prometeon Tyre Group approaches water management with great sensibility, in line with its inspiration for the achievement of targets set under the Sustainable Development Goals: and **“6 Clean Water and Sanitation”** and **“12 Responsible Consumption and Production”**. It has to be highlighted that the Company

is committed to responsible and efficient use of water resources and efficient protection of fresh waters through use of modern machineries and innovative, less water consuming production processes that satisfy both local and international standards.

In 2019, 40% of the water withdrawn was pumped from wells inside the facilities and authorized by the competent authorities. Furthermore, the Company obtained 10% of its necessities from surface water, while dedicating special care to guaranteeing that this withdrawal was marginal in relation to the volume of the affected water bodies. Lastly, in line with the targets set under the Sustainable Development Goal “**6 Clean Water and Sanitation**”, the Company is committed to the improvement of water quality by decreasing the proportion of untreated wastewater, increasing recycling and safe reuse of wastewater.

About 219,672 cubic meters of water were used, equivalent to approximately 21% of total consumption which were obtained from the waste water treatment of Prometeon Tyre Group production processes.

A total of 383.263 cubic meters of domestic and industrial waste water were discharged, with 5,89 % of this into surface water bodies, always in quantities that were marginal in relation to the volume of the receiving bodies and without significantly impacting biodiversity. The remaining amount was discharged into sewer networks. Before being discharged into the final recipient, industrial waste water – adequately treated as necessary – was periodically subjected to analytical tests that certify substantial compliance with locally applicable statutory limits.

## **Waste Management**

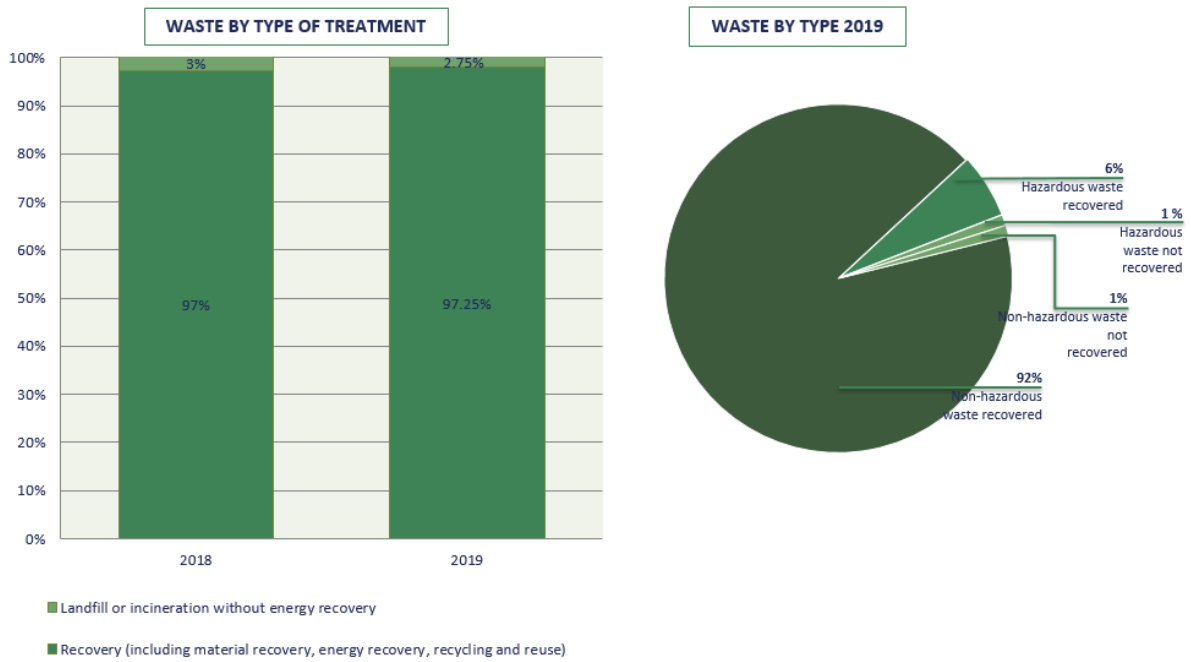
The improvement of environmental performance deriving from the management of **waste** was achieved through:

- **production processes**, with the aim of preventing the production of waste at the source, progressively reducing the processing of materials to be disposed.
- operating management of generated waste, aimed at identifying and ensuring the selection of **waste treatment channels** that can maximize **recovery** and **recycling**, gradually eliminating the amount sent to the landfill with the **Zero Waste** to Landfill vision;
- streamlining **packaging management**, both for the packaging of purchased products and the packaging for products made by the Group.

The Sustainability Plan requires more than 95% of waste produced to be sent for recovery by 2020, with Zero Waste to Landfill vision. 2019 saw an improvement in the amount of waste sent for recovery: during the course of the year 97,25 % of waste has been recovered, recording an increase of 0.25%.

**Hazardous wastes** represent only 2.75% of total production and were sent in their entirety to plants located in the same Country where they were produced.

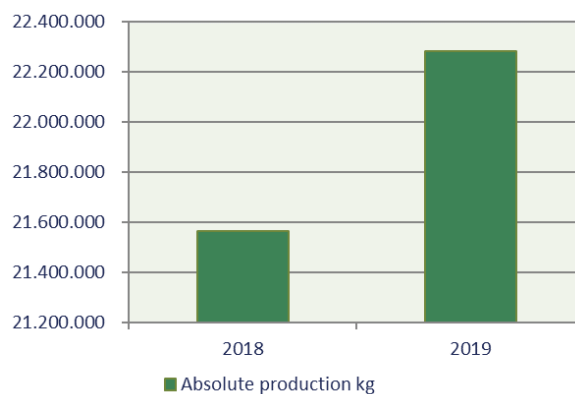
The following graphs summarize the waste by type:

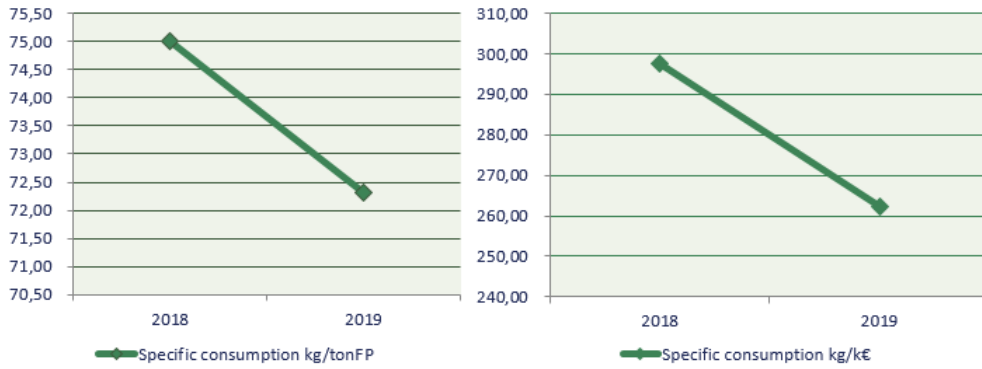


The graphs below detail waste production through three main indicators:

- Absolute production, as measured in tons;
- Specific production, as measured in kilograms per ton of finished product;
- Specific production, as measured in kilograms per euro of operating income.

		2018	2019
Absolute production	kg	21.563.749	22.283.664
Specific consumption	kg/tonFP	75,00	72,30
	kg/k€	297,43	262,16



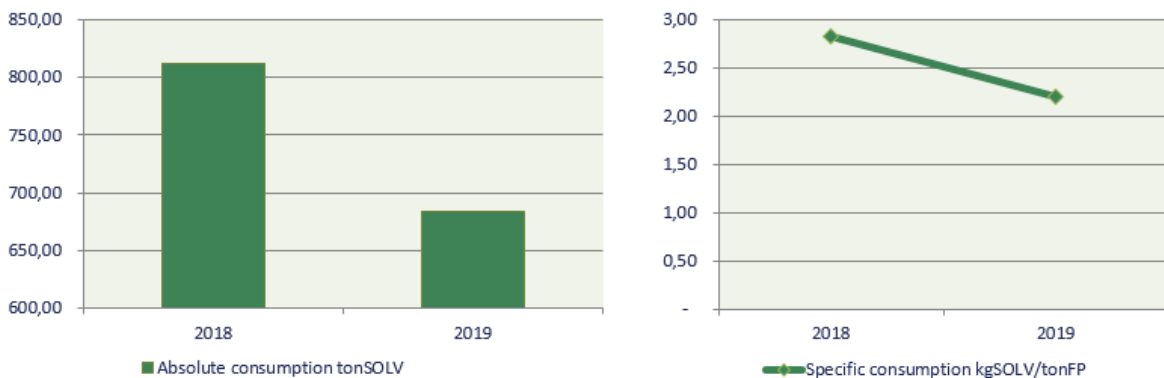


## Other Environmental Aspects

### Solvents

**Solvents** are used as ingredients in processing, mainly to reactivate vulcanized rubber, during the fabrication and finishing of tyres. The Company is committed to the **reduction** of these substances by optimizing their use and by spreading solvent-free technologies for operations. In 2019 the **reduction of solvents** was equal to – **21, 9%** compared to 2018.

		2018	2019
Absolute consumption	tonSOLV	812,54	683,35
Specific consumption	kgSOLV/tonFP	2,83	2,21



### Biodiversity

Prometeon Tyre Group pays the utmost attention to ensure that corporate activities do not interfere with the **biodiversity** characteristic of the contexts in which the Company operates.

## End-of-Life Tyres

Tyres that are no longer sufficiently safe or efficient to be reused, even if retreaded, are referred as “**end-of-life tyres**” (here in after referred as ELTs) which are practically wastes. As the rubber the tyre is made of is a mix of very high quality polymers with exceptional chemical-physical characteristics, which remain unaltered even in the recycled rubber obtained from it, ELTs pose a serious threat to the environment and therefore they have to be collected and recovered with specific methods. It is possible to channel ELTs towards one of two different processes: they can be either recycled, a process where it is possible to obtain new materials, or recovered as energy.

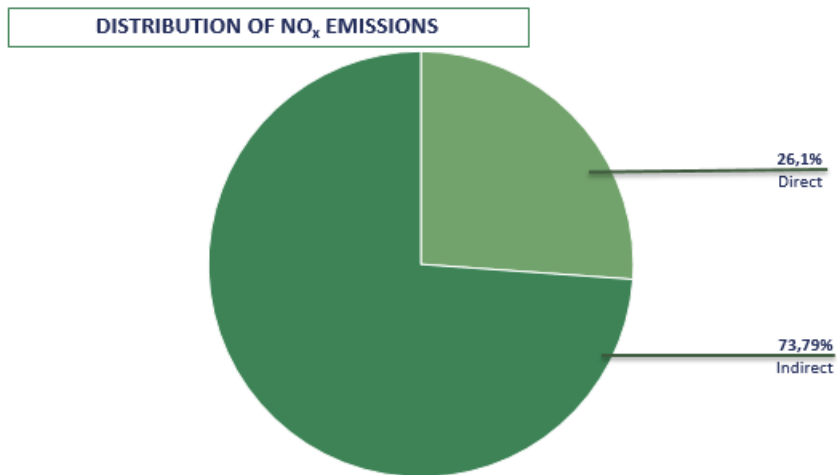
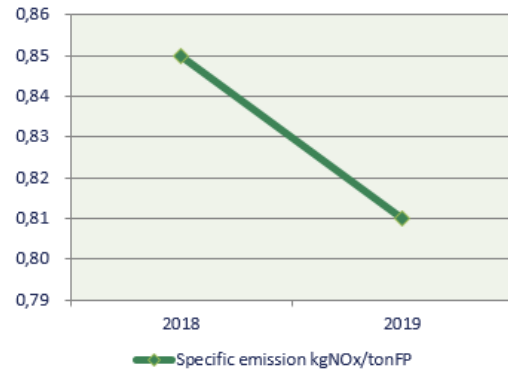
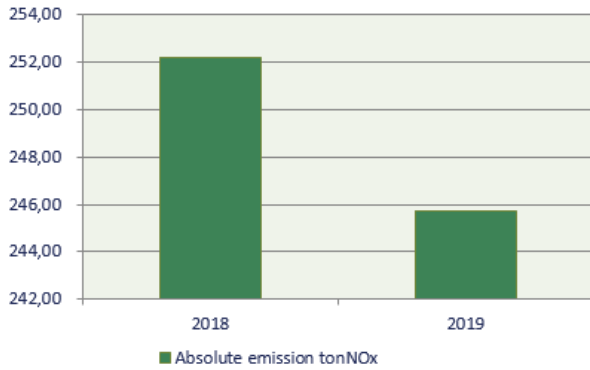
As a tyre producing company with particular sensibility on the environment and in line with its inspiration for SDG “**17 Partnerships for the Goals**”, Prometeon Tyre Group collaborates with various local initiatives for the tracking, collection, processing and final destination of end-of-life tyres in countries where it has presence. For instance, the Company collaborates in Italy with **ECOPNEUS**; in Brazil with **ANIP**; in France with **ALIAPUR** and in Belgium with **RECYTYRE**. Thanks to the collaborations with the mentioned initiatives, ELTs are recycled and recovered as urban furniture, playground equipments, asphalt, gutter filters and materials used to build sport fields such as tennis courts and football fields. Moreover ELTs are recovered also as energy in *ad hoc* plants, mainly in cement factories, where they are being used in alternative to fossil fuels. Indeed, ELTs have the same calorific value as coal, but they cause much lower amounts of climate-changing emissions.



## NOx Emissions

**NOx emissions** derive directly from the energy-generating processes used. In 2019, the index based on tons of finished product recorded a decrease of 4,7% compared to 2018. Emissions were calculated by applying the emission factors indicated by the EEA (European Environment Agency) to the energy consumption data.

		2018	2019
Absolute emission	tonNOx	245,74	250,39
Specific emission	kgNOx/tonFP	0,85	0,81



### Other emissions and environmental aspects

The production process does not directly use substances that are harmful to the **ozone layer**. These are instead contained in certain closed circuits of the cooling and air conditioning plants. Therefore, except for accidental and unforeseeable losses, there are no free emissions into the atmosphere that can be correlated with manufacturing activities of the Company.

With regard to the management of packaging, tyres are generally sold without packaging. The environmental management systems implemented at the production units have assured constant and prompt monitoring and intervention regarding potential emergency situations that may arise, as well as the



reports received from stakeholders. During 2019, there were no significant complaints related to environmental issues, nor any related sanctions.

Moreover, regarding the target to be achieved in 2020, it foresees that specific consumption related to energy is 9,15 GJ/tonFP and 0,66 TonCo2/tonFP for **CO<sub>2</sub> emissions**. It has to be highlighted that the Company already reached the target of 2020. The Company with the intent of saving CO<sub>2</sub> emissions has already started to collaborate with companies oriented to electric transport.

### Expenses and Investments

Although no environmental investments were planned in 2019, target and budget related to investments for maintenance and measurements are put in place in order to reach the needs in 2020.



## ECONOMIC DIMENSION

### SHARING OF ADDED VALUE

In line with inspiration for the SDG “**8 Decent Work and Economic Growth**”, the Ethical Code of Prometeon Tyre Group ratify the commitment of the Company to operate to ensure responsible development over the long term, while being aware the bonds and interactions that apply to economic, social and environmental dimensions. This is to wed the creation of value, progress of the company, the attention given to stakeholders and raising standards of living and quality of the environment.

Added value means the wealth created over a given reporting period, calculated as the difference between the revenues generated and the external costs sustained in the period. Distribution of added value among stakeholders allows the relations between Prometeon Tyre Group and its main stakeholders to be expressed by focusing attention on the socio-economic system in which the Group operates.

	31/12/2018		31/12/2019	
<b>Gross Global Added Value</b>	<b>284.526</b>		<b>324.555</b>	
remuneration of personnel	(192.377)	68%	(199.475)	61%
remuneration of Public administration	(9.442)	3%	(17.598)	5%
remuneration of Borrowed capital	(44.702)	16%	(48.422)	15%
remuneration of risk capital	-	0%	-	0%
remuneration of the company	(37.915)	13%	(58.931)	18%
Contribution for the benefit of the external community	(90)	0%	(128)	0%

The added value created in 2019 grew by 14% compared to 2018. The change in the items determining gross global added value as shown above, are set out in the Consolidated Financial statements section of this report, to which the reader is referred for further details.

### SUPPLY CHAIN AND PROMETEON TYRE GROUP'S PRODUCT PORTFOLIO

After the split, Prometeon Tyre Group continues to follow the same quality principles adopted by Pirelli at Group level. The quality certifications are obtained by Pirelli from 1970 and Prometeon Tyre Group adopted the same principles:

- **Quality and System certification ISO 9001:** since 1970, Pirelli Group has had its own **Quality Management System** introduced gradually at all Plants and, since 1993, Pirelli has obtained and maintained certification of said system under the ISO 9001 standard in force.

Starting from June 2017, Prometeon Tyre Group has been implementing its own Quality Management System (independent from Pirelli Tyre) and the transition plan of its plants and the Headquarters to certification according to the new ISO 9001:2015, within March 2018. In 2019, the Group has sustained the certificate with successful surveillance external party audits for Head Quarter and all our operative units. The positive result is confirming the 2018 outcome, keeping Prometeon Tyre Group ahead vs. automotive commodity average number of raised non-conformities.

- **IATF 16949:2016:** In 1999, the Group obtained certification for its Quality Management System in compliance with ISO/TS 16949 and it has since maintained compliance with the standard as currently applicable. Following the evolution of the ISO 9001:2015 standard and the new IATF 16949:2016 (Automotive Scheme that became private), Prometeon Tyre Group in 2018 has achieved the certification of the Quality Management System. **Prometeon Tyre Group is one of the leaders in the achievement of these updated significant and demanding certifications**, where it has successfully started in Prometeon Tyre Group in July 2017, versus the transition expiry date defined in September 2018. In 2019, the Group has sustained the certificate with successful surveillance external audits, which confirms the robust Quality Management Systems in-place and the continuous improvement approach adapted in Prometeon Tyre Group.

The standards foreseen in the IATF framework reflects the approach of the global network, including **Original Equipment Manufacturers**, that requires the organization to comply with Basic Working Conditions in the Global Terms and Conditions and the related Supplier Social Responsibility and Anti-Corruption Requirements.

#### **ETRMA – European Tyre and Rubber Manufacturers Association**

ETRMA is the main partner of the EU institutions in the development of new policies on the tyre sector and their proper implementation for the establishment of a sustainable regulatory framework at EU level. The Association represents the regulatory and related interests of the European tyre manufacturers and cooperates with the legislators to create an enabling environment for a continuous dialogue with EU and international institutions. Since its admission in the second half of 2017, Prometeon Tyre Group has supported and worked with the Association in various activities aimed at raising awareness of the EU institutions and 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.

Commitment to **road safety** is another important driver of ETRMA's members' activities. Being the only contact point between the vehicle and the road, tyres make a critical contribution to road vehicle performances and through continued investments in **research and innovation**. The

Company is constantly devoted to the development of **tyre technologies** towards an even safer and more **environmentally sound mobility**. In 2019, review of the EU regulation related to the labeling of tyres in European Countries has been one of the main topics where the Association worked closely with the industry. The Company was heavily involved in the review process of the regulation and shared with the ETRMA its observations and comments on proposals made by the EU institutions. Furthermore, ETRMA is particularly interested in health and environmental issues related to the industry maintaining a pivotal role in developing, conducting and promoting cognitive studies and analysis on the relevant issues. In 2019 this latest conducted various studies on Tyre and Road Wear Particles (tiny debris generated by the friction between tyres and the road surface) and the filling material obtained from end-of-life tyres for sports fields. Moreover, in order to inform and raise awareness on microplastics to the public, ETRMA launched in June 2019 a dedicated social media campaign on various platforms.

In addition, ETRMA supports the EU legislative bodies in the definition of the European Green Deal, a set of ambitious policies aimed at transforming Europe into a climate neutral continent, which will be the focus point of the whole European business in the upcoming years.

Prometeon Tyre Group is aware of the actual and potential impacts of the industry on both human health and environment. Therefore, Prometeon Tyre Group is committed to continuously improve the composition and structure of tyres, as well as to cooperate with the legislative bodies through ETRMA in developing adequate regulatory frameworks and solutions.



### **Focus on human health and the environment**

Prometeon Tyre Group autonomously promotes the evaluation of new raw materials and new auxiliary products prior to their use by the operating units of the Company, in order to identify potentially critical issues for human health and the environment.

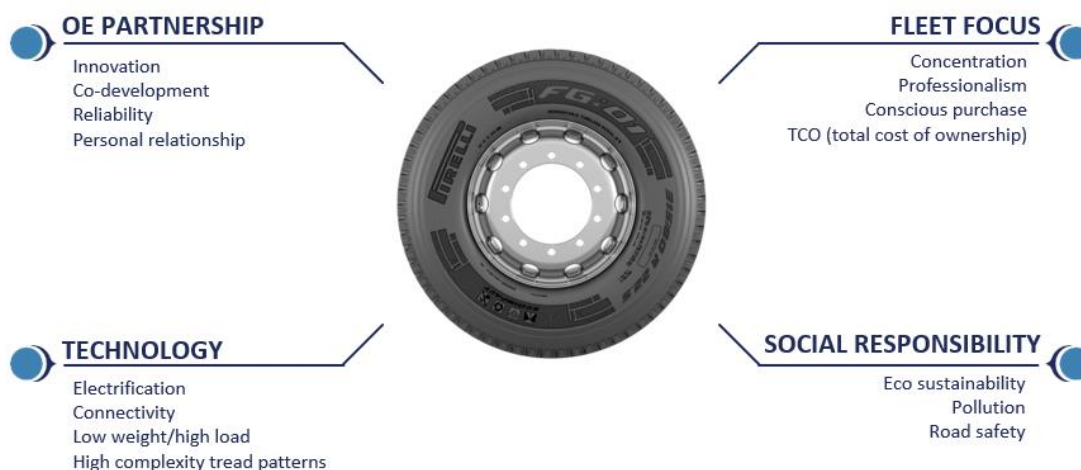
The aforementioned assessment is only performed on a centralized basis and the results are extended to all countries where Prometeon Tyre Group operates, taking account not only of the requirements imposed by restrictive European regulations concerning the management of hazardous substances, but also standards and know-how currently available internationally (specifications, databases, etc.), thereby fully implementing as stated in the specific “Health, Safety and Environment” Policy.

In 2017, the monitoring of the producers and suppliers of raw materials used by the Group promoted, above all with a view to the activities specifically envisaged by Regulation (EC) no. 1907/2006, also known as “REACH Regulation”.

### Product safety, performance and eco-sustainability

Sustainability together with product safety and performance is the main focus area of Prometeon Tyre Group’s product research and development activities. In line with its inspiration for the SDGs “**9 Industry, Innovation and Infrastructure**” and “**12 Responsible Consumption and Production**” the Company is committed to develop alternative production materials with low impact on the environment. Moreover, Research and Development Department is always working with the aim to improve retreading methods that can enhance the re-utilization process of end-of-life tyres in new products and thus providing a profitable contribution to the Company as per a sustainable solution to circular economy. Moreover, with regard to the Company’s inspiration for the SDGs “**17 Partnerships for the Goals**”, in ensuring the management of correct recovery of all end-of-life tyres, Prometeon Tyre Group also collaborates with various local and international initiatives such as Ecopneus, a nonprofit organization for the tracking, collection, processing and final destination of end-of-life tyres in Italy.

### KEY DRIVERS THAT DEFINE OF OUR OFFER



As far as R&D activities are concerned, in 2019 Prometeon Tyre Group launched new projects in order to increase know-how, implementing innovative technologies and improving product range. Through the support of Research & Development Department the Company conducts activities in

different areas that concern specific aspects of tyres, products' overall performances and road safety.

With regard to "Open Innovation", a research initiative where various companies and universities collaborate with Prometeon Tyre Group in projects and activities aimed at developing a dedicated tool to calculate forces in the tyre contact patch and to create a predictive wear model to reduce the tyre designing loop and to boost the collaboration with original equipment manufacturers:

- studying a specific tool able to measure the main physical parameters of a tread compound without destroy the tyre;
- developing a specific tyre model able to predict tyre performances in all-weather conditions (dry, wet, snow) and to feed real-time information to simulators such as Trucksim and Matlab-Simulink.

The Company continued its collaborations with the **University of Naples Federico II** and **Megaride**, a company dedicated to predictive models on various aspects of tyre performance such as mileage, wear and thermal behavior. These latest activities and the related projects have been presented to the public at Tyre Technology Expo held in Hannover in February 2019. Furthermore, Research and Development Department in partnership with a Belgian Company which has extensive experience on virtual models in the field of noise propagation, worked on a project that aims to reduce and minimize tyre noise emission.

Regarding Digital Solution, in 2019 the Company worked developing anew software able to collect and store data on tyre's status of usage and thus allowing customers to be always informed about the status of the tyres in use.

As far as Compound and Material area is concerned, R&D Department focused much of its activities on developing and studying new materials in order to guarantee high road performances, durability and quality excellence.

Moreover, in projects aimed at developing new materials that improve durability of truck and agro tyres and virtual models that predict tyre performances, Brazil R&D Department worked in collaboration with the **University of Campinas** and chemical companies.

In 2019, in line with the Company's model of research, Prometeon Tyre Group pursued organizing workshops with suppliers in order to develop and test innovative materials. In this context, Research and Development Department carried out tests on new polymers and fillers in order to measure the balance between different parameters of performance (wet-dry grip and mileage).

In line with its commitment to create innovative, effective and efficient solutions for customers, Prometeon Tyre Group monitors carefully the latest developments and trends in the market. In



2019 R&D focused its product development activities on electric vehicles and launched two co-development projects with **MAN (Volkswagen Group)** and **EvoBus (Mercedes-Daimler Group)** in order to design *ad hoc* optimized products. It has to be highlighted that new tyre **MC:01™ e-URBAN** is designed to meet the specific requirements of electric vehicles such as energy saving performance, which has impacts on the vehicle autonomy, and higher level of load capacity to support the increased vehicle load due to the weight of the battery.

## PROMETEON

**PROMETEON PRESENTA LA NUOVA GENERAZIONE DI MC:01™ e-URBAN  
STUDIATA APPOSITAMENTE CON CAPACITÀ DI CARICO INCREMENTATA PER L'EQUIPAGGIAMENTO  
DI AUTOBUS ELETTRICI. L'UNICA SUL MERCATO CON CLASSE DI EFFICIENZA ENERGETICA B**

**LA GAMMA MC:01™ e-URBAN COMPRENDE MISURE CON INDICE DI CARICO MAGGIORATO:  
275/70R22.5, TRA I PRIMI PNEUMATICI CON INDICE 152/148J, E 315/60R22.5 IL PRIMO  
CON INDICE DI CARICO PRINCIPALE 156/150J**

**IL NUOVO MC:01™ e-URBAN OFFRE UN OTTIMO EQUILIBRIO TRA EFFICIENZA COSTI OPERATIVI,  
SICUREZZA E SOSTENIBILITÀ**

Prometeon Tyre Group press release in Italian for the launch of the new MC:01™ e-URBAN





New environmental policies and legislations enacted by national, international and supranational authorities require original equipment manufacturers to improve vehicles' fuel consumption performance. Prometeon Tyre Group continues to work on creating solutions that help the manufacturers to meet the requirements and with reference to this, in 2019 the Company developed a new "Profuel" tyre line which has been designed for original equipment market and has the lowest rolling resistance class of the Company's Pirelli branded premium range. Moreover, Prometeon Tyre Group started to work on designing two new tyre lines both in Regional and Construction segment fully dedicated to original equipment manufacturers with a strong push on rolling resistance. In order to fulfill the request coming from the replacement market with a good balance between fuel efficiency and mileage, the Research and Development Department launched a new **Proway** tyre line and started the design of new Regional sizes to extend the Triathlon Premium range.

# PROMETEAON

## COMUNICATO STAMPA

PROMETEAON TYRE GROUP PRESENTA H:01™ PROWAY,  
PRESTAZIONI D'ECCELLENZA AL SERVIZIO DELLE FLOTTE.

RISPARMIO CARBURANTE, MAGGIORE SICUREZZA E OTTIMA DURATA SULLE  
LUNGHE PERCORRENZE: ECCO IL NUOVO H:01™ PROWAY.

Milano, 12 Settembre 2019 - Prometeon Tyre Group presenta la nuova Linea H:01™ PROWAY e raggiunge nuovi traguardi nelle prestazioni di eccellenza.

I nuovi pneumatici a marchio PIRELLI FH e TH:01™ PROWAY, sviluppati da Prometeon Tyre Group, sono stati studiati per l'impiego sulle lunghe percorrenze autostradali per rispondere alle esigenze di competitività delle moderne flotte.



Efficienza dei costi: la linea PROWAY è concepita per offrire massima efficienza nel trasporto autostradale a lungo raggio grazie ad una ridotta Rolling Resistance con conseguente risparmio di carburante.

H:01™ PROWAY enfatizza su entrambi gli assi le già ottime prestazioni in termini di chilometraggio della serie precedente, per un eccellente Total Cost of Ownership.



Sicurezza: la nuova Linea PROWAY è disponibile nei disegni FH:01™, studiato per l'asse sterzante, e TH:01™, dedicato all'asse trattivo, ed è stata sviluppata per un impiego all season. Entrambi i disegni sono conformi alle normative Invernali, e certificati con la marcatura 3PSMF per garantire prestazioni, sicurezza e durabilità ai massimi livelli in tutte le stagioni; i nuovi battistrada sono infatti progettati per offrire reattività, aderenza e trazione in ogni condizione, anche su strade bagnate e innevate.

*\*Press Release Proway*

## PARTNERSHIP WITH THE TOP OEMS TO ANTICIPATE FUTURE TRENDS

### HEAVY TRUCKS



in the next...

10-15  
Years

Platoon System  
Collision avoidance system  
Sensorized vehicles

Vehicle-to-vehicle communications  
Vehicle-to-infrastructure

Electric Engines Higher Load Capacity



Self-driving Trucks

### CITY BUSES



in the next...

3-5  
Years



Electric Engines



The Highway Pilot system  
Self-driving Buses

#### TIRE REQUIREMENTS:

- Rolling Resistance
- More Mileage
- Casing Resistance
- New Raw Materials
- Different wider dimensions
- High Load Capacity
- Sensorized tires

With reference to the OEM customers relationship it has to be highlighted that these latest are homologated as showed in the table below:



Moreover, during 2019 Prometeon Tyre Group, consistently with the multi brand strategy, enlarged its portfolio with the introduction of new tyre brands: **ANTEO, ERACLE and TEGRYS**, which are devoted to give the right answer to the needs of the markets, where the Company operates. All the current Prometeon product lines, starting from the Pirelli-branded ones to the Anteo Tegrays and Eracle ones, are the result of “Prometeon Technology”, a series of technological packages that have given birth to some deposits of patent applications and owned know-how, which have contributed to improve the performance of all tyres manufactured and marketed by Prometeon Tyre Group.

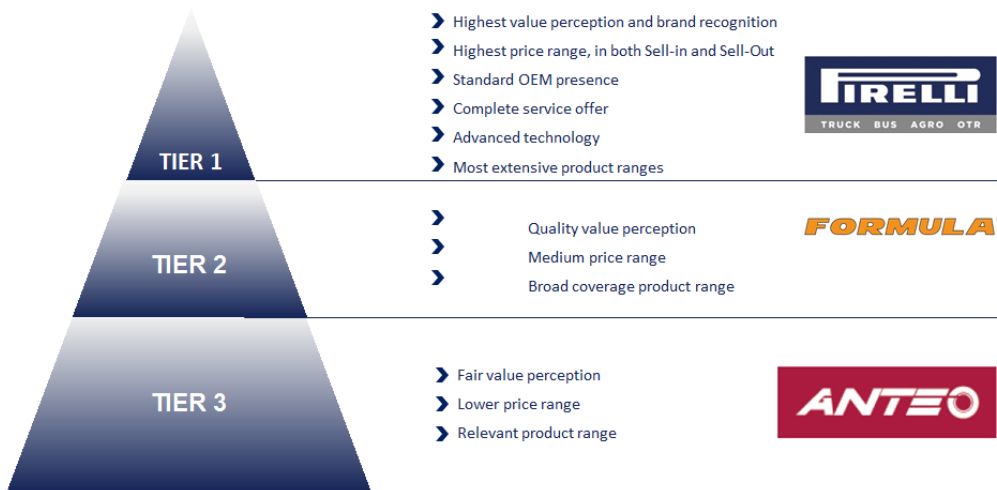
The technological know-how applied on all the new Prometeon tyre lines comes from both a consolidated knowledge about truck tyres product and from new mathematical tire models developed in Prometeon's R&D Open Innovation department, through vehicle's dynamic simulations and structural tyre's models (FEA).

This made it possible to satisfy all the evolutions of current and future European regulations, which are increasingly restrictive and demanding, with a particular attention to the environment (fuel consumption, CO2 emissions, rolling noise generation) and to those of safety (wet grip, grip and traction on snow). These technological packages focus on all parts of the tyre, from belts with spiraling solutions of cords to zero degrees and new structural patterns, to the belt where the review of the design and the adoption of new materials has led to a further significant increase in durability and retreadability performance.

Great attention has been paid to the new compound formulations which, together with a tread pattern design technology, have allowed the Company to achieve reduction levels of fuel consumption of absolute excellence, with a strong focus on the environment also from the point of view of the raw materials used in the compound's production.



## TAILORED AND COMPLETE OFFER



# ERACLE TEGRYS

In particular, the new truck and bus brand, **ANTEO**, is developed with a special focus on safety and offers an excellent performance for Wet Grip, which in most of the cases is among the best in class on the market. Moreover, optimized rubber compound to guarantee the right tire life performance, retreadability, 3PMSF marking, reinforced bead with wrapped chafer and structure components that enhance optimal resistance and robustness are among the “standard” characteristics of the product lines of the ANTEO Brand.



## OUR CUSTOMERS:

Prometeon Tyre Group is the **only global tyre manufacturer entirely dedicated to the Industrial market**, which includes **truck, bus, agro and OTR tyres**.

**Sales channels** include:

- **Original Equipment**, addressed to vehicle manufacturers;
- **Replacement**, for the substitution of tyres on vehicles already in circulation.

As part of **Replacement**, there are two broad types of customers (truck and bus segment): on one side the **trade operators** (Specialized dealers and Distributors) and on the other side the **fleets** (end-users) which can be either supplied directly or indirectly through dealers.

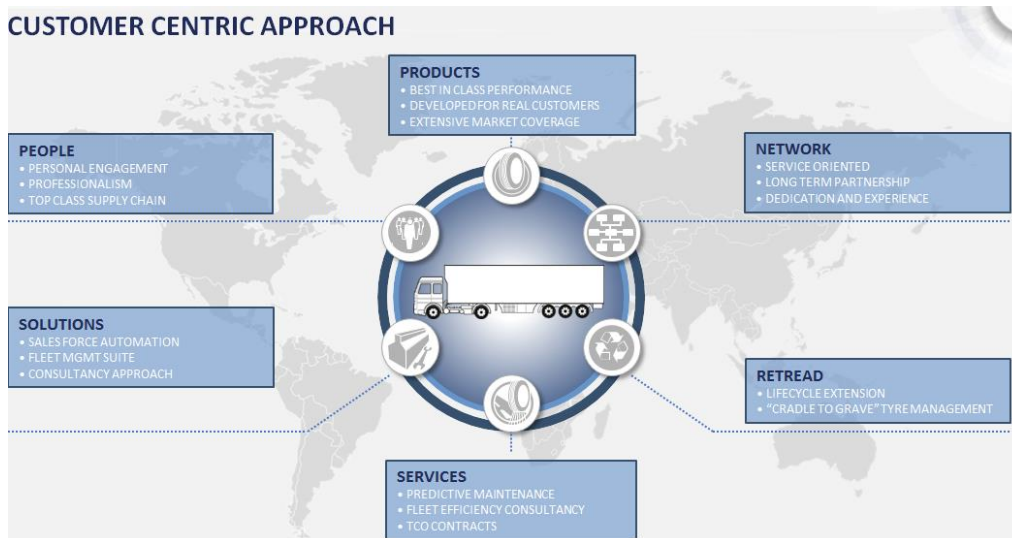
**Specialized resellers** are tyre specialists operating on the market in the role of independent businesses; **specialized dealers** constitute a fundamental point of contact between the Group and an important part of the end-user (fleet) market. Particular attention is devoted to specialized dealers in terms of shared development, to enhance the product offering integrated with a high quality level of services, for example, tyre management and monitoring, breakdown service, casing management, retreading. “**Distributors**” are partners who are fundamental to guarantee 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.

Fleets can have various dimensions, depending on the number of vehicles; in the smallest one, the fleet owner is driving his own vehicle; the largest ones have more than 500 vehicles.

## Customer Focus

**Customer focus** is a central element of the **Ethical Code**. This document outlines the company positioning and is therefore communicated to all employees in the local language and is available in English on the intranet and website.





Among the essential elements of the Prometeon Tyre Group 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. Company's commitment is to implement services which can enhance end user efficiency and cost optimization while respecting the environment. In this context, Prometeon Tyre Group started in 2019 a breakthrough project, PRO Drive, an innovative driving behaviour platform that focuses on improving each driver's driving skills to increase fleet's safety and its operational efficiency. Moreover, 2019 witnessed an important acceleration of PRO Services' development across the most important European countries, especially considering PRO Check, Prometeon's tyre monitoring service and PRO Management, the company's central billing system. In particular, the latest, PRO Management have seen a significant pace of development due to high demand by the market. The convention on the creation of an integrated platform of products and services signed in October 2019 between ANAV, National Road Transport Passengers Association (*Associazione Nazionale Autotrasporto Viaggiatori*) and Prometeon Tyre Group is entirely based on PRO Management. These services, together with the newly promoted PRO Drive, aim to strengthen Prometeon's focus on providing its customers with a comprehensive solution of tyres and services, focusing on each customer's needs and peculiarities;

# PROMETEON



## COMUNICATO STAMPA

### CONVENZIONE PROMETEON E ANAV: LA PIATTAFORMA INTEGRATA DI PRODOTTI E SERVIZI PER GLI ASSOCIATI

Milano/Roma, 25 Ottobre 2019 - Prometeon Tyre Group ha siglato una convenzione con ANAV, l'Associazione Nazionale Autotrasporto Viaggiatori che rappresenta in Confindustria la categoria delle imprese a capitale privato che esercitano i servizi di trasporto passeggeri con autobus.

ANAV conta tra i suoi associati circa 600 imprese, operanti in Italia con un parco circolante di circa 18.000 unità.

Nell'ambito dell'iniziativa, i soci ANAV potranno accedere a **condizioni vantaggiose sull'acquisto dei pneumatici e sui relativi servizi di manutenzione**, con la garanzia di rivolgersi ad una rete di rivenditori specializzati selezionati da Prometeon su tutto il territorio nazionale.

La convenzione si poggia interamente sul nuovo **sistema di fatturazione centralizzata di Prometeon PRO-Management**, che garantirà sia alle flotte che ai rivenditori coinvolti affidabilità e velocità del processo gestionale del servizio ed una **semplificazione della gestione amministrativa**.

## FOCUS ON PREMIUM FLEETS SOLUTIONS



## TAILORED AND COMPLETE OFFER



- 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 Prometeon Tyre Group products, as well as the safest ways of using the product.

The Company also adopted a clear procedure to grant feedback to any customer claim, which involves immediate intervention with respect to the interlocutor.

The “**General Sales Conditions**” applied by Prometeon Tyre Group subsidiaries are communicated in accordance with the principles mentioned above.

### **Compliance within Customers relationships:**

In 2019:

- no cases emerged of non-compliance with regulations or voluntary codes concerning marketing activities, including advertising, promotion and sponsorship;
- no significant final penalties were levied and/or paid relating to infringement of laws or regulations, including those relating to the supply and use of the Group’s products and/or services;

- no cases emerged of non-compliance with regulations or voluntary codes concerning information and labelling of products and/or services;
- no cases of non-compliance with regulations or voluntary codes concerning health and safety impacts of products and/or services during their life cycle;
- there were no documented complaints concerning both violation of privacy and/or the loss of consumers' data;
- no sales related to products sold by Prometeon Tyre Group were banned or disputed.
- 

## Information to Customers

Prometeon Tyre Group provides information to customer-distributors and end-users on a continual basis. This information concerns both the product and related initiatives and is disseminated in a variety of ways, depending on the presence on the territory, and this is complemented by information distributed in hard copy format, as well as the range of off-line training activities.

One of the pillars of the **communication with our customers** (both dealers and fleets) is the periodic meetings organized on the territory in each country where Prometeon Tyre Group have a commercial presence, which allows the Company to keep relationship with dealers and fleets and inform them about our product portfolio and services. In the industrial business, **web network** is an important touch point, even if not the main one, to evaluate the offer on the market and the products. In 2019 Prometeon Tyre Group could count on 20 product sites in 13 languages, which aims to give information on product portfolio and services offer and direct the consumer to the points of sale. During the year, a website dedicated to ANTEO Brand was released, consistently with the multi-brand strategy of the Company. **Social networks (Facebook, Instagram, LinkedIn)** are also activated in some markets to create **awareness on products, promotions and events**. Moreover in 2019 the Company in order to increase brand awareness around Prometeon Tyre Group decided to launch a new brand identity changing the logo and other standards guidelines.



In March 2019 Prometeon Tyre Group organized an international event in Milan dedicated to the official launch of the **ANTEO Brand**, at the presence of major dealers and sector press from all European countries. In that occasion, the company introduced its new global strategy, focused on multi-brand approach and complete offer (tyres and services) to the fleets in cooperation with dealers. Consistently with this approach, in 2019 was officially launched the SuperTruck network, first in Europe (Italy, Poland and Germany), with an event attended by sector press. Moreover in South America and Mexico, Prometeon Tyre group took part to important local trade fairs

dedicated to Agriculture business to give visibility to the product range and to promote the business.

# PROMETEON

## COMUNICATO STAMPA

PROMETEON TYRE GROUP:  
AL VIA SUPERTRUCK, IL PRIMO CONSORZIO  
DEDICATO AL SETTORE TRUCK

*Milano, 19 Giugno 2019 - Prometeon Tyre Group annuncia la costituzione insieme a operatori chiave del settore di pneumatici del Consorzio SuperTruck.*

Composto da rivenditori di pneumatici indipendenti specializzati nel business Truck, Bus, Agro e OTR, e forti di un'esperienza consolidata negli anni, il Consorzio SuperTruck metterà al servizio delle flotte italiane la propria professionalità.

Il Consorzio ha tra i suoi obiettivi lo sviluppo e il potenziamento delle risorse economiche e produttive dei singoli consorziati, attraverso la promozione di prodotti e servizi, agendo come centrale di acquisto, partecipando a gare pubbliche come unico soggetto e fornendo corsi di formazione e consulenza ai proprio consorziati.

*"Il panorama competitivo richiede sempre di più agli operatori del mercato la capacità di fare squadra attraverso nuove forme di collaborazione, che rispettino e rafforzino le singole individualità, per questo motivo abbiamo deciso di costituire SuperTruck, creando un importante aggregatore di professionalità, che mette a disposizione del mercato innumerevoli servizi", ha dichiarato Marco Solari, CEO Europa di Prometeon Tyre Group.*

*\*Press Release SuperTruck*



## IL CONSORZIO SUPERTRUCK SI ARRICCHISCE DI NUOVI PROFESSIONISTI

*Milano, 13 Novembre 2019 – Il Consorzio SuperTruck, il primo interamente dedicato al settore pneumatici Truck, si arricchisce di nuovi consorziati.*

Il Consorzio, grazie alla crescita del numero di aderenti e al loro spirito di squadra, si avvia a diventare sempre più uno strumento di supporto allo sviluppo e potenziamento delle attività dei singoli consorziati, che, unendo le forze dei professionisti del settore e perseguendo strategie condivise per la consulenza professionale, l'acquisto di beni e servizi, lo sviluppo di formazione, comunicazione e trasformazione digitale, diventeranno un concreto riferimento per le flotte di autotrasporto italiane, in termini di efficienza, eccellenza professionale, sicurezza ed innovazione

*"Siamo lieti di annunciare che il Consiglio Direttivo di SuperTruck ha accolto 6 nuovi membri tra i migliori professionisti del settore, che rappresentano pienamente l'ideale e i valori consortili".*

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*\*Prometeon Tyre Group Management at the launch event of ANTEO*

In the **USA**, Prometeon Tyre Group had a booth at North American Commercial Vehicle Show, **the largest biennial trucking industry event focusing on the needs of fleet owners, managers and decision-makers**. NACV is North America’s largest and most comprehensive commercial vehicle trade show for fleets and this was an important occasion for Prometeon to present the product portfolio dedicated this important market.

The multi-brand, full-service workshop concept **“All trucks Truck & Trailer Service”** and Prometeon Tyre Group have agreed to cooperate at the European level starting from 1 October 2019. Thanks to the cooperation agreement, commercial vehicle workshops affiliated with the Alltrucks network will receive exclusive and privileged access to the tyre manufacturer’s portfolio, as the latter expands its product and service-expertise to offer more extensive service to existing and new customers. All trucks workshops benefit from Prometeon Tyre Group comprehensive product range and range of solutions, for example: **direct purchase of commercial vehicle tyres**, access to **Prometeon’s Fleet Check tool**, and the Company’s central billing platform. Additional benefits include direct **support for All Trucks partners from Prometeon’s field service**, as well as individual product- and technical-training.

In 2019 **product training of customers**, carried out at points of sale and at Prometeon Tyre Group sites including factories visits and R&D laboratories, was remarkable in all markets.

Additionally, the Group Code of Ethics formulates the general principles of transparency and fairness inspiring the conduct of business. It indicates the objectives and the values informing business activity in relation to the main stakeholders with which Prometeon



Tyre Group interacts on a daily basis: investors, environment, the financial market, customers and staff. This document provides all the Group's affiliates with cogent and uniform guidelines for the professional practices to be followed by anyone who work for or on behalf of the Prometeon Tyre Group, or has business dealings with it ("Addressees of the Code") including agents and other intermediaries.

### **Stakeholder dialogue**

It engages in a pro-active dialogue with company stakeholders, from employees to communities, clients, end-consumers, suppliers, institutions and non-governmental organizations, to integrate their expectations into Company development strategy.

### **Road safety**

Safety is fundamental to any transport system and it must always be the top priority. As mobility continues to grow and is radically transformed by digitization (the process of converting information from a physical format into a digital one), decarbonisation (reduction or removal of carbon dioxide from energy sources) and innovation, the opportunities to further improve safety performance must be seized.

Synergies between safety and sustainability measures should be exploited. For example, encouraging the use of zero-emission modes of transport, new and safer forms of mobility may also go hand-in-hand with improved access to mobility for all members of society.

Mobility is the cornerstone of freedom of movement of people and goods, which is fundamental to the smooth functioning of the society. Mobility industries are able to maintain their leadership in this vital sector for the economy, remaining competitive into the future, and ensuring that mobility services are safe, clean and sustainable. For example, mobility policies, which set out proposals and initiatives delivering on the low-emission mobility strategy and ensuring a smooth transition towards clean, competitive and connected mobility for all, were launched in Europe.

The possibilities of new technology allow pursue several goals at the same time to make mobility safer and more accessible, industry more competitive, jobs more secure, and to be cleaner and better adapted to the imperative of tackling climate change. On the other hand, the pursuit of such goals leads to radical changes in the mobility landscape, disrupting conventional transport business models and industries, bringing not just new opportunities but also new challenges.

The commitment of Prometeon Tyre Group is to spread road safety culture through training, awareness-raising campaigns and innovative technological solutions for sustainable mobility.

### **High Value approach to future mobility**

Prometeon Tyre Group carefully monitors the evolution of the automotive market and more generally the evolution of mobility. Future mobility trends such as digitalization, electrification, management of shared transport and driving automation, are gaining more and more momentum and will lead to an evolution of the mobility sector whose speed is unprecedented in the sector. The Company constantly studies the opportunities brought by the future mobility trends, and in line with its inspiration for SDGs “**8 Decent Work and Economic Growth**” “**9 Industry, Innovation and Infrastructure**”, “**11 Sustainable Cities and Communities**”, “**12 Responsible Consumption and Production**”, develops and evaluates projects that can enable Prometeon Tyre Group to create a difference in the global effort for making our world sustainable.

### **Zero-emission mobility: The SmartBUS Project continues**

Prometeon Tyre Group has always been at the side of those who invest in innovative solutions for sustainable mobility, contributing with their own technologies, tyres and experiences to create the commitment of a sustainable business model, attentive to the environment and the markets in which it operates, always offering its best solutions.

The Company is addressing future mobility needs and is always on the quest for innovative solutions for sustainable transportation **considering also the relevance for OEM customers**, while the continuous technological revolution encourages Prometeon Tyre Group to face new areas and challenges of the outmost importance such as **urban public mobility**.

Today mobility sector is evolving rapidly, the future trends such digitalization, electrification, management of shared transport and driving automation are becoming the domain of evolution in the sector. The Company aims to set a long term vision, anticipate market expectations and adapt business model to contribute to the shaping of a sustainable mobility.

In 2018 Prometeon Tyre Group engaged with E-CO Hev, a company that developed a **zero emission electric bus with an innovative fast-charge** (with charging time of 4-5 minutes thanks to the Ultracapacitor system) **electro mobility system** without the use of batteries, specialized in the research and development of energy storage components, including super capacitors. In order to continue to develop the innovative electro mobility system for **the spread of sustainable and Zero-emission mobility**, the Company has participated in 2019 for the over mentioned projects.

This project, which Prometeon Tyre Group supports, involves the installation of an innovative fast charging system using a charging station located at the terminal of the urban line. This energy storage system, being tested on a bus circulating in 2018 in the city of La Spezia and has been extended in this year. The second version of the SmartBUS takes place in the city of **Turin, Italy** and will be on the **Malpensa airport** shuttle line in 2020.

The electric bus will be equipped with the new PIRELLI-branded **MC:01™ e-URBAN** a tyre in size 275/70 R22.5 developed using the latest **Prometeon technology** and thanks to the specific design and tread compound, the new model is characterized by high mileage and low noise emissions with reduced fuel consumption. It is designed specifically for City Bus and in line with the efficiency requirements of the SmartBUS system and the needs of **sustainable urban transport**.

With this new collaboration, Prometeon Tyre Group reaffirms its **commitment to technological solutions that minimize environmental impact** through performant and sustainable products, and to be attentive to both safety and environment, aiming to create a **sustainable business model**.



#### COMUNICATO STAMPA

PROMETEON CONTINUA LA RICERCA DI SOLUZIONI INNOVATIVE  
PER UNA MOBILITA' SOSTENIBILE

Al via il programma di sperimentazione di SmartBUS equipaggiati  
con pneumatici MC:01™ e-URBAN

*\*Prometeon Tyre Group Press Release for SmartBus*

#### **Safe mobility: “PRO-Drive” with GreenRoad**

In 2019 Prometeon Tyre Group with the aim to improve the safe mobility decided to develop innovative safety measures and in line with the inspiration for the SDGs **“8 Decent Work and Economic Growth”** and **“11 Sustainable Cities and Communities”** the Company engaged in a partnership with GreenRoad (an Israeli company that offers driver behavior and fleet management solutions aimed at reducing risk and improving fleet safety & operational efficiency). The business approach of the Company to driving safety is based on influencing driver by means of telematics, in vehicle coaching, psychology & gamification.

Prometeon Tyre Group supporting the improvement of road safety and the promotion of safety culture has signed an agreement with GreenRoad in order to offer to the market new innovative systems as “Pro – Drive”. The characteristic of GreenRoad systems is real-time feedback on driver behavior, which can be monitored through a cloud based contextual intelligence. Furthermore, the systems offer also tracking possibility thanks to which live maps and trips history can be consulted afterwards. The artificial intelligence of the systems collect data from multiple sources (i.e. vehicles, drivers themselves, resources utilized in fleet operations and logistics) in order to

analyze and to map drivers' driving behavior profile, identifying high risk areas. In this way, fleets will be able to reduce risks and improve operational efficiency by predicting crashes and maintenance needs; encouraging safe and eco driving. Moreover, the overall improvement in operational efficiency leads also to a further reduction in fuel consumption and consequently in exhaust gas emissions too.



PRESS RELEASE

PROMETEON AND GREENROAD SIGN A PARTNERSHIP AGREEMENT TO HELP FLEETS DRIVE SAFER AND TO ACHIEVE MORE EFFICIENT OPERATIONS.

THE NEW "PRO DRIVE" SOLUTION WILL ENRICH THE PROMETEON PRO-SERVICES PORTFOLIO.

*\*Prometeon Tyre Group internal press release for Partnership with GreenRoad*

**Progetto del Comune di Milano per Costituire un Distretto di Smart Mobility che sia riferimento in termini di Sostenibilità ed Innovazione (Project of the Municipality of Milan to build an exemplary Smart Mobility District in terms of Sustainability and Innovation)**

As far as SDG "11 Sustainable Cities and Communities" concerned, Prometeon Tyre Group is committed to make every possible contribution aimed at making sustainable everyday life. To this

end in late 2019, Prometeon Tyre Group has joined a specific task group formed by the Municipality of Milan, 5 other companies and 2 public entities which have shown interest and have been involved in the initiative with the aim of transforming Bicocca District, the City's business district. The participants are Prometeon Tyre Group, prestigious public entities and multinational corporations such as Deutsche Bank, Engie, ING, Prysmian Group, Pirelli, the University of Milano-Bicocca and the National Research Council of Italy (*Consiglio Nazionale delle Ricerche*), all located in Bicocca District and willing to take part in this innovative and ambitious initiative aimed at transforming the District into an exemplary Smart Mobility District. The initiative proposed is currently under discussion and will start on 2020.

At the heart of the initiative lie the implementation of sustainable and innovative transport solutions in the District such as the promotion of the use of public transport giving the possibility of having more stops for buses that pass in the area, the adoption of alternative transport systems such as car and bike sharing stations. The Company attended with the utmost interest and attention meetings organized and held by the Municipality in order to collect the opinions and the solutions proposed by relevant stakeholders.



## OUR SUPPLIERS

The following tables show the trend of purchases at the Company level in 2019:

NUMBER OF PURCHASES BY GEOGRAPHIC AREA		
	2019	2018
Europa	15%	16%
North America	3%	3%
Others	14%	13%
Latin America	31%	36%
Asia	31%	26%
Africa	7%	6%

VALUE OF PURCHASES BY TYPE		
	2019	2018
Raw Materials	515.942.967,68 €	475.582.054,62 €
Consumables Materials	16.308.575,95 €	14.630.445,00 €
Fixed assets	46.775.392,81 €	121.700.000,00 €
Logistics + International Freight FP	68.697.860,27 €	60.232.109,66 €
<b>Total</b>	<b>647.724.796,71 €</b>	<b>672.144.609,28 €</b>

MIX OF RAW MATERIALS PURCHASED		
	2019	2018
Natural Rubber	29%	30%
Synthetic Rubber	14%	13%
Carbon Black	14%	13%
Chemicals	18%	17%
Textile	2%	2%
Steel	23%	25%

Prometeon Tyre Group’s relations with suppliers and external collaborators are based on loyalty, impartiality and respect for equal opportunities for all the subjects involved in the purchasing processes, as required by the “Ethical Code”.

Many policies adopted by Prometeon Tyre Group highlight not just the the full integration of the sustainable supply chain but also the Company’s already present commitment to addressing the causes underlying the SDGs “**8 Decent Work and Economic Growth**” and “**12 Responsible Consumption and Production**”, as most of the policies have been adopted and implemented before adherence to the UNGC and inspiration for the SDGs. The sustainable management of the supply chain is also the subject of integral part of the “Social Responsibility for Occupational Health, Safety and Rights and Environment” Policy, the “Global Health, Safety and Environment” Policy, the “Global Human Rights” Policy, the “Global Quality” Policy, the “Sustainable Natural Rubber” Policy. In all the documents cited, with reference to the specific social and environmental issues covered, the Company undertakes to establish and maintain the procedures necessary to evaluate and select its suppliers on the basis of their level of their quality, social and environmental responsibility, as well as to request their suppliers to implement a similar management model, in order to strengthen responsible management in the supply chain that extends beyond its direct supplier. In line with its “High Value” development strategy, the Company does not limit its assessments of products and services offered to the mere cost proposed, paying utmost attention instead to the value proposed, thereby including innovation, internationality, flexibility, economic, social and environmental responsibility and business ethics. The social, environmental and business ethics responsibilities of Prometeon Tyre Group suppliers are assessed together with the economic and product or service quality to be supplied, right from the selection as potential supplier stage.

The **assessment phase** is “**contract bound**” through the Sustainability and Business Ethics Clauses included in every contract/purchase order.



SUPPLIERS' ASSESSMENT		
	Supplier assessed	Total costs (Mio€)
Turkey	76	€27,09
Egypt	7	€7,05
Brazil	29	€8,72

*\*Self-assessment carried out in 2019*

The self-assessment procedure introduced in 2018 and continued in 2019 as well, requires the supplier to self-certify the fundamental requirements of sustainability performance. The procedure is reviewed by the Internal Audit and Sustainability Department, and based on the answers given to the questionnaire decides whether to approve the supplier or not. In cases where the supplier results to be not compliant (even if issues not material) with Prometeon Tyre Group's sustainability requirements, the Department adopts action plans which will be communicated to the supplier in order to implement the corrective action and to fill up the gap with rooms of improvement identified. The communication channel is aimed at the utmost clarity and sharing of Values, Guidelines, documentation and standards adopted by the Company in relations with suppliers, in terms of the web also in the individual Countries in which the Company operates.

For all potential new suppliers and/or facilities of raw material and/or high value added (HVA) Parts, which by their nature can become development or however long-term partners for Prometeon Tyre Group, and which are also attributed much of the spending of purchases, the Company conducts a self-assessment preliminary audit to verify the level of compliance of the potential supplier with respect to the principal national and international regulations on work, environment and business ethics. The non-acceptance of the audit and/or not entering into a reinstatement plan of any non-compliance shall block the supplier's qualification.

With regard to the **contractual stage**, for ten years now, the **Sustainability and Business Ethics Clauses (including anticorruption)** have been included systematically 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), and in agreements with NGOs, worldwide.

In particular, the clauses require awareness on the part of suppliers of the principles, commitments and values contained in Prometeon Tyre Group's Sustainability documents, being the "Ethical Code"; the "Code of Conduct", the "Global Human Rights" Policy, the "Health, Safety and Environment" Policy, the "Anti-Corruption Program", published and accessible on the web and which ratify the principles that inform the management of the Company in its activities and relations with third parties, contractually and otherwise require that suppliers confirm their commitment to:

- not using or supporting the use of **child labour** and **forced labour**;
- ensuring **equal opportunity, freedom of association** and promotion of the development of each individual;
- opposing the use of corporal punishment, mental or physical coercion, or verbal abuse;
- **complying with the laws and industry standards** concerning **working hours** and ensuring that wages are sufficient to cover the basic needs of personnel;
- not tolerating any type of bribery in any form or manner and in any legal jurisdiction, even where such practices are effectively permitted, tolerated, or not subject to prosecution;
- assessing and reducing the **environmental impact** of their own products and services throughout their entire life cycle;
- using resources responsibly with the aim of achieving sustainable development in compliance with the principles of respect for the environment and the rights of future generations;
- establishing and maintaining the necessary procedures to evaluate and select suppliers and sub-suppliers on the basis of their commitments to **social and environmental responsibility**, regular overseeing compliance with this obligation on the part of the same;
- specifying that the Company reserves the right to verify at any time through activities of audit, either directly or through third parties, that fulfillment of the duties taken on by a supplier has been achieved.

The Sustainability Clauses have been translated into different languages, where the suppliers operate, to ensure maximum clarity and transparency vis à vis a supplier in the matter of the contract duties that they assume, not only in respect of the Company itself, but also at their own site in relations with their own suppliers.

From the standpoint of utmost assurance suppliers of Prometeon Tyre Group have available the **Whistleblowing Reporting Procedure** ([ethics@prometeon.com](mailto:ethics@prometeon.com)), which has been indicated expressly in the clauses and by means of which any breach or suspected breach they discern in relations with the Company referring to the contents of the following can be reported in total confidentiality: the “Ethical Code“, the “Code of Conduct“, the Company policies “Global Human Rights“, “Health, Safety and Environment“, “Anti-Corruption Program“.

Moreover with reference to “**Programs of Compliance 231, Anti-corruption – Governance & Business Ethics**” Prometeon Tyre Group communicated to all third party who supply or may supply (instead of gifts exceeding Euro 25) are invited to devolve to Charity Association a free amount.

In 2018 and 2019, Whistleblowing Reports referring to or received by supplier have been adequately managed and, corrective actions have been undertaken where it was necessary.

### Objectives of 2020

- Perform sustainability audits to raw material suppliers;
- Apply self-assessment audit to our main raw material suppliers in terms of spending and also new suppliers.

