

What Sustainability means at Prometeon Tyre Group: ***"The development that meets the present need without compromising the capacities of future generations"***.

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.

Giorgio Bruno, CEO of Prometeon Tyre Group stated that: *"The achievement of goals that are able to project us towards a better and more sustainable future represents a crucial starting point for anyone with the ambition to develop successful business activities and pursue effective business strategies even in the long term. Precisely for this reason we are particularly proud to have joined the Founders of the Global Compact Network Italy Foundation and are eager to test ourselves to build the foundations for a more sustainable future"*.

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.



Moreover, it has to be highlighted that starting from September 2020 Prometeon Tyre Group became formally a Founder Member of the United Nations Global Compact Network Italy. With this new status, Prometeon is committed to contribute to the realization of the Foundation's goals and thus not only by supporting the organization economically but also actively through the participating of the institutional life implementing the planned initiatives.

The present Report reflects the integrated Sustainability model adopted by Prometeon Tyre Group in 2020 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.

SUSTAINABILITY REPORT

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**.



«Sustainability means the ability to exist constantly»

Nicolas Marchi - Chief Internal Audit & Sustainability Officer -
PROMETEON

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:

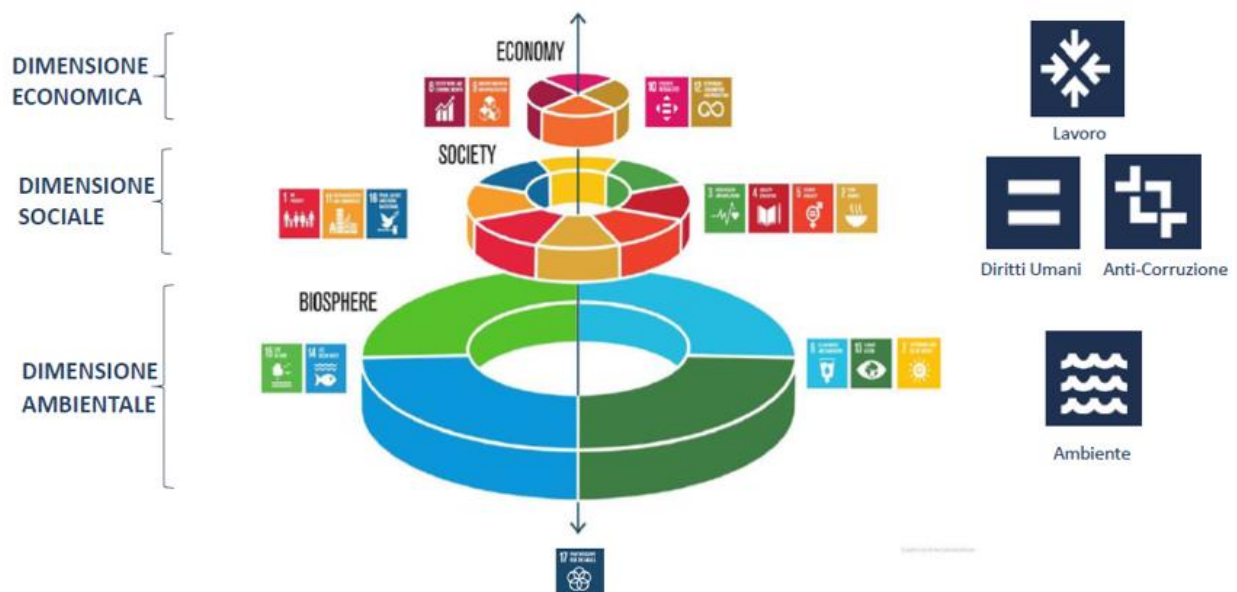
- **1. No Poverty:** in the “Social Dimension” section with specific reference to the paragraph for “Company Initiatives for the External Community”;
- **8. Decent Work and Economic Growth:** in the paragraphs dedicated to the “Main Policies” under the “Governance and Business Ethics” section; in the 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-Check” 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.

SUSTAINABILITY REPORT

The Report shows the sustainability performance of Prometeon Tyre Group in 2020, compared to 2019. 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 pages 275 – 278*) 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.

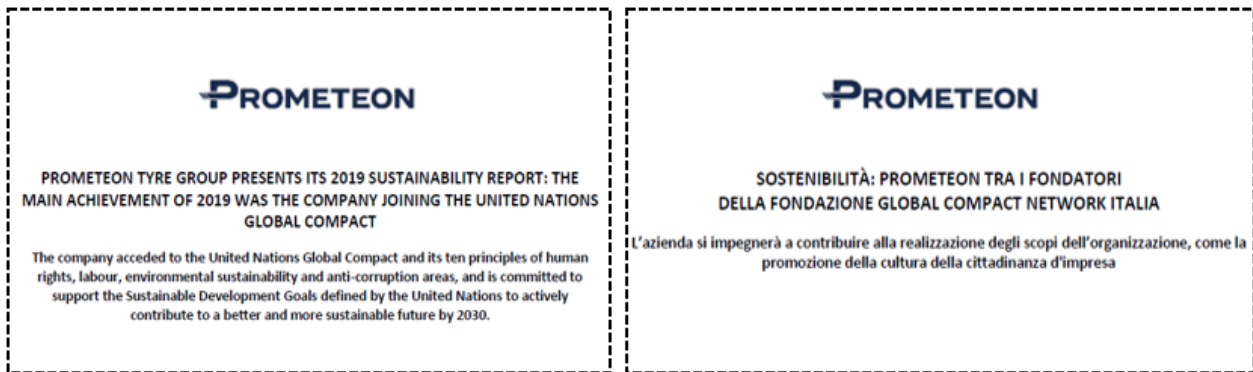
CERTIFICATIONS & MANAGEMENT STANDARDS

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• **IATF 16949:2016** - International Standard for Automotive Quality Management Systems;
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• **ISO 9001:2015** - Quality Management System;
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• **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 2020, 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.



**Press release UNGC and Prometeon Tyre Group*

Prometeon Tyre Group's official corporate website, 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, the Sustainability and the job opportunities in the section "careers". Furthermore, it has to be noted that during 2020 Prometeon Tyre Group decided to review the actual website giving a new identity with a new design and new dynamicity that will be launched and presented during 2021.



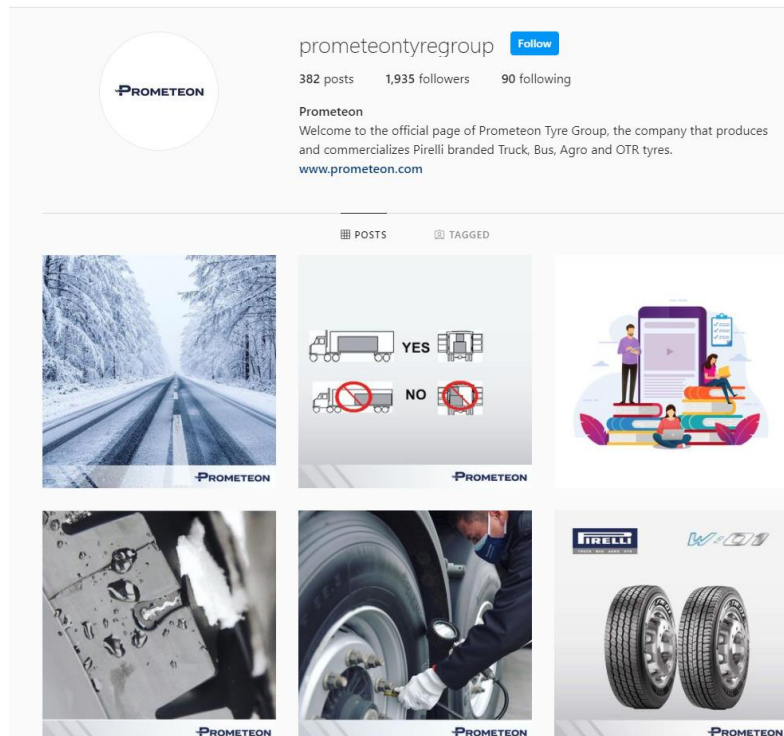
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Prometeon Tyre Group presence on Social Media



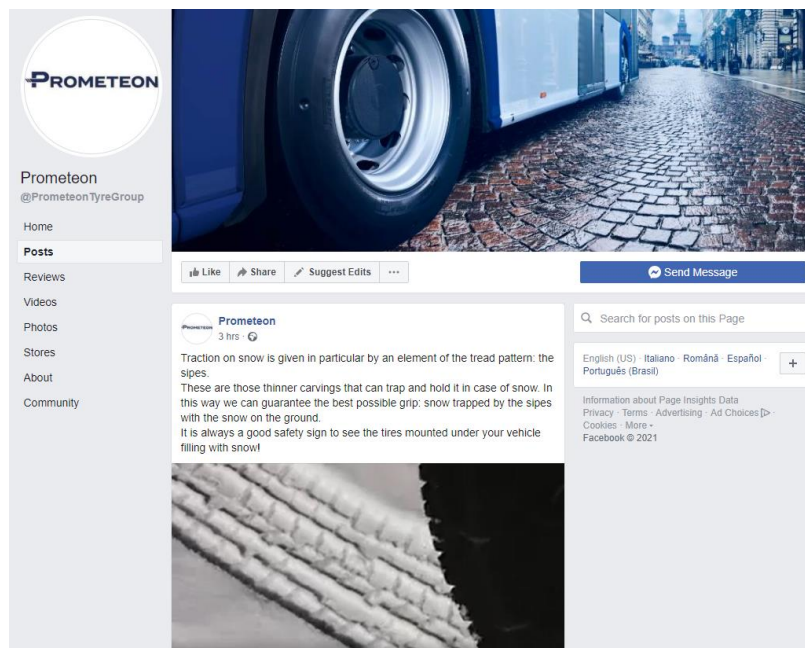
In 2020 Prometeon Tyre Group further enhanced its presence on Social Media. Beyond the six established Facebook and Instagram Country pages – the International (HQ) page, Brazil, Turkey, MEA, Egypt and Argentina – 2020 saw the opening of new local Facebook and Instagram pages dedicated to 5 European Countries: Italy, Germany, United Kingdom, Poland and Spain.

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**Prometeon Tyre Group Instagram page*

The Company activity on Social Media was revised in order to allow the enhancement of a global exchange of information and tight cooperation among all the Countries for a consistent, enhanced and coordinated global presence. The news and topics shared were both of common interest, whilst also offering contents specifically designed for local audiences.



**Prometeon Tyre Group Facebook page*

The research for continuous innovation, electric mobility, technology at the service of the environment were among the numerous topics covered during the year, together with posts related

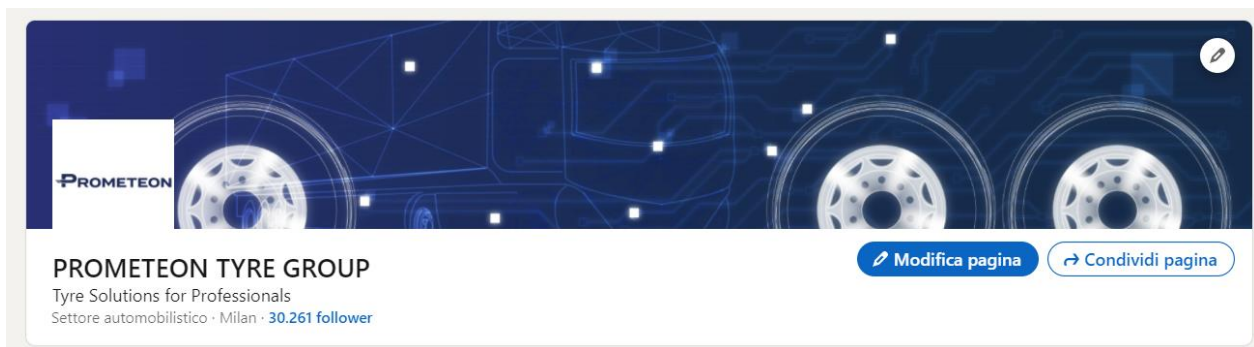
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to health, good practices and Covid-prevention. With the support of multiple activities, the Company is engaged to further increase the number of Countries and followers of interest. In 2020 Prometeon Tyre Group's pages reached over 138.000 likes and many followers.

With regards to the LinkedIn channel, 2020 saw the implementation of a real editorial strategy from an Employer Branding and Brand Awareness perspective.

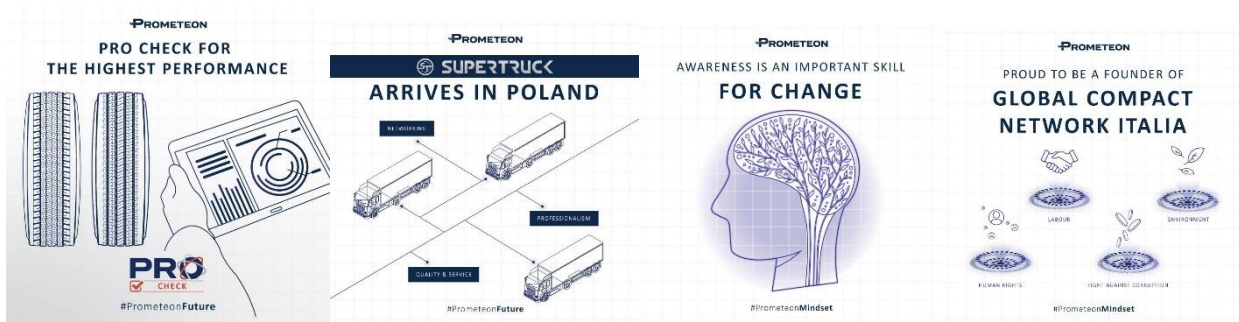
The editorial plan increased the frequency of publication, from once a month to twice a week, with the application of specific and constant hashtags.

The three hashtags that support all publications are #PrometeonFamily, #PrometeonMindset, #PrometeonFuture and #PrometeonTyreGroup.



**Prometeon Tyre Group LinkedIn page*

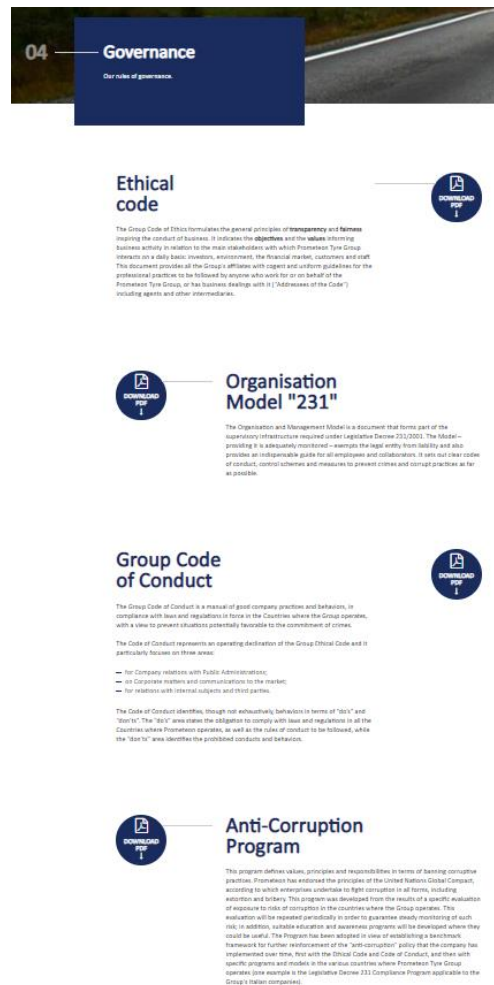
In 2020 Prometeon Tyre Group's page counted more than 30,000 followers, almost 10,000 more than the previous year. LinkedIn had the ambition and the usefulness to share with all the followers a year of choices, innovations and initiatives with a winsome way and looking towards the future.



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.



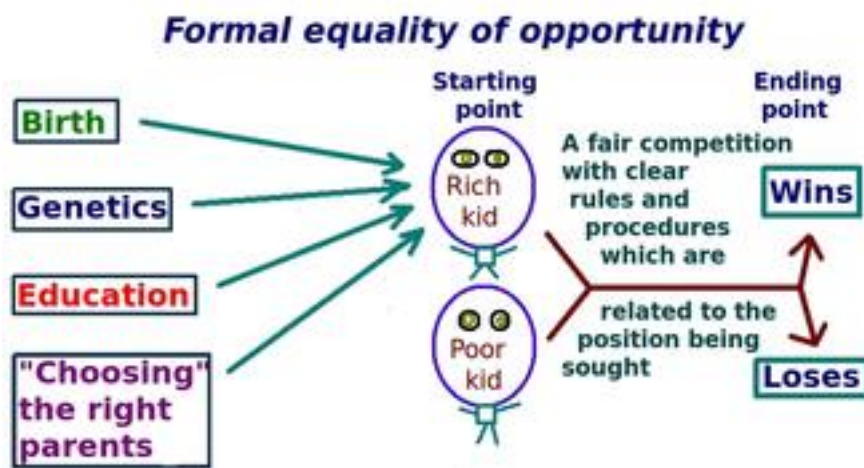
In particular, the following Policies are recalled:

- 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 of 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

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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. As 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. Furthermore, no businesses have been carried out with customers in Republic of Congo.



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 based in Countries where gross human rights violations and armed conflicts are currently taking place such as Syria, Sudan, North Korea, Iran, Cuba and Libya. 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. Accordingly, Compliance and Internal Audit Departments support the subsidiaries, with specific preventive controls aimed to check 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.

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.

Following the introduction of new offences belonging to the category of tax offences and offences against the public administration within the scope of the so-called "predicate offences" pursuant to Legislative Decree no. 231/2001, in 2020 the company carried out a risk assessment and a gap analysis in order to identify the measures required to mitigate the new risks. Accordingly, Model 231 was revised and approved by the Board of Directors in January 2021.



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 are carried out 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 Orgànica 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, then reviewed in 2020, 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 a material estimated value. Any gift/benefit received having a material value 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)*.



In order to reinforce the Governance of Prometeon Tyre Group, the Internal Audit & Sustainability Department reviewed in 2020 the Human Resources procedures such as: travel expenses, business representation, gifts (active and passive), sponsorships and donations. Regarding travel expenses in terms of Sustainability and CO2 emissions, the Company decided to reduce travels by airplane reviewing a new way to work organizing virtual meeting and training for SAP system for all employees which turned out useful also with the arrival of COVID-19 pandemic where people were forced to keep their social distances. Regarding presents to the Public Administration, they are not allowed. Company reviewed the procedure with reference to eventual gifts to private/individual entities that can be made, only after evaluating carefully the present circumstances and with the involvement of the Corporate Affairs & Compliance Department, previously authorized by Internal Audit & Sustainability Department, Chief Executive Officer and Chief Operating Officer. In 2021 the Company will proceed with general communication and training to all employees.



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 has been approved by the Board of Directors of our UK entity on April 2020.

Finally, in 2020 Prometeon Tyre Group proceeded 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"*.

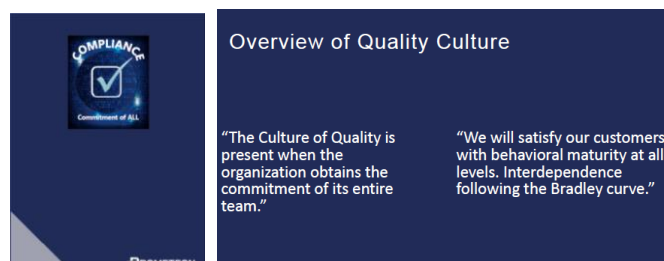
In terms of prevention and control, the audits carried out by Internal Audit & Sustainability Department at Group affiliates include monitoring of crime risks, among which also the risk of corruption and fraud figure.

Moreover, in Brazil, the Company decided to implement “**Culture Evolution**”, which is based on three main pillars: **Safety, Quality and Compliance**, with the aim to plan and deliver a sustainable future. To achieve it, Prometeon Tyre Group needs to engage the teams on Culture Evolution journey, reinforcing the way to do things.

As mentioned above, Safety (*please refer to Social Dimension in this report*), Quality (*please refer to Economic Dimension of this report*) and Compliance are the key pillars to keep the workplace and employees safe, and products and services well recognized, keeping the image and brand with flawless reputation.



Compliance is based on the principle that the Company’s processes, within a good Corporate Governance process, and the actions of employees, must be ethical, in line with procedures and laws. Specifically, Compliance project, aimed to guide employees as to the behavior that should be adopted in the performance of activities, seeking adherence to the Code of Ethics and Group policies and to demonstrate the Company’s image of ethics and transparency, internally and externally, has been organized by the end of 2020 and the implementation will start in 2021.



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 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 2020, a summary table is provided here below, along with further details about the reported instances.

	2019	2020
Total reports	23	18
of which confirmed	15	13
of which filed not confirmed and/or closed being absolutely generic	8	5
of which on-going	0	0
Countries of provenance of the reports ascertained	Argentina, Brazil, China, Egypt, Italy, Turkey, USA	Brazil, Egypt, Germany, Italy, Turkey
Matter alleged in the reports ascertained	Management misbehaviours, complaints on business processes, bribery, others.	Management misbehaviours, complaints on business processes, others.
Outcome of cases investigated	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.

SUSTAINABILITY REPORT

During 2020 the Whistleblowing procedure was activated 18 times.



In particular:

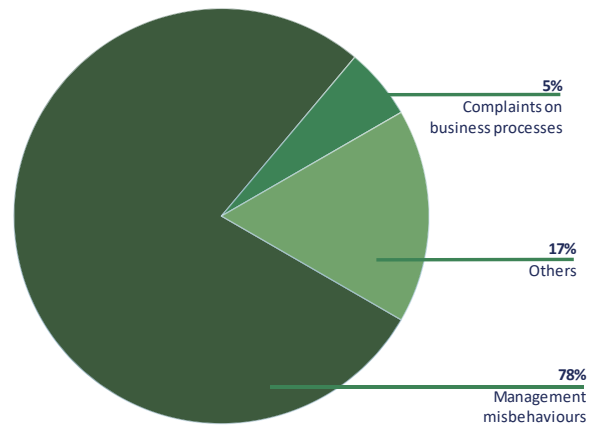
- the 18 reports referred to 5 different Countries (Brazil, Egypt, Germany, Italy and Turkey as shown above);
- 56% of the reports (10 cases) were submitted using the email address ethics@prometeon.com, whereas 44% (8 cases) were addressed to management which dealt with informing Internal Audit & Sustainability Department as per corporate rules;
- 83% of the reports (15 cases) were signed, whereas the remaining 17% (3 cases) were received in anonymous form. Specifically, with reference to the 15 nominal cases, 4 were activated by external stakeholders and the remaining 11 were reported by internal stakeholders;

With regards to the all 18 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:

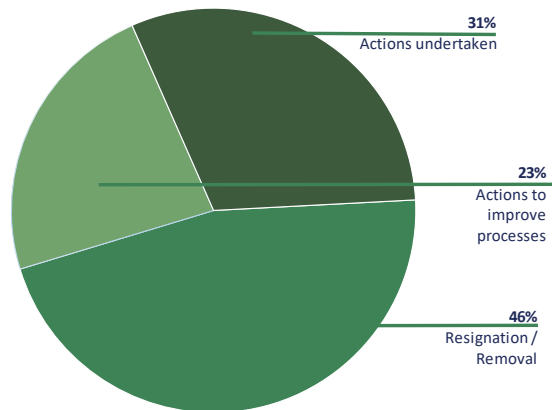
- Reported facts were confirmed in 13 cases, and in 5 cases, matter reported was generic and was assessed to be not founded;
- The 13 cases mentioned above are mainly related to these instances: management misbehaviors, complaints on business processes and other types of misbehaviors. Appropriate countermeasures have been undertaken, including both disciplinary actions and corrective interventions aimed to improve the processes and strengthen the internal control system.

SUSTAINABILITY REPORT

UNDERLYING REASONS OVERVIEW



ACTIONS OVERVIEW



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 2020. 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, 2020 - expressed in Full Time Equivalent - amount to 7,096 resources (vs. 7,171 in 2019), recording a net decrease of 75 resources compared to the previous year.

SUSTAINABILITY REPORT

BREAKDOWN OF EMPLOYEE BY CATEGORY

	Executive	White collars *	Blue collars	Total
2019	48,25	1.104,25	6.018,50	7.171,00
2020	45,00	1.090,00	5.961,00	7.096,00
2019 VS 2020	3,25	14,25	57,50	75,00

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

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)

2020 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%	0%	2%	0%	19%	40%	24%	12%	0%	12%	12%	27%	13%
30-50	54%	80%	58%	74%	81%	76%	67%	51%	63%	79%	0%	79%	77%	60%	76%
>50	46%	20%	42%	26%	17%	24%	15%	9%	13%	9%	100%	9%	11%	12%	11%
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%	1%	10%	3%	11%	28%	17%	15%	48%	16%	15%	33%	15%
30-50	71%	100%	75%	78%	90%	80%	76%	66%	72%	77%	48%	76%	77%	62%	76%
>50	29%	0%	25%	21%	0%	17%	13%	6%	11%	8%	3%	8%	9%	4%	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%	0%	0%	0%	0%	20%	8%	0%	0%	0%	0%	14%	5%
30-50	100%	0%	100%	100%	100%	100%	86%	80%	83%	0%	0%	0%	93%	86%	90%
>50	0%	0%	0%	0%	0%	0%	14%	0%	8%	0%	0%	0%	7%	0%	5%
Total	100%	0%	100%	100%	100%	100%	100%	100%	100%	0%	0%	0%	100%	100%	100%

*EMEA (included HQ)

SUSTAINABILITY REPORT

BREAKDOWN OF EMPLOYEE BY GEOGRAPHIC AREA AND GENDER

2020			
	Male	Female	Total
HQ - EUROPE	208,00	93,00	301,00
AMERICAS	3.756,00	181,00	3.937,00
MEA - AFME	2.768,00	69,00	2.837,00
APAC	14,00	7,00	21,00
TOTAL	6.746,00	350,00	7.096,00

2019			
	Male	Female	Total
HQ - EUROPE	216	96	312
AMERICAS	3.849	160	4.009
MEA - AFME	2.754	64	2.818
APAC	26	7	33
TOTAL	6.844	327	7.171

2019 VS 2020			
	Male	Female	Total
HQ - EUROPE	(8)	(3)	(11)
AMERICAS	(93)	21	(72)
MEA - AFME	14	5	19
APAC	(12)	-	(12)
TOTAL	(98)	23	(75)

BREAKDOWN OF EMPLOYEE BY GEOGRAPHIC AREA AND CONTRACT

	2019				2020			
	Permanent	Temporary	Agency	Total	Permanent	Temporary	Agency	Total
EMEA*	2.965	165	-	3.130	2.983,00	155,00	-	3.138,00
AMERICAS	3.785	224	-	4.009	3.763,00	174,00	-	3.937,00
APAC	9	24	-	33	6,00	15,00	-	21,00
TOTAL	6.759	412	-	7.171	6.752,00	344,00	-	7.096,00

*EMEA (included HQ)

Additionally, the following data refers to incoming/outgoing employees:

EMPLOYEE FLOWS BY GEOGRAPHIC AREA

	2019		2020	
	Incoming	Outgoing	Incoming	Outgoing
EMEA*	672	664	437	421
AMERICAS	917	519	306	393
APAC	5	10	-	10
TOTAL	1.594	1.193	743	824

*EMEA (included HQ)

SUSTAINABILITY REPORT

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
TOTAL	817	742	35	1.463	131	533	532	128	1.144	49

2019 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*	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%
TOTAL	51%	47%	2%	92%	8%	45%	45%	11%	96%	4%

*EMEA (included HQ)

2020 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*	260	170	7	417	20	224	150	47	405	16
AMERICAS	131	167	8	257	49	113	212	68	362	31
APAC	-	-	-	-	-	2	8	-	9	1
TOTAL	391	337	15	674	69	339	370	115	776	48

2020 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*	59%	39%	2%	95%	5%	53%	36%	11%	96%	4%
AMERICAS	43%	55%	3%	84%	16%	29%	54%	17%	92%	8%
APAC	0%	0%	0%	0%	0%	20%	80%	0%	90%	10%
TOTAL	53%	45%	2%	91%	9%	41%	45%	14%	94%	6%

*EMEA (included HQ)

During 2020, the Company operated to quickly counterbalance the negative effects of the pandemic situation due to COVID-19 virus, without losing focus internationally on actions to be carried out in order to strengthen internal know how and efficiency.

At the end of 2020 the Company employed 7,096 HC, of which 1,135 white collars (16%) and 5,961 blue collars (84%).

The total number of employees has decreased by 75 HC compared to the same period of 2019, which means a variation of - 1% vs last year.

This can be explained with the slowdown of planned hirings due to the uncertainty of the economic environment during 2020.

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 2020, **13 reports were ascertained** for cases that could be linked to Management misbehaviors and complaints on business processes. 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 2020 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	Executive	Cadre	Staff	White Collars (Executives+ Cadre+Staff)	Blue collars	Total
2019	48	346	758	1.152	6.019	7.171
2020	45	331	759	1.135	5.961	7.096

The table below shows the breakdown of gender in terms of employment contract in 2019 and 2020.

SUSTAINABILITY REPORT

EMPLOYEE BY GENDER AND CONTRACT

	2020			2019		
	Male	Female	Total	Male	Female	Total
Permanent	6.425,00	327,00	6.752,00	6.461	298	6.759
Temporary	321,00	23,00	344,00	383	29	412
Agency	-	-	-	-	-	-
Total	6.746	350	7.096	6.844	327	7.171

Regarding 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 2020 are Brazil, Egypt and Turkey (managers and white collars 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 hirings during their first year of work at Prometeon Tyre Group, this is greater than the minimum 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.

NEW IDENTITY AND MINDSET OF PROMETION TYRE GROUP

At the end of 2019 Prometion Tyre Group has launched PROPeople, a three- year Human Resources roadmap aimed to support Company growth.

The five pillars of the PROPeople are the following:

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

The over mentioned pillars were defined at the end of 2019 and the beginning of 2020 but due to the COVID 19 pandemic they have been reconsidered and reviewed. The following paragraphs dedicated to the 5 pillars will show the activities carried out throughout the 2020.

PROPeople describes and represents main Human Resources processes; the project is based on five pillars and new initiatives and improvements that will be implemented during the following years. The main criterion used to define the roadmap was to identify the **Prometion Mindset** through the definition of “self-identity”.

To Start the project the first step was to define the new **Prometion Identity and Mindset which was developed in 3 phases: LISTENING, SHAPING, LIGHTING UP.**

During the last two months of 2019 and the first month of 2020, Human Resources Department proceeded with 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.



Starting from all the testimonials collected during listening phase, 2020 saw the roll out of the second phase: the finalization of the Shaping gave life to 5 Beliefs and a Purpose as follows:

PROMETEON PURPOSE

“We lead through new roads, establishing with COURAGE new footprints and leaving our mark”.

“We come together, everywhere, every day, under any sky, to work with strong compliance and drive with our customers and business partners towards new horizons”.

“We are in constant search for INNOVATION; we focus on acting RESPONSIBLY by creating long-term sustainable value for our stakeholders”.

“We are creative and RESULT-DRIVEN people moved by PASSION for the tyre industry, coming together to collaborate and make a difference”.

“We work together in an agile, inclusive, multicultural and diverse context, where individuals are encouraged to express their own potential”.

“We are PROMETEONS”

PROMETEON BELIEFS

BE Result-Driven

We feel engaged and energized in striving for results and high performance. We cope with and rise to the inevitable challenges, problems and setbacks we meet in the course of our journey.

BE Passionate

We are passionate and committed, we believe in what we do and take satisfaction in providing safe and efficient wheels to improve the customers’ journey on the road, throughout the world. We feel engaged and energized by what we are doing together.

BE Innovative

We are explorers, we steer the wheel to meet and adapt to changes of our customers, clients, people and environment. We reinvent the route and simplify the course to achieve our goals and we display and spread an entrepreneurial and digital mind-set with grit.

BE Responsible

We collaborate effectively with all our stakeholder network, by establishing trustworthy and transparent relationships. We all are responsible in taking care together of our internal environment, our social communities and external ecosystem.

BE Courageous

We have the courage to take risks, according to ethics and compliance, to pursue excellence and we are unafraid of mistakes. We speak out, challenge conventional thinking, and stand up for our ideas and beliefs and we push ourselves to grow and develop every day.

This is the result of a bottom up process, where the Company was committed to listen to its employees in a transversal way respecting the different targets and cultural contexts. The **"shaping" phase** was conducted with the use of an external benchmark made on the main competitors and most innovative companies on the market. The phase ended with 3 validation steps that involved the Global HR Team, Global Leadership Team and Top Managers. The sharing of the Purpose and the Beliefs with the employees officially took place during the plenary meeting of the Company held in December 2020, where all people who contributed to the definition of the **PTG Mindset** were simultaneously thanked.

The **Lighting up phase** which foresees the communication and grounding of the 5 beliefs is expected to be launched in 2021. The launch of the phase will take place through a global internal communication plan and the definition of Core Behaviors which will become the observable and evaluable practical dimension of Prometeon Tyre Group's Beliefs.

As mentioned earlier, the 5 pillars have been reviewed due to Covid-19 Pandemic. Therefore, the Company decided to act on the 5 pillars in relation to the following two phases:

- Reaction Phase;
- NewWay2.Work.

The **reaction phase**, where actions to support employees through the "full-pandemic period" were defined and implemented, was developed between March - September 2020 period.

The **NewWay2.Work** phase, which started in September 2020, is a structured approach to the future of working defined as "Blended" where the employee is given the opportunity to work 50% of the working time in office and 50% in a different place. The NewWay2.Work of Prometeon Tyre Group is based on 3 leading principles and can be applied thanks to 4 enablers.

Here below the 3 Leading Principles and the 4 Enablers defined for the NewWay2.Work:

LEADING PRINCIPLES

1. Flexibility: a new approach that makes possible to transform time management in an innovative way;
2. Responsibility & Trust: creating a new relationship between Managers and Employees, and so, between the Company and "Prometeons";
3. People Caring & Continuous Learning: focusing on the development of new soft skills considering always the well-being of employees.

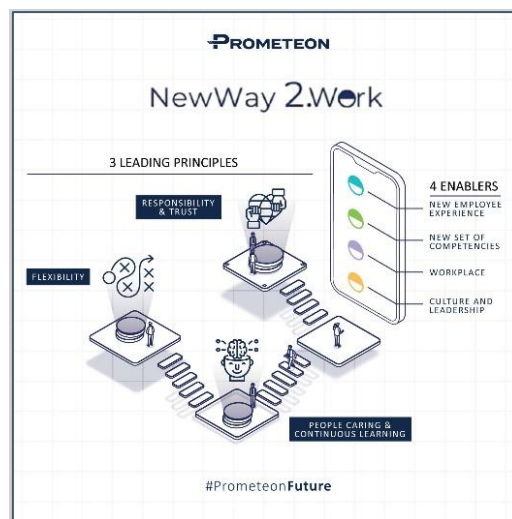
ENABLERS

Enabler n°1: NEW EMPLOYEE EXPERIENCE: contains all the initiatives that aim to support the management of daily activities wherever they are carried out;

Enabler n°2: NEW SET OF COMPETENCIES: contains training initiatives that aim to develop the new skills necessary to face out the blended situation;

Enabler n°3: WORKPLACE: contains a new approach of working space in the office; the Company decided to give more flexibility to the open space also in support of the concept of hygiene and cleaning for desks and collaboration spaces shared by the employees;

Enabler n°4: CULTURE and LEADERSHIP: contains a new cultural approach starting with the new Prometeon Tyre Group Identity.



“Bye bye office, working from home with benefit comes true” – Libero Quotidiano journal

Please refer to link: <https://bit.ly/3oLlyQf>



SANTI CARLINO | Chief HR Officer “From the outset we were convinced that nothing would ever return as before, so we immediately gave way to reflection on the characteristics that would assume the organization of work in the post-pandemic. Here is that the concept of activity becomes the cornerstone of all analysis; why do I have to go to the office? Which activities require my physical presence and which ones don’t? Where is it more functional and effective to carry out that type of activity? The space is therefore no longer the office traditionally intended but a multifunctional place that offers spaces and areas dedicated to the performance of certain activities. We have experienced adaptability to change, an essential prerequisite in a process of transformation and interaction to the new, to the different. This is how our NewWay2.Work was born. A transformational model of approach to work, of organizational and managerial mindset. The model is blended and provides 50% remote work, for everyone.”

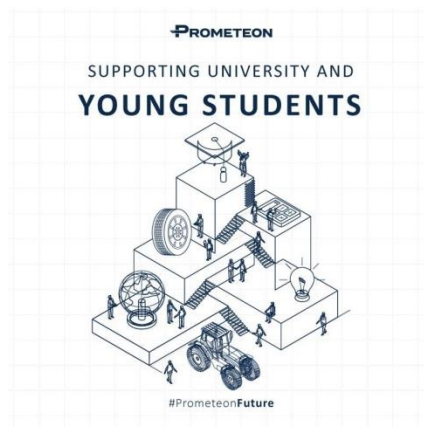


VALENTINA TOSETTI | Head of Global Learning & Development and Communication “How can we make the NewWay2.work effective? “Three areas to focus on: Relationships, Habits, Wellbeing & Self Development.

On this reflection and on these needs is born CLOCKS, the first Global development path in Prometeon. The “learning watches” are synchronized on the same topics, with the same contents and through a single approach across our Country. CLOCKS is an approach, a global language for dealing with the future”.

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.

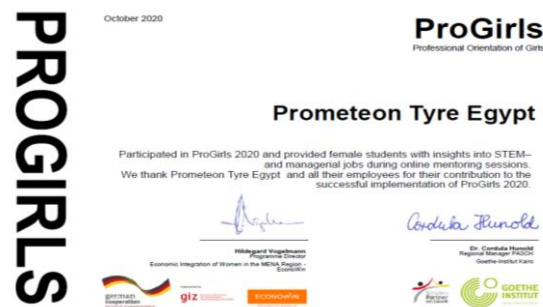


Regarding the spreading of Company’s principles, Employer Branding is a useful tool that can give visibility to job opportunities addressed to recent graduates and profiles with experience and thus not only in the Italian labour market but also globally.

In 2020 in the production sites where the Company operates, such as Turkey, Brazil and Egypt, and in HQ events, projects and meetings were organized with the aim to promote **Employer Branding initiatives**, as Career Days, Job Fairs, factory tours. 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, such as other functions (AFC, Marketing, HR, Value Chain). They had the chance to improve their knowledge, skills working in an international environment in a smart working set up.

SUSTAINABILITY REPORT

In 2020 **PROGirls - Women Empowerment Program: 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. In 2019 Prometeon Tyre Group started collaboration with the **Goethe Institute** of German Embassy in Cairo giving the possibility to young women to empower themselves. The Company participated in Mentoring Girls program STEM (Science, Technology, Engineering and Mathematics) and during this project Management Leadership pillars were presented, explaining how to discover personal strengths and weakness; how to plan their own career, discovering career options based on their CVs and simulating interviews. Women Internship program took place inside the factory and through all departments, attending sessions with women already working in the Company, exploring and showing how roles that were mainly carried out by men became accessible to women as well. Through virtual participation, the Company managed to involve 35 female students in 4 virtual sessions, while in 2019, 10 physical sessions were organized reaching only 12 girls.



Egypt 1 Day at Factory Program: The Company organized for university undergraduate students visit of the Factory for 1 day in order to present and explain the manufacturing process of tyres, and thus involving all the departments concerned. In 2019, 3 physical tours with university students were organized, involving 50 students, and in 2020 due to the Covid 19 pandemic, the Company managed to organize 2 virtual tours which were attended by 98 students in total through live factory videos with the support of narrations to explain technical processes.

SUSTAINABILITY REPORT

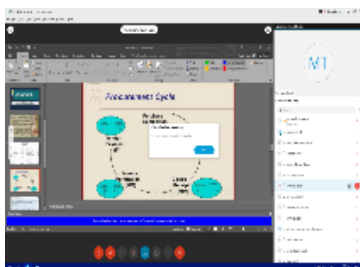


Egypt Support Graduation Project Program: Moreover, graduating university students were supported in their graduation projects by a team of technical experts from the Company which gave them technical knowledge and practical experience. While the project took place in 2019 supporting 3 physical graduation projects for 20 Students, in 2020 the Company supported 2 physical graduation projects and 2 Virtual projects for 28 students in total.

Egypt Job Fairs & Career Days: In terms of employer branding, in 2020 Prometeon Tyre Group participated with universities to Engineering Virtual Employment & Business Virtual Employment days, presenting the Company to young talents and potential employees. The aim was also to help young students giving them career advices and consultancy on their CVs for the application process on job career platforms and simulating professional interviews for a job application.



Egypt Universities Undergraduates Summer Program: a specific training experience dedicated for University students of 2nd and 3rd Year College was organized. The aim of the program was to show multinational work environment and explain the cooperation between different departments for the business to succeed. Students received a certificate of completion and a compensation of 200 EGP at the end of the session. It has to be highlighted that in 2019 the program involved a total of 74 university students which came physically to the factory. in 2020, although Covid 19 pandemic limited the physical interactions, thanks to the information technology, the program saw the increase of the number of participants.

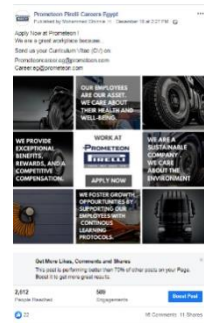
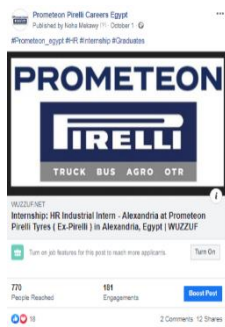


Egypt Internship University Graduates Program, a dedicated project of 3 months contract with maximum renewal of 2 years; the Company compensates young university graduates with 2.000 EGP and monthly compensation scheme. Trainees participated in daily tasks and operations under supervision of senior employees. Their own performance was evaluated each 3 months in terms of possible hiring. In 2020 the result of the program gave the opportunity to the Company to hire 5 new young graduates with fulltime contract.



Outsource University Graduates Program: a program of 1 year contract selecting university graduates with high potentials or talents, in which the remuneration is higher than the basic salary with a monthly package. The aim of the assignment is to participate in daily tasks and operations under supervision of senior employees which will be evaluated each 3 months in order to better understand if they can be potential new full-time employees. In 2020 Prometeon Tyre Group selected a total of 10 outsource employees, of which 2 were hired as fulltime employees.

Prometeon Egypt Careers Facebook page: In 2017 the Company opened the Country Facebook page with the aim of reaching candidates, publishing job advertisements, job fairs events, summer trainings announcements and employer branding images. Moreover, the Facebook page was used also to publish news related on recruitment, activities of cooperation with universities, providing to students information on career, CVs and professional interview.



In **Brazil** a new Internship Program format was implemented by the slogan “**Leave your mark on the world**”. Twenty interns joined Prometeon in 2020. The selection process was promoted through renowned universities and to be selected, candidates went through the following steps: online application, tests, HR interviews and Manager interview. The onboarding was comprehensive of an agile and effective adaptation of young talents belonging to different teams. The five-day agenda included: institutional presentation; factory guided visit and research laboratories; production process and product portfolio presentations; and readings about business etiquette and emotional intelligence.

During the internship journey, students prepared a project related to business under the supervision and support of their managers and they also participate in several training and development activities.



In September 2020, another initiative promoting the sharing of business expertise with young talents of Mauá University, was to share the testimony of the Company R&D experts who explained the **Production Processes in the Manufacturing**.



In **Turkey**, the Company joined the CEO for a Day Program organized by Odgers Berndtson which helps organizations with executive search, leadership services and talent management in Turkey and around the world. Thanks to the program, young and talented students worked with PTG leaders with the aim to create a project on digital transformation during 8 weeks Challenge. Moreover,

Prometeon Tyre Group CEO for Region MEA & Russia shared his thoughts on future leadership competencies with the students who participated to the challenge.



In **Headquarter** the Company decided to organize the following activities:

In May 2020 Prometeon Tyre Group attended the first **Virtual Career Day** held by the Politecnico di Milano. In addition to the official presentations, more than 100 students participated to the 8 hours of our technical sessions proposed and led by Prometeon Managers. In July 2020, the Company participated to “Bocconi & Jobs” event, the Virtual Career day of 2 days organized by Università Bocconi. During the course of the event, through a virtual stand managers / testimonies had the chance to share with young students projects and opportunities offered by Prometeon Tyre Group.

During the month of October 2020, Prometeon Tyre Group joined the “**Experis Talent Auditions**”. A “4.0” virtual recruitment event where the Company had the opportunity to meet young talents and know them better through digital speed-date sessions.





Jointly with companies, academies and universities, Prometeon Tyre Group participated to “E-LAB”, a project organized with the aim of introducing the participants to the world of business. The meeting saw all the students collaborated on a project that required them to think and implement a business idea. Moreover, during the webinar, the participants had the opportunity to listen to professionals that wanted to share their experiences, inspiring and communicating to them the Company vision and giving advise on how to pursue a career in the business world.

In 2020, in order to enhance the brand awareness and the presence on the web, Prometeon Tyre Group decided to improve its communication strategy and present the **Prometeon’s identity** through the use of the social media channel LinkedIn.

The editorial plan launched saw the creation of an “**Identity Card**” of the Company which has been divided in 3 topics: *WHO WE ARE*, *WHAT WE DO*, *HOW WE WORK*. To promote the Prometeon Tyre Group Identity Card, three main hashtags, **#PrometeonFamily**, **#PrometeonMindset** and **#PrometeonFuture** were defined and shared on the Company home page with posts related to the initiatives of the year concerning people of the community and products.

Here below the details about the launch of the new Identity Cards:

The first series of the posts, divided in 5 main posts, told the story of the Company:



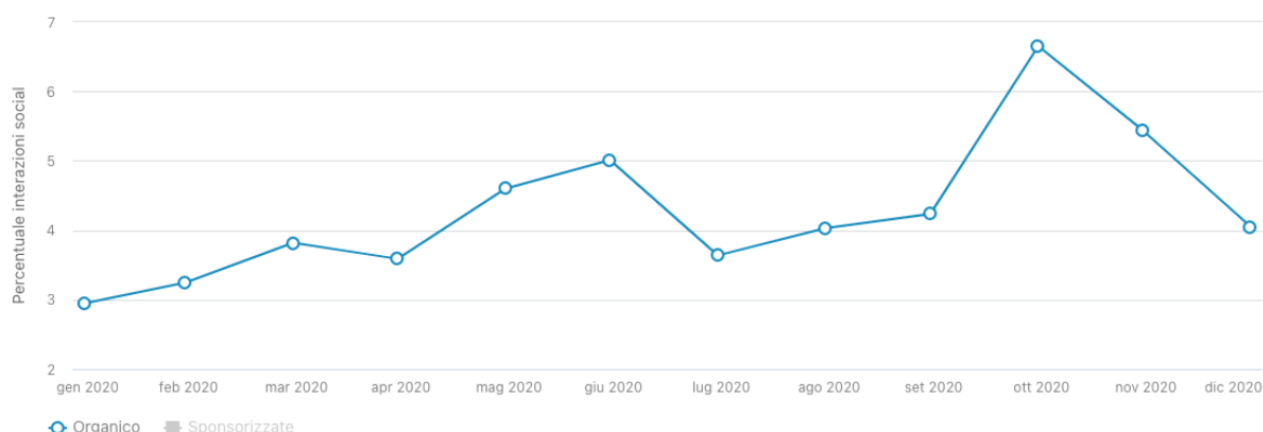
SUSTAINABILITY REPORT

The second series, published in the second half of 2020, presented cards telling curiosities about the production of tyres and services provided by Prometeon Tyre Group:



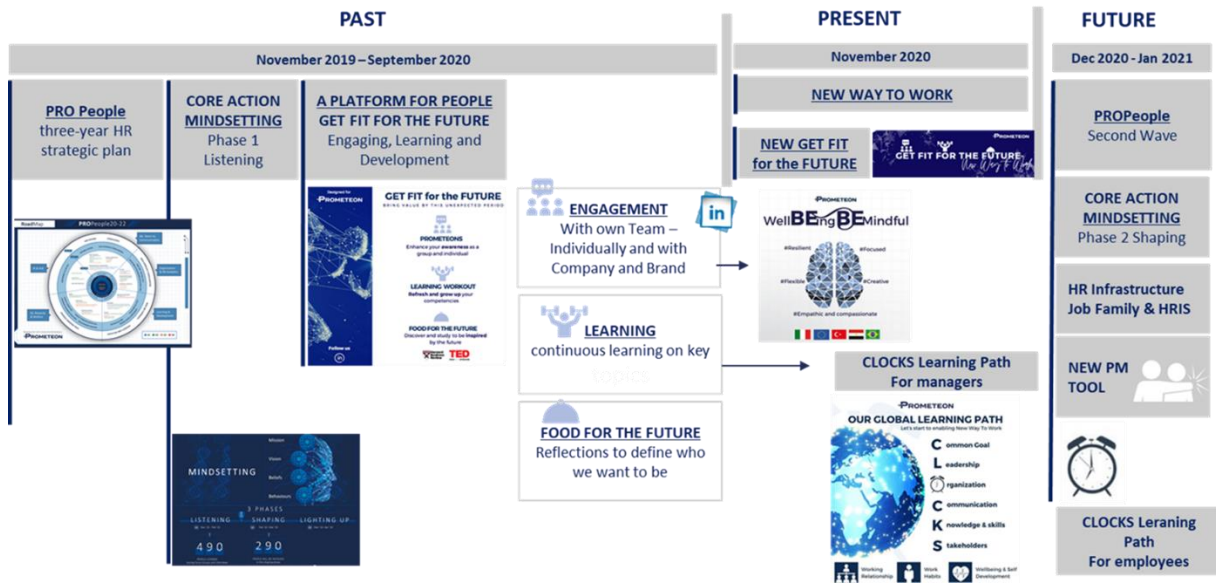
The third series, which will be developed in the first quarter of 2021, will present the employees and their experience within the Company.

Regarding the **Employer Branding** aspect of the project, all the posts shared to describe the Identity Card were used also for creating videos to present the Company at job fairs, universities and colleges. The creation and presentation of the Identity Card through the publication of these posts gave the opportunity to Prometeon Tyre Group to increase the visibility of the brand as shown in the graph here below:



**Engagement Rate LinkedIn Page Year 2020*

LEARNING & DEVELOPMENT



As mentioned earlier in the PROPeople Project paragraph, the guidelines regarding Learning & Development were defined as a pillar process for the HRO function.

In early 2020, in addition to the definition of the Mindset Project, HR Department prepared all the initiatives concerning training sessions, development and internal communication as well.



With the arrival of the pandemic the Company decided to review the program scheduled for 2020 analyzing and emphasizing the needs and the priorities in order to support the internal community in this unexpected moment. On March, **GET FIT FOR THE FUTURE** was launched, a program totally created by the HR Function, with the aim to provide several initiatives for Prometeon's People.

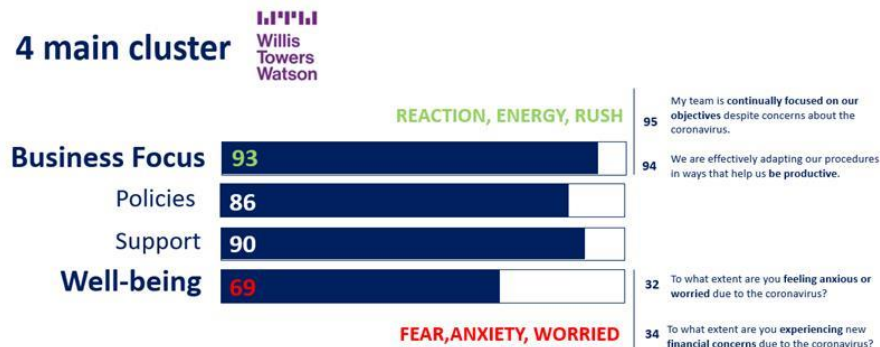
In March 2020 the Company launched the GET FIT FOR THE FUTURE.

Initially launched for 6 weeks, this infrastructure (totally made internally) has provided at global level multiple initiatives for Prometeon's People.

The GET FIT initiative kicks off with two moments of listening, which allowed the Company to work with more focus on content and reflect on the organizational approach for the future.

SUSTAINABILITY REPORT

The first step of this project was to understand the mood and needs of Prometeon Tyre Group employees during the first period of Covid-19 pandemic. In order to better understand how to define the project and provide for answer to the employee's requests and needs, The Company proceeded with a "Pulse Survey".



*Results of the "Pulse Survey"

The second listening phase was a specific survey dedicated to the "smart working" in order to collect information regarding the advantages and the issues of the working modality



*PTG Smart Working Best Practices - Results of "Smart Working" Survey

The **GET FIT FOR THE FUTURE** project is based on three main pillars:

1. **PROMETEONS:** Engagement and wellbeing initiatives. Focus on stay connected and psychological safety;
2. **LEARNING WORKOUT:** virtual training sessions to refresh and grow up competencies;
3. **FOOD FOR THE FUTURE:** articles, videos and webinar on strategic topics for the future.

Each pillar was supported by different detailed initiatives as explained here below:

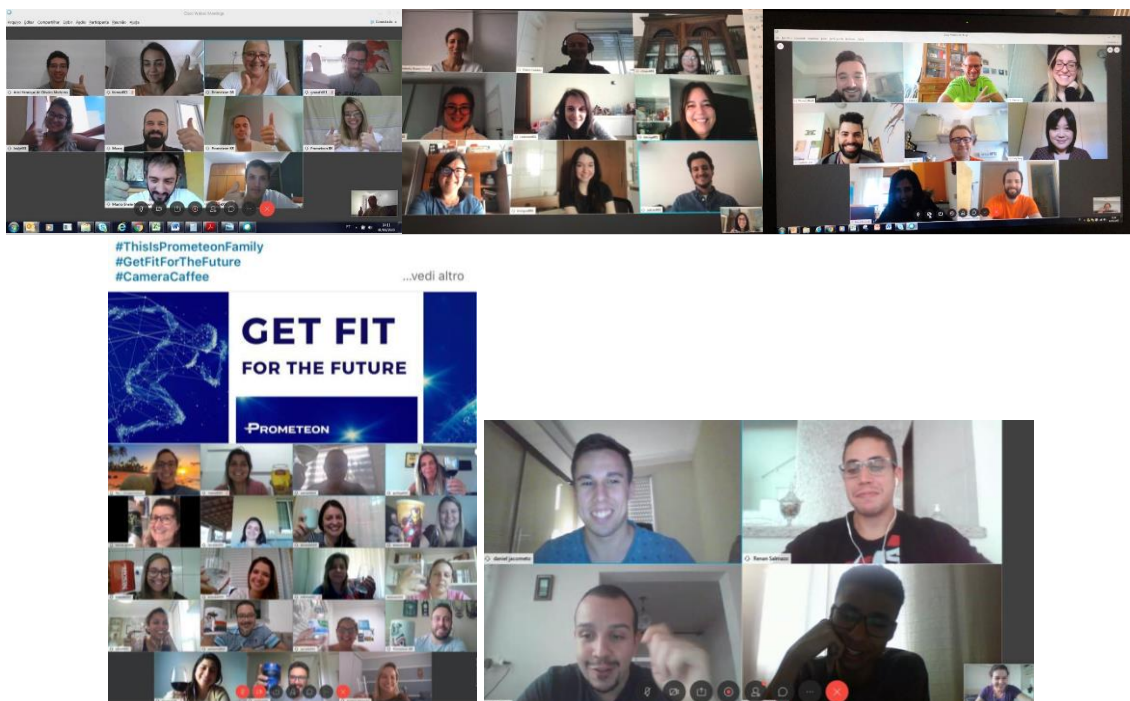


1. PROMETEONS

Three main examples:

1. “Camera Coffee”: it’s an engagement initiative that asks to teams/functions of the Company to organize weekly meetings in order to keep colleagues informed about the activities that each of them is carrying out, engaging them to the community’s initiative and let them stay connected speaking also about their personal life and experience during the lockdown period.

CAMERA COFFEE moments of community and sharing to maintain a high level of relationship and engagement in the team.



* Camera Coffee – Teams Brazil - HQ

2. Prometion Tyre Group decided to give the possibility to its employees to follow the **MINDFULNESS** practice path, through which the Company community could listen and think about their emotions and perceptions during the lockdown period. With such a support, the project helped people to think better to future challenges.

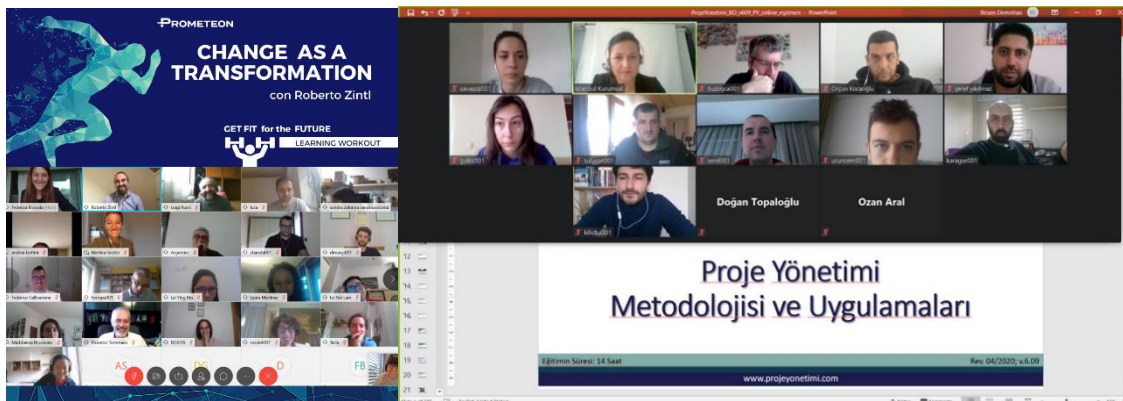


3. To increase the brand awareness and communication, the Company organized also the “**Linkedin Tips & Game**”, a moment dedicated to people who has the possibility to deep dive in the Linkedin page of Prometeon Tyre Group and contribute interacting with the web page in order to suggest some improvement in order to empower the brand and the network.



2. LEARNING WORKOUT

The second pillar defined by the Company contains the virtual training sessions which aim to help people to refresh and increase their competencies. One of the first courses proposed was the ENGLISH CRASH COURSE, an online English platform for learning that allowed employees to exercise their skills with a focus on the knowledge of English language applied for Company communication by video calls, phone calls and virtual meetings. Following the first session, the learning workout increased thanks to the proposal of several webinars such as “Recruiting LAB, Feedback GYM, Change, Design yours, Creativity”. These webinars have been organized internally by the Human Resources Department with the support and participation of external testimonials.



**Webinar Change as Transformation (HQ)*

**Webinar Project Management Skills (TR)*

**Webinar Creativity... But Applied (HQ)*



3. FOOD FOR THE FUTURE

The aim of this pillar is to inspire people of the community by providing them with information about strategic topics for the future through articles, videos and webinars.

People had the possibility to have access to newspapers on digital format, texts, videos and other materials speaking about 3 main topics:

- **Awareness;**
- **Vulnerability;**
- **Sustainability.**

A first webinar on Awareness was organized in Egypt, 2 hours in which Managers and Employee discussed about topics such as Emotional Intelligence, Emotions, Organization and how are applied in the company context.

Regarding the Awareness, the Egyptian Company organized a webinar where managers and employees discussed about Emotional Intelligence and how to manage emotion inside the Organization using specific example within the Company context. Moreover, another webinar, supporting the importance of the awareness, was organized with the collaboration of Marella Caramazza, Managing Director of ISTUD Business School with the aim to bring her contribution through a testimony on her professional experiences.

Another great contribution on the first topic was the Webinar organized with Marella Caramazza – Managing Director of ISTUD Business School, as external testimonial, interviewed by the company's CHRO.






With the arrival of September 2020 and the launch of **NewWay2.Work, GET FIT for the FUTURE** maintained various initiatives for the **PROMETEONS pillar**, such as Mindfulness and Camera Coffee. In October 2020 the **LEARNING & DEVELOPMENT** pillar has been enriched with the process development of **CLOCKS**.

What does **CLOCKS** mean? CLOCKS is the first Global Learning Path of Prometeon Tyre Group, aimed to support a new set of competences for the NewWay2.Work.

CLOCKS is based on two phases:

The first phase **CLOCKS Q** requires to compile a questionnaire of self-evaluation which introduces the new GLOBAL SET of COMPETENCES. These latest are considered necessary in order to support and create a “Common Language” within the Company. The aim of the self-evaluation – CLOCKS Q, for managers and employees, is to reach a moment of individual consciousness. The three main clusters contain 9 different type of competencies. The participation of this phase resulted successful; 1.200 white collars participated to the self-assessment. The results of the test were accessible in the personal profile of the employee or manager, where suggestions about personal development and improvement were shared.

Three main clusters that contains 9 specific competences. The aim of CLOCKS Q, and so of the Self Evaluation, is to create an awareness individual moment for any managers and direct collaborators. CLOCKS Q has been completed/filled by about 1.200 people (all white collars). Each profile is divided in two views: Employee and Manager View. In the profile, both employee and manager can find some development tips and suggestions.

 1. Working Relationships	 2. Work habits	 3. Self development and wellbeing
Maintaining good working relationships Puts effort into developing and sustaining good relationship with others.	Working autonomously Concentrates on tasks over a long period of time without getting distracted.	Adapting to change Accepts and adapts to change.
Offering Help Shares information and offers guidance and assistance to other to help them succeed.	Using time efficiently Manages own time and delivers work on schedule.	Focusing on self-development Seek opportunities to gain experience, improve performance, and achieve career goals.
Communicating using technology Effectively uses presentation software and messaging systems, and utilizes technology systems to access and communicate information.	Staying focused Works well without supervision or engaging others.	Taking action Seek additional work and proactively takes on new responsibilities.

**Explanation of the New Set Of Competences*

The results of the tests showed the importance of this tool to go through the learning path in order to associate also the improvement required with the new Performance Management tool which will be described in the following paragraphs:

The second phase has been supported by 7 webinars, 1 for the Kick-off in order to explain the activity to all participants and 6 for the training courses customized for Managers and Employees. The first activity CLOCKS MANAGER, launched in November 2020, involved more than 290 Managers and will continue till March 2021. In order to involve all the participants of the project, events to let people share their personal path during this experience have been organized. Regarding employees, the training process will start on February 2021 expecting to reach 900 employees as participants.

The Phase 2 is structured in **7 Webinars** with the aim to develop and to train the above-mentioned competences. These webinars are divided in 1 Kick Off Meeting and 6 Webinars customized for Managers and Employees.

The CLOCKS Manager path has started in November 2020, involving more than 290 Managers and the path will continue until March 2021.

The path dedicated to employees will start in March 2021 and more than 900 employees will attend.



**CLOCKS Acronym explanation*



**CLOCKS Awareness - invitation*

Egypt - Talent Management Program: in 2019 the Company worked on identifying the talent pool of Egypt dividing them in 3 groups: Confirmed Talents, Nominated Talents, Young Potentials.

Different criteria had been identified for each group using internal assessment tools and 2 pilot external assessment centers that helped in assessing 4 talents' profiles with their strengths and development areas through international and local assessment approaches. By doing so, the Company was able to improve and sustain its talents in 2020, confirming their effectiveness.

SUSTAINABILITY REPORT

Domain 2: Management & Leadership				
Cluster (a): Personal Effectiveness				Score
1.1 Act on Orientation				1
1.2 Accomplishing and Achieving				1
Cluster (2): Future Orientation				Score
2.1 Strategic Thinking				3
2.2 Driving Change				1
Cluster (3): Managing and Controlling Performance				Score
3.1 Goal setting and Planning				1
3.2 Driving and Monitoring Performance				1
Cluster (4): Deciding				Score
4.1 Problem-solving				1
4.2 Decision Making				3

6. Assessment Results

Competency Based Interview (CBI) Results:

Competency	Rate	Comments
Leadership	0.25	Amr presented an acceptable level of both understanding the leadership concept and practices, he also believes that he has the potential in the leadership skills and acceptable level self-awareness of what he needs to develop in this areas, however because of his current job role he didn't get to practice his leadership skills, and if the management decisions will get his progress, then he is leadership role - there other leadership development needs for his future career.
Customer Focus	0.5	In this part Amr presented a very good level of understanding the nature of understanding local market customer needs, and how the company strategy, financial performance management, he also present some good ideas related to how the can manage, handle and develop the relations with local customers, he needs to achieve business generally with them.

thomas*

PPA

PPA PROFILE: Amr Hegazy

25/06/2020
Private & Confidential

DISC PROFILE

DISC

This aggressive and self-motivated person likes to take charge and control every aspect of the business life. Despite his dominant and aggressive, he is natural to reward and punish, it is his way of thinking and he expects others to follow his lead. He is not afraid to get involved in the business and he is not afraid to take the responsibility to get involved. He is not afraid to take the responsibility to get involved in the business and he is not afraid to take the responsibility to get involved in the business.

LOCAL LEARNING & EDUCATION

At Headquarter level, a pilot project named the “Value Chain Mapping” was experimented with the aim of assessing the technical and cross functional skills of the members of Value Chain. The project involved 20 colleagues, employees and Managers asking them to participate to an assessment which ended giving to the participants the results through the description of their role and position within the team. At local level, in addition to the Global contents foreseen by the Get Fit activities, a series of initiatives have been dedicated to continuous learning and technical / mandatory training were conducted.

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 attended in 2020 were:

ACCADEMY BRAZIL

Regarding Blue Collars, during the 2nd semester of 2020, training considered mandatory were performed respecting all Covid-19 preventive measures.

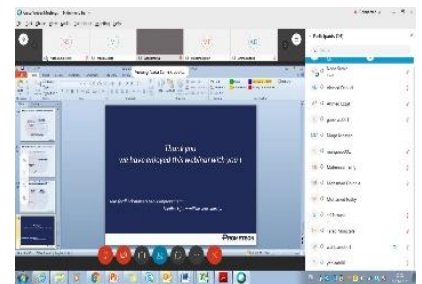
Moreover, the Company proposed the Professional Lives project to the White Collars, offering technical and behavioral online trainings. The result of the project was more than 30 online training sessions, involving 21 internal instructors and reaching out a total of 2 thousand participants.

SUSTAINABILITY REPORT



ACTIVITIES CARRIED OUT IN EGYPT

With regards to **Egypt local education**, physical classroom trainings, from different training providers, were held for employees with specific reference to Quality, HSE, Manufacturing, certification programs, and Soft skills. A total of 63,000 training hours were performed in 2019 and in 2020 due to the Covid 19 pandemic. The Company introduced virtual sessions of training and seminars, covering different themes from soft skills to technical skills reaching up to an average of 35,000 training hours.



Furthermore, with specific reference to sales team the Company organized Commercial Academy, providing training on technical know-how and informing them with the support of trainers from Quality and R&D departments, on the latest developments in the tyre industry. In 2020, in Fayoum city of Egypt, a 2 days lasting teambuilding event was organized with the aim to support sales team to build trust and cooperation among them.



“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 2020 employees and managers have filled out a Great Leader Survey.

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?"*.

For employees working in Europe, more than 3.000 hours of training on products, soft skills and technical skills (such as quality / claim management) was provided by Market Quality Department and Marketing Department.

Performance Management – a new “GET PRO”

The Performance Management process involves all staff worldwide (executives, managers and employees). 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.

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.

During the second quarter of 2020 the Company closed the 2019 Performance Management Process, through a specific “calibration” phase. This latest, together with new considerations made during the Covid-19 pandemic period, revealed the need to change the approach to the Performance Management system, which resulted in Prometeon Tyre Group’s decision to develop a new method and procedure for this tool during 2020. In August during the Global Plenary Meeting, the Company presented to all employees the new process put in place for the Performance Management. The new process will not require anymore to define the goals on an annual basis but on a quarterly basis. These targets will be accessible and consultable by White Collars and Managers involved in the process of evaluation. Moreover, the “constant feedback system”, which is linked to the concept of “sustained development”, will be implemented in order to give feedback on their performances to the employees helping this latest to reach the targets set.

The goals will be defined through the “Objectives and Key Results” (OKR) approach, which is a goal-setting framework for defining and tracking objectives and their outcomes. The OKR comprises an objective, a clearly defined goal and 3–5 key results specific measures used to track the achievement of that goal. The aim of the OKR is to define how to achieve objectives through concrete, specific and measurable actions. Objectives should also be supported by initiatives, which are the plans and activities that help to achieve the objective and move forward the key results. Furthermore in 2020 a pilot project was conducted resulting coherent and functional to the NewWay2.Work which has been implemented at the end of the year. The first quarter of 2021 will see the launch of the new methodological approach and the introduction of the new "NEW GET PRO" tool.

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



The project involved 36 young talents from different functions and was structured in two phases: a specific development assessment (online and face to face) and working in teams on designated projects which were at the end of the program, presented to the Top Management.

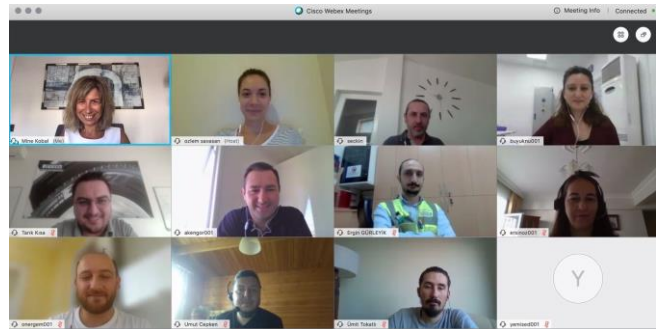
The assessment phase was concluded at the beginning of 2020 giving to the participants the feedback on their attitudes and personal skills. In 2021 the Company will focus on the definition of **Talent Management** based on specific competences that will be defined from the **Beliefs**. Moreover, in Brazil the Company started to design the 2021 New Talent Program during 2020.

In **Turkey**, during the course of 2020, Prometeon Tyre Group implemented the **“Future of Us” talent program**. Participants of the program were employees covering specialist roles within the Company, whose assessments of performance and potential in 2018 and/or 2019 resulted above the expectations with the support of the Performance Management tool. The program of 3 months involved participants to join training program covering topics such as relations planning, team dynamics and work planning.

The training modules consisted in assigning to each participant a mentor from mid-level managers in order to ensure the development of participants and supporting these latest during the whole program.

From the beginning to the end of the project phase, the training program was supported with the mentoring of mid-level managers.

The last stage of the program saw the participants, who have completed the training phase, to manage with group assignment a project, preparing a presentation to the Top Management of the Company sharing their knowledge acquired during the training process. The program ended giving to all participants a certificate of attendance.



**Future of Us Logo and Participants*

EMPLOYEES EXPERIENCE, REWARDS AND WELFARE

REWARDS

The remuneration strategy of Prometeon Tyre Group is aimed at guaranteeing a fair remuneration taking into account the individual performance, the internal equity compensation, the market practices and the benchmark.

A fair and attractive remuneration is a key pillar to attract, retain and motivate key people, and, at the same time, to promote a conduct in line with the corporate culture and values.

Prometeon adopts a total reward strategy that includes several tools to compensate its employees who are motivated through a competitive base salary, a short and long term variable incentive structure, a welfare offer that can balance personal and professional needs, a career plan and opportunities for professional growth clearly defined.

The **Compensation and retribution processes** for the Company Top Management are directly managed by the Headquarter Human Resources and Organization Department, specifically by the Compensation & Benefits function. Regarding all other employees the management is directly handled by the local Human Resources Department.

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 create and maintain value for the long term.

Prometeon International Mobility Policy has been standardized and shared within all the affiliates, with common treatment rules at Group level that enable an 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 Group.

In 2020, only one new international assignment has been initiated. This decrease compared to the previous year (in 2019 13 new expatriates were initiated) can be justified by the pandemic situation linked to the COVID-19.

The company, in order to promote safety and full support to expatriates and their families in this uncertain year, allowed them to choose the safest and the most comfortable location to work remotely from not only in the host country, but also in the home country if requested.

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.

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.

A significant focus is always dedicated to the **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.

Due to 2020 COVID 19 pandemic situation, Prometeon Tyre Group decided to execute **specific initiatives to support employees during the transitory pandemic period and also as enablers of the New Way to Work model.**

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 that covers medical checks, including dental care and hospitalization for employees and their relatives in addition to **Italian public health system**. Moreover, for employees of Headquarter, medical examinations in Pirelli Polyclinic are provided and costs are completely paid by the Company and this latest decided to add a specific Covid 19 health insurance for all its employees at the beginning of the Covid 19 pandemic.

Employees can have access to the canteen service at a preferential price as per the Kindergarten for children's up to 3 years old. Regarding family support, the Company offers scholarship for high school and Universities which are given based on their results of the school year.

Concerning the Retirement - Social Security, the Company supports its employees who decide to allocate to the Social Insurance Fund (Fondo Gomma Plastica) the deferred compensation (Trattamento di Fine Rapporto) giving them a proportional amount which is directly deposited in Social Insurance Fund account.



Prometeon Tyre Group maintains a continuous focus on the work-life balance of its employees, with initiatives aimed to improve the quality of professional and personal life and. Considering the socio-economic situation caused by the Covid-19 pandemic, the Company has decided to enlarge the

welfare offer, granting a net amount of 500 € to each employee to be spent in **welfare** services and products. The welfare services, available through a dedicated website, includes: scholarship and books reimbursement, culture and sport, vouchers for supermarkets and shops and public transportation pass. Moreover it is possible also to allocate the welfare amount to Retirement fund.

In addition, in Italy and in Brazil, thanks to an agreement signed between the Company and the Trade Unions in December 2020, employees can benefit of **Pirelli** branded **tyres** at discounted price for the private vehicles.

In Brazil, Prometeon Tyre Group provides for its employees a **health plan** that covers the majority of medical examinations and services such as providing, in case of hospitalization, a private room. Employees are covered by a medical insurance which provides for healthcare coverage either at local or at national level, through an accredited network of doctors, clinics and hospitals. In addition to that employees can benefit also a dental care plan which offers coverage through accredited network of doctors, clinics and hospitals at national level. Employees can use a drugstore card to pay purchases of medicines which are partially reimbursed by the Company. Moreover, employees and their relatives can ask for an allowance regarding the purchase of optics and orthotics that need to be justified by a medical prescription mentioning the medical necessities. These services are guaranteed to all employees, including also retired employees of Santo André plant, which can benefit of the health plan for other 12 months after their retirement. Along with Social Security Plan, which is mandatory by law, in Brazil, Prometeon Tyre Group offers to its employees the possibility to have access to an additional private retirement plan named *Previdência Privada*. The aim is to complement the old-age pension after the termination of the employment relationship. The subscription of the employee to the Private Retirement Plan is on a voluntary basis, the participation is encouraged by a contribution that the Company adds to the monthly contribution paid by the employee. In Brazil, employees can benefit from the “shuttle bus” services provided by the Company, which makes round trips through previously defined lines and, in alternative, employees can ask for Collective Transport Ticket from the Company, which is a right provided by the present legislation. Employees benefit from the canteen on site at Santo André and Gravataí plants while employees working in the Commercial Department benefit from “meal card”, through which they pay for up to 20% of the cost.

In Egypt, Prometeon Tyre Group offers to its employees, their spouses and, starting on July 2020, also one child, 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. A **life insurance** is granted to both Blue and White Collars employees, covering death and disabilities caused by injuries suffered from work accidents.

In Egypt, the **Company retirement** plan foresees a one-shot bonus for all employees at their retirement moment.

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Employees working in Alexandria benefit from the canteen, where hot meal is served for both Blue and White collars. For employees (both Blue and White collar) who cannot go to the canteen due to work, it is also possible to have a "food basket" and in Cairo employees are entitled to meal allowance. It has to be highlighted that during 2020 the Company worked on restaurant meal improvements, trying to enhance employee satisfaction, process simplification and control, and diversification of menus served to employees. Moreover, the operation method had been digitalized and supported by a new IT system and meal provision had been assigned to one of the most reputable catering companies in Egypt.



Moreover, in Egypt, transportation between the City of Alexandria and the Company premises is organized, minibus for Blue Collars, microbus for White Collar employees. The service covers every shift and is not available in Cairo, as most of the employees working there use their own car; for this reason, the Company provides a monthly allowance to reimburse the fuel expenses.

Prometeon Tyre Group also contributes to summer and winter employees' personal travels, supporting 25% of the cost and providing the service through a travel agency contracted by the Company.

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 employees up to the age of 35 years. The Private Pension System guarantees a Company contribution that can reach up to 100% of the employee's contribution and thus after 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 childbirth, marriage, maternity and family fatality. Starting from September 2020, the Company assigned "points" to the employees instead of gifts for various occasions such as new years' eve, Mother's Day etc, with the accruing of the points employees will be able to purchase various goods through the online welfare system "HEDIYEMO".

White collar employees can profit from of a "**flexible benefits**" program that consists in the possibility to choose different welfare services offered by the Company. The program includes also

the option of not benefit from private health insurance made by the Company for his/her family and to allocate all the money to individual retirement plan offered and managed by the Company.

Moreover all employees in Turkey can benefit of the following services: **canteen** for all employees working in Izmit plant and in Istanbul; employees have a prepaid card, with this card they can eat in a partner restaurant located in the shopping center next to the offices, meals are borne by the Company. The Company provides also services of transportation to and from the Company, in Izmit, shuttle buses are provided to all employees to go from the City to the factory and Istanbul to go and get back from the office. Moreover, workforce can buy Pirelli branded tyres at a special discount given to the employees of the Company.

Furthermore, 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.



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), in 2020 the Company organized for the employees and their families' different special events and celebration of festivities.

Welfare initiatives directly connected to the internal community, offer 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 2020 were also related to free time.

In **Brazil**, even in the pandemic context, the Company paid special attention to commemorative dates such as:

- **Father's day**: employees were invited to share with Human Resources, photos of them with their children or their fathers, which were subsequently used for making videos with a special communication in the occasion of this recurrence.

Acontece na Prometeon POR DENTRO DOS EVENTOS DA EMPRESA.

PAI, TRADUÇÃO DE AMOR E PARCERIA!

Pai também leva ao médico, dá banho, vai à reunião da escola, faz curativo, inventa brincadeira, dá comida, brinca, educa, ensina, aprende...

Pai é professor, amigo, parceiro, protetor. É o ombro pra todas as horas. É quem tá ali para o que der e vier, para todos os momentos, exercitando o amor incondicional e aprendendo que a **paternidade é um verdadeiro presente!**

Este Dia dos Pais será bem diferente dos outros, mas não menos especial. Nem todos poderão abraçar e beijar seus heróis, mas lembre-se: **a distância não significa nada quando se tem alguém que significa TUDO!**

Você é o verdadeiro pai herói que faz toda a diferença na vida dos filhos e os prepara para o mundo.

CLIQUE AQUI e assista à homenagem da Prometeon a todos vocês.

**Para obter uma melhor visualização, copie o vídeo em seu computador.*

Feliz Dia dos Pais.

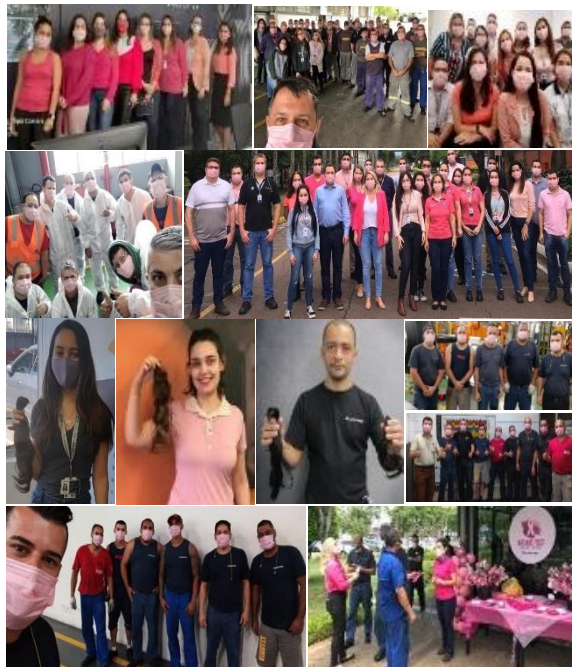
PROMETEON PTG

- **Yellow September**: a special campaign dedicated to the prevention of depression diseases and consequent suicidal thoughts was held. During the month of September several

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informative notes were shared with employees giving to them the opportunity to listen a psychologist.

- **Pink October:** Prometeon Tyre Group renewed for the 3rd year the campaign dedicated to women to inform and raise awareness about the breast cancer in 2020 as well. Updated informative notes and participation of several doctors informing about the breast cancer, teaching and raising awareness in detection and treatment. Moreover, the agenda also included two social initiatives which were hair and scarves donation for women who suffer from cancer.



- **Blue November:** a new campaign aimed at informing men on prostate cancer was supported by the Company, giving the opportunity to raise awareness about detection and treatment.



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- **Christmas Present:** Prometeon Tyre Group organized a special day in which volunteers participated to prepare the environment and help to distribute Christmas kits and toys to employees and their children in a “drive thru” method.



- **End of Year Events:** Prometeon Tyre Group organized physical and virtual events in order to offer its appreciation and recognition to the employees. For factory colleagues a barbecue lunch was organized while for corporate functions an online event was held. For this latest, a gift package containing champagne and other delights to enjoy the online party was sent.



International Women's Day was celebrated in **Egypt** in March 2020 for all women working in the Company. A ceremony with managers and top management was held, a competition had been set and gift packages were shared with women employees.



Every year Egyptian Company organizes dedicated program for **holidays and pilgrimage** giving to employees the possibility to receive a company contribution. However, in March 2020 with the arrival of Covid 19 pandemic, due to the local and international measures the program was frozen.

Egypt Social, Traditional & Religious Occasions: The Company based on the Egyptian traditions and festivities provides its employees gifts. For instance, sweets distribution for the Prophet Birthday, nuts in the month of Ramadan, donuts and cakes for Eid Al-fitr, and meat distribution in the occasion of 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.



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.

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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"**.

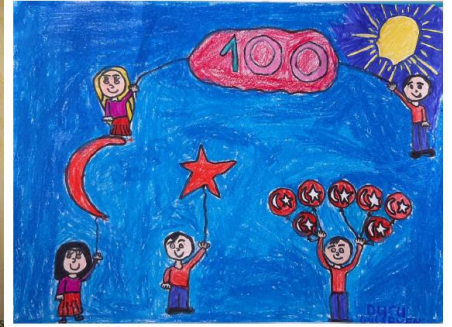
In **Turkey**, National Children's Day, which takes place on 23 April is a national day commemorating the foundation of the Grand National Assembly of Turkey, in April 1920. This particular day is completely dedicated to all children of the world by Mustafa Kemal Atatürk, the founder of modern Turkey. In the occasion of this festivity the Company organized a painting and poem contest which ended with awards given to the children ranking the highest in their age categories. At the same time an online webinar was organized with Doğan Cüceloğlu, whom is a very important psychology professor in Turkey.



1. Eslem Nas Arslan

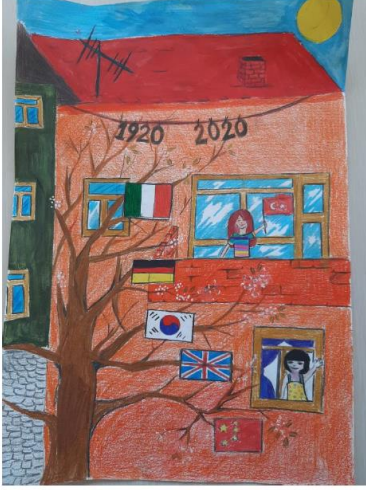


2. Selin Sülüsoğlu



3. Duru Gülseven

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1. Ada Tunçel



2. İlgez Abdullah Ersin



3. İpek Ateş

** Award winning pictures*

Moreover, regarding employees' children In Turkey, the Company proposed the '**GençPRO - YoungPRO**' project. A 4 week online science, technology, engineering, mathematics (STEM) training dedicated to children aged from 8 to 18 who were at home due to the pandemic, giving them the possibility to have access to different courses related to, software coding, 3D modeling, design-oriented thinking.



**YoungPRO Poster*

INDUSTRIAL RELATIONS

The **Industrial Relations** policy adopted by the Company 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 Company's commitment in terms of health and safety, characterized by active participation on the part of the union and workers. In December 2020, 85% Prometeon Tyre Group's employees are covered by representative bodies that periodically, together 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 regulations of each country at

its affiliates through periodic audits performed by the Internal Audit & Sustainability Department, in compliance with the audit plan.

Egypt Company has released a 3 years “Collective Labor Agreement” with Employees Trade Union, which would be valid for 3 years 2020-2023 as per the law. The main points in the agreement are:



Medical Insurance, including two kids of each employee at two stages:

- ✓ The Company shall include one son/daughter only of an employee as of July 2020;
- ✓ The Company shall include another son/daughter only of an employee as of July 2021.

Labor and social security lawsuits

In 2020, 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 90% of all the labor lawsuits currently pending against Prometeon Tyre 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 in Egypt, Turkey and Brazil were renewed during 2020 without conflicts and strikes, satisfying all parties involved. It should be noted that the Collective Bargaining Agreement in Egypt has been renewed for 3 years, while those in Turkey and Brazil for 2 years.

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***Egypt Union Relations:** Advance profit-sharing payment anticipation. Continuous meetings with union & legal offices to settle the arbitration verdict

The Industrial Relations & Manufacturing Committee, established in 2019 with the aim of ensuring the long-term sustainability and competitiveness of Prometeon's Industrial footprint, has contributed with its activities to ensuring a global, coherent and efficient approach to the aforementioned negotiations.

The work of the Committee also led to the creation of standard and common KPIs for monitoring the performance of factories.

Moreover it should be noted that at Headquarter level the Company defined an innovative Level II agreement (an agreement which amends the original agreement signed, in the favor of company during delicate times, guaranteeing the rights provided by the national agreement) which was signed the 4th of December with the Italian Union and the Company RSU (Rappresentanza Sindacale Unitaria), introducing the “NewWay2Work”.



The new model has been structured according to 3 key dimensions defining salient and characterizing features:

1. "Blended" & "Structured" model (Hybrid and Structured): the concept of flexibility is no longer solely based on individuals but becomes a principle and an integral part of the working context, also affecting the idea of spaces, times and working methods.

The new "Blended" & "Structured" model therefore necessarily becomes hybrid and the new work organization takes place partly in the office and partly remotely.

2. Trust and Responsibility: the new approach enables to transform time management in an innovative and substantial way, which becomes flexible and manageable with new rules, making "bringing objectives" and "achieving results" as the main function of the Company's productivity.

The Blended & Structured model also redefines the relationship between manager and employee in a new way, where the concepts of trust and responsibility become more tangible.

3) Leadership: a new leadership model that has more focus on the soft skills is necessary for team and relationship management, in light of the "Blended" & "Structured" model of the New Way2Work.

It has to be highlighted that aspects related to physical and psychological well-being became key themes inside of the new integrated model helping also employees to improve their personal skills and strengthening their performances.

The New Way2Work at Headquarter level has been structured on three enabling factors, which are the following:

1. Training: investment in training considered as a strategic factor, especially in the light of the change in organizational and leadership models underway.
2. Flexy Card: (Ticket Restaurant) for each day worked by the employee, whether it is done remotely or on site, the Company provides a ticket of a total amount of € 7.
3. Smart Kit: all colleagues enabled to work in Smart Working received computer equipment and ergonomic workstations (professional office chair) to better support employees' daily work, providing for the best conditions to carry out professional activities.

NewWay 2.Work
New Employee Experience

The Smart Working has been defined in line with the tasks and conditions that can allow it to be practiced and has been extended to 50% of working days on a monthly basis for Headquarter colleagues.

Main drivers and guidelines of the pilot model defined in Headquarter will be extended to the other countries where the Company operates taking into account culture, laws and policies.



Supplementary pension plans, supplementary health plans and other social benefits

Prometeon Tyre 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 schoolbooks 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 Company 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 2020, 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, the evaluation of the conformity of the health and safety management systems of Prometeon Tyre Group by RINA Services has been carried out in 2020 as well as already done in the previous year. At the end of 2020, all production facilities are certified according to OHSAS 18001:2007 and the transition to ISO 45001, is already underway and will continue in the following years.

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 activities and projects carried out at global level, 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" campaign aimed to encourage and promote healthy life style through advices and experiences (yoga, pilates, running) shared by medical experts and professional athletes. Due to the Covid 19 pandemic, during 2020 all gathering activities have been suspended. In order to focus all resources and actions on protecting and safeguarding the health of employees.



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 2019-2020 and cover the same scope of Group consolidation.

The Business plan (*"Long Term"*) with specific target for 2020 is aimed to reduce the Frequency Index of -70% compared to 2009. In 2020 the Company, despite a decrease in worked hours caused by the management of Covid-19 in factories, it closes with a value of injury Frequency Index (FI) of 0.19, substantially in line with previous and satisfactory standards.

The Injury Frequency Index (FI),

	2019	2020
Frequency Index (FI)	0,11	0,19
<i>FI = number of injuries / number of hours worked x 100.000</i>		

The **Injury Severity Index (SI)** of the Group in 2020 was 0.08 compared to 0.10 in 2019. A summary of the SI values in the last two-year period is provided below:

	2019	2020
Severity Index (SI)	0,10	0,08
<i>SI = number of days absence, starting from the first day following the injury, per injury/number of hours actually worked x 1.000</i>		

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 2020 cases.

	2019	2020
Commuting accidents	1	3

	MEA	South America
Commuting accidents	-	3

Fatalities

- 2019 and 2020: there were no fatal accident involving Prometeon Tyre Group employees or employees of independent contractors working at the Company's operating sites.

Health and Safety Expenditure

In the four-year period 2016-2020, expenditure for health and safety by the Group amounted to about Euro 12.5 million, of which about Euro 1.8 million was invested in 2020.

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

- **2021:** Committee for project “Culture Brazil” to improve sustainability performances regarding Health and Safety Environment to be extended to all the factories where the Company operates within 2025.

The Commitment of Prometeon Tyre Group in the fight against 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. The Company immediately took action for the health of people who are human capital and for the protection of the company's assets.

During the COVID-19 pandemic period Prometeon Tyre Group provided safety measures in all the countries where the Company operates. The decision-making process regarding the Covid-19 pandemic took place during the “Corona Crisis Management Team meetings” held regularly. The Internal Audit & Sustainability Department evaluated the governance and procurement activities in its plant and offices in Turkey, Egypt and Brazil.

The Top Management of the Company together with local Management in Turkey, Egypt and Brazil, proceeded with the following actions: by the beginning of 2020 **Corona Crisis Management Committee** was formed, including head of Value Chain, Chief Internal Audit and Sustainability

Officer and directors/managers/employees from AFC, Compliance and Procurement departments. Other departments / Managers were involved in case their presence was required. In addition, at local level, the Company organized committees for the factories, which include Countries' Heads of Manufacturing, Health, Safety and Environment Managers, Procurement Departments and Company doctors. Preliminary actions were taken together with the relevant departments' directors/managers in order to prevent any possibility of Covid-19 risk:

- Travel limitations;
- Specific cleaning program for all areas in the factories and offices.

In order to protect the right to health of all its employees and collaborators, the Company proceeded at global level with the following actions which were verified and assessed by Internal Audit and Sustainability Department:

- raising awareness of the risks associated with the pandemic and providing **information on contagion prevention** measures and techniques;
- "**smart working**" method 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;
- providing for all its **employees additional and specific insurance coverage** to cover the contagion from COVID-19;
- an **extraordinary sanitization of workplaces** has been carried out in order to safeguard employees;
- encouraging employees to adopt **safe behavior** (hand sanitization, safety distance, use of medical / protective devices, etc.);
- Cancellation of meetings / visits of external guests;
- Suspension of all trips by the Company's employees.

Since February 2020, the Human Resources Department, through the Internal Communication channel, regularly disseminates information about the Coronavirus pandemic. Among this information, elements about what the virus is, transmission means and symptoms that the virus can cause in case of contagion were initially passed on and also basic means of prevention: personal hygiene (washing hands, avoiding contact with people who may have symptoms) and avoid gatherings.

In March 2020, with the increase in the number of cases around the world, more concrete actions and measures were adopted in order to rise the employees' awareness and to reduce Covid-19 risk.

At Headquarter level, with the support of the Covid-19 Committee, specifically guidelines have been defined and communicated to the countries where the Company operates, in order to sensitize and guarantee a safe work adopting all safety measures taken by the Company.

As mentioned earlier under Industrial Relations chapter with the adoption of the New Way2Work the Company communicated to employees that the Smart Working system will be the main working system. Nevertheless, a small part of the employees – mainly executives – organized for working in the offices in rotation. In order to safeguard the health of the employees, the Company continuously carried out disinfections at the offices, distributed masks to the employees and provided for the possibility of making Covid-19 tests.

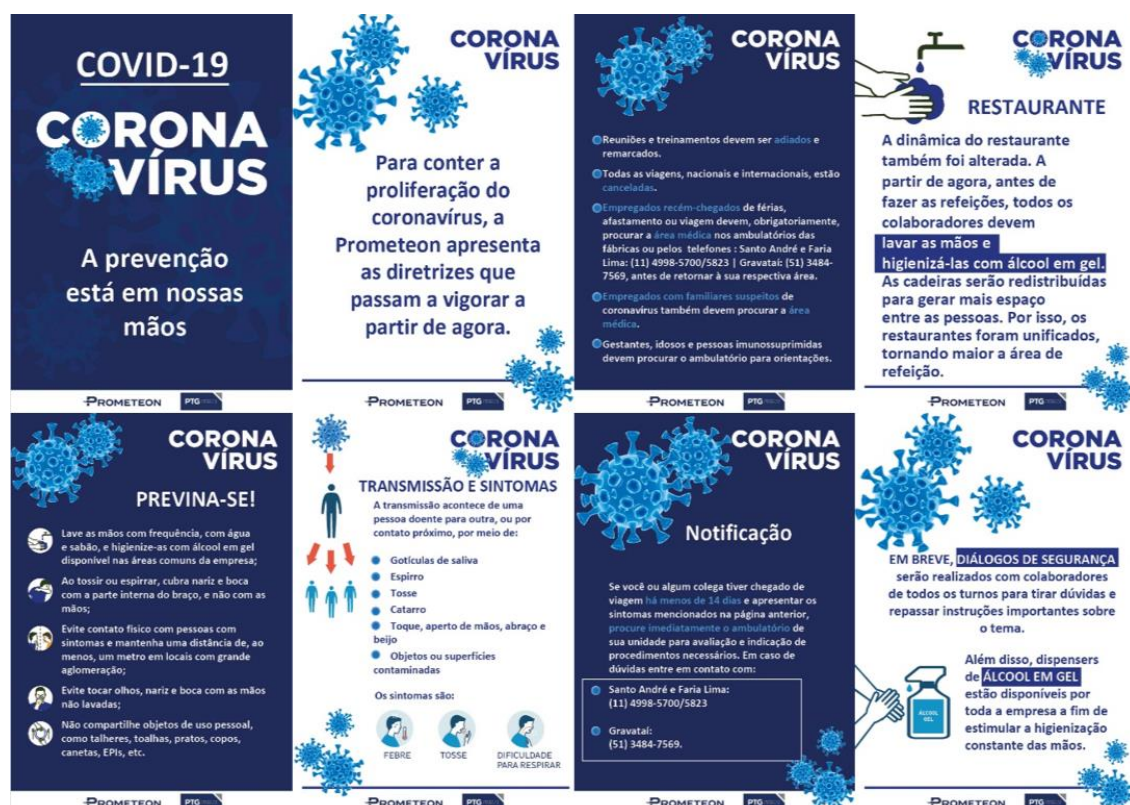


*Information and prevention Headquarter

In **Brazil** to control and manage the Coronavirus crisis specific committees in Brazil have been created in March 2020, aimed to:

- consolidate the actions to be implemented at Santo Andre and Gravataí factories, Office of Staff Faria Lima, Warehouses and sales team;
- support work meetings in specific areas and support daily meetings of Board Latam on COVID-19;
- work with the leaders of each plant or office to decide the best actions;
- provide guidance to the Board Latam on the Brazilian status of COVID-19 and potential impact on the Prometeon (PTG) and Prometeon Logística (PTGL) operations;
- benchmarking with other companies on best practices;
- speed up actions and show priorities to decision makers, considering the health of employees first;
- cancellation of national and international trips;
- postponement and / or cancellation of face-to-face training;
- hold meetings only by virtual means;

- employees arriving from travel or vacations, in addition to employees who have had contact with an infected person or who are suspected of being infected, should seek medical advice before returning to work;
- implementation of rules for the use of restaurants at alternate times (hourly and monthly employees), the need for hand hygiene (availability of alcohol) and greater spacing at the cafeteria tables;
- implementation of constant security dialogues to answer questions and bring information about the virus;
- collective vacation concession for monthly and intern employees.



In this context, Prometeon Tyre Group **Turkey** has taken the following immediate actions:

- as a first step, masks and hand sanitizers were distributed to all employees;
- Covid-19 safety and behavior trainings for employees working in the field and in Istanbul offices.
- Introduction of social distancing rules;
- Coronavirus posters put up in the factory and offices (both in Izmit and Istanbul);
- Disinfection of the all common spaces (canteen, shuttles, break areas, offices etc.);
- Installation of thermal cameras at the entrance of the factory;
- Smart working on volunteer basis;
- Sanitization and packaging of cutleries and meals in plastic covers (e.g. water, yoghurt, bread, spices).
- Covid-19 Information Guide containing information on Covid-19 and behavior rules in the production plant was distributed to all factory employees;

SUSTAINABILITY REPORT

Moreover, as per the Factory in Izmit, the Company took actions also for employees working in the office of Istanbul.

Disinfectant mats were installed at the entrances and exits of Istanbul Offices and intensification of disinfection program. The number of shuttles was increased, and disinfection made on daily basis. The test Covid-19 became mandatory for employees returning from quarantine and employees with chronic diseases. On a daily basis Prometeon Tyre Group provided the distribution of masks and alcohol wipes taking the body temperature measurement at the entrance and the use of masks became mandatory for all employees. Furthermore, the Company boxes to deposit personal belongings and Personnel counter placed at locker rooms have been installed.

The Company installed ad hoc waste baskets for used masks and organized the disinfection of Istanbul offices on monthly basis giving restriction of access to office kitchens.

COVID – 19 OTHER CONTROL APPLICATIONS



Separators were placed on the tables in the cafeteria and offices.



Disinfectants are placed forklifts to disinfect the contact points before each use.



Disinfectants were placed on the field.



Visual communication materials were increased.



COVID – 19 OTHER CONTROL APPLICATIONS



Counter was placed at the entrance to the dressing room.



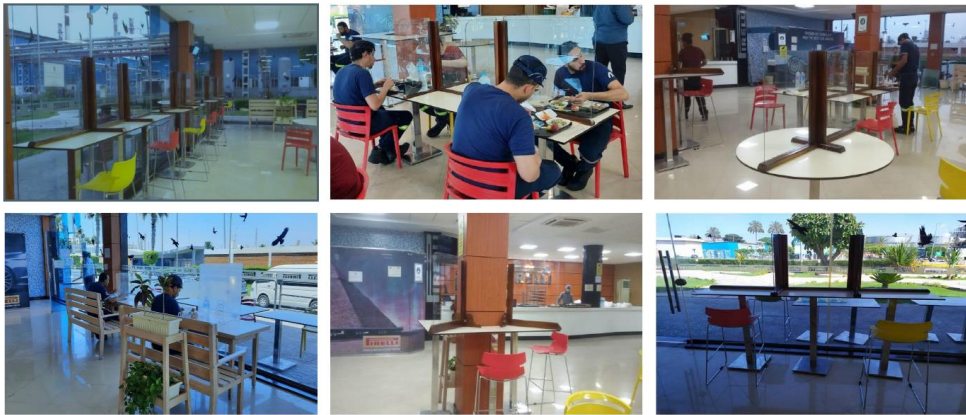
Information on maximum capacity has been added to common areas.



SUSTAINABILITY REPORT

The Company in **Egypt** defined and put in place specific procedures which were communicated to all employees.

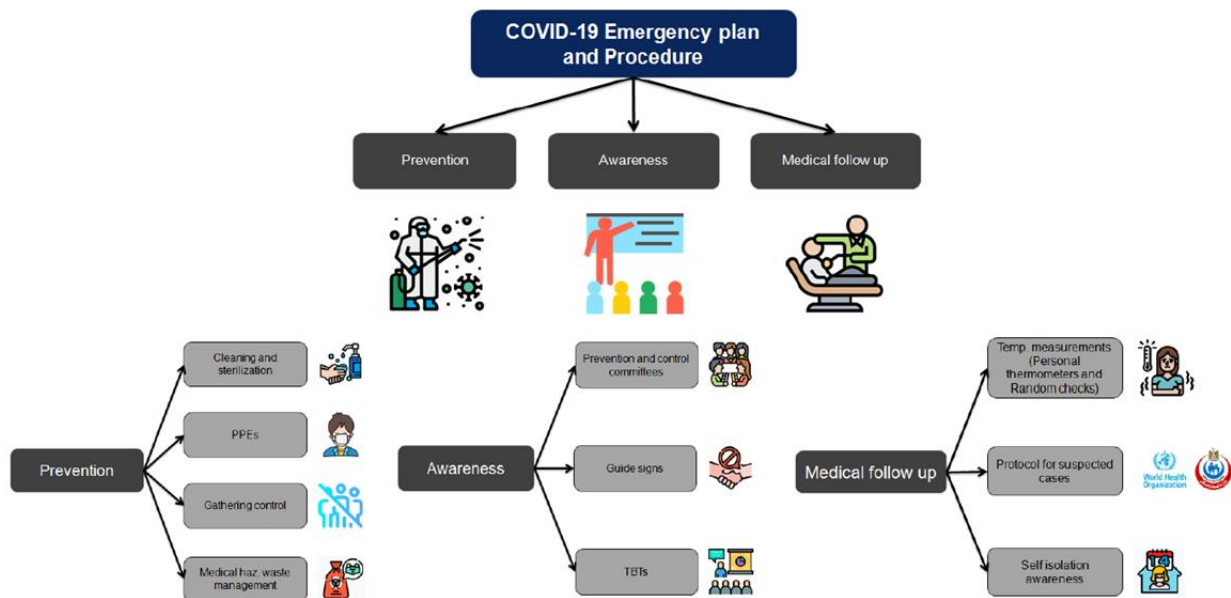
- Providing continuous awareness, regarding virus prevention and control;
- Develop COVID 19 risk assessment, prevention & control procedure;
- Temperature thermometers and face masks distributed to all employees including contractors to be able to measure their temperature before coming to the company;
- All transportation buses sanitized each shift with reduced numbers of individuals;
- Disinfectant dispensers installed all over the facility;
- Designated footsteps to keep adequate distance between individuals;
- Apply the disposable polyethylene sheet to the prayer mat considering the safe disposal after each prayer;
- Sterilization of lockers, bathrooms, streets, restaurants, offices, mosques, production areas and rest areas on a daily basis and at every shift;
- Sterilization of electrical panels with wipes every shift;
- Distributing pens to be used on the touch screens for easy screen sanitization;
- Sterilization of forklifts for each shift;
- Reducing the number of chairs in the restaurant for each table and organizing the break times of the operators;
- Deliver self-isolation awareness.



Restaurant re-layout and install physical barriers



SUSTAINABILITY REPORT



In April 2020 in **Turkey, Egypt and Brazil** on-site work was interrupted due to the increase in Covid-19 cases, with the aim of studying the situation and preparing for the next phase. In the meantime, the Company has guaranteed the smart working system which became mandatory for all white collars employees preventing the presence of elderly people and people suffering from chronic diseases. Technical and soft skills training programs and webinars for stress management were organized. Blue collar employees perceived short-term employment allowance. Safety measures were studied for the post-stoppage period. In order to monitor the emergency and to share information on the situation, daily meetings were held between HR, HSE and the Union representatives.

At general level also in **Headquarter and Europe**, smart working became the main working model for white collar employees as much as possible.

In June 2020 the Company decided to reactivate the factories, introducing the new following measures:

- Installation of sterilization tunnels;
- Continuous sterilization processes throughout the factories;
- Continuous control of the individuals' temperature at entrances;
- Mandatory use of masks;
- No entry for suspected cases;
- At canteens, new layouts, schedule systems and installment of plexiglass barriers on tables;
- Enlargement of changing rooms and arrangement of lockers to reduce crowding inside;
- Medical checks for employees that had contact with positive cases;
- Use of bottled water instead of water dispensers;

SUSTAINABILITY REPORT

- Installment of split type air conditioners – where it is possible - in order to ensure a safer air conditioning system;
- In Izmit, a temporary external location (tent) was set up next to the Canteen in order to serve more employees keeping the safe distance;
- Emergency training for Covid-19 positive cases;
- remote work practices for part of factory and staff administrative employees;
- anticipation of a flu vaccination campaign;
- distribution of protective masks, installation of displays with gel alcohol in factories and offices, intensification of cleaning in bathrooms, dressing rooms and offices;
- increase in the availability of buses for the transportation of employees.

HSE Precautions – Stoppage and Re-opening of Factory

Communication via SMS is already done with employees during last weeks and will continue



Employees with Chronic Diseases

- Infirmary will collect 6 month historical reports of people with chronic diseases
- Total number of employees who will not be able to work during this period will be defined

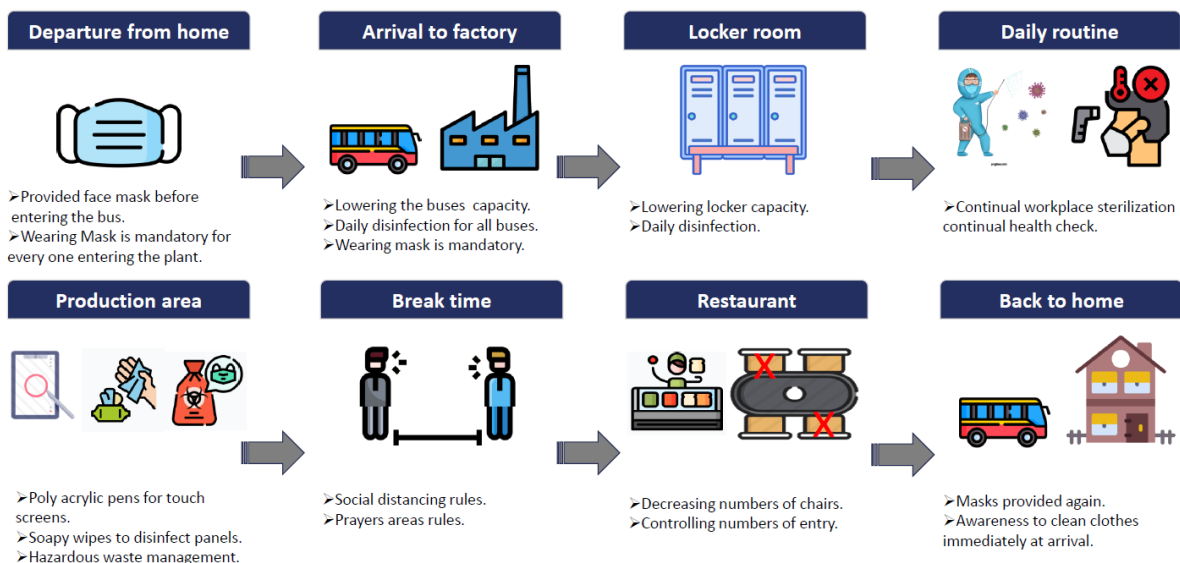


Status of Employees and Their Families

- Employees will be reminded to inform Infirmary about the Corona cases for themselves and their families
- Infirmary will follow the informed cases for updates



The diagram below summarizes the working day step by step following the Covid-19 precautions in **Egypt** set in the procedure:



SUSTAINABILITY REPORT

The Company implemented several actions for all employees, here below some examples:



All transportation buses for all employees have been sanitized at each shift, the Company increased the number of buses in order to reduce number of people inside the buses. All over the facility disinfectant dispensers were installed and the sterilization of lockers, bathroom, streets, restaurants offices Mosque Production area and rest areas have been made constantly. Regarding the use of forklifts inside the factory the Company provided to sterilize them on a shift basis as per the electrical panels.

Moreover, Prometeon Tyre Group decided to fabricate and distribute pens to be used on the touch screens for an easy sanitation process after each user. Regarding the canteen, in Egypt the Company proceeded reducing the number of chairs on each table and by arranging the break time of the operators and sterilizing at each shift table tops, chairs handles, and all other tools used inside the canteen. Spoon and stainless forks were replaced by disposals “one-time use” in plastic, all meals transferred to either dry meal or fruits meal and all drinks provided in disposal paper cups.



In order to keep the adequate distance between people at the restaurant, gates and lockers, the Company designated footsteps to help people to respect the safety measures. Specific trainings

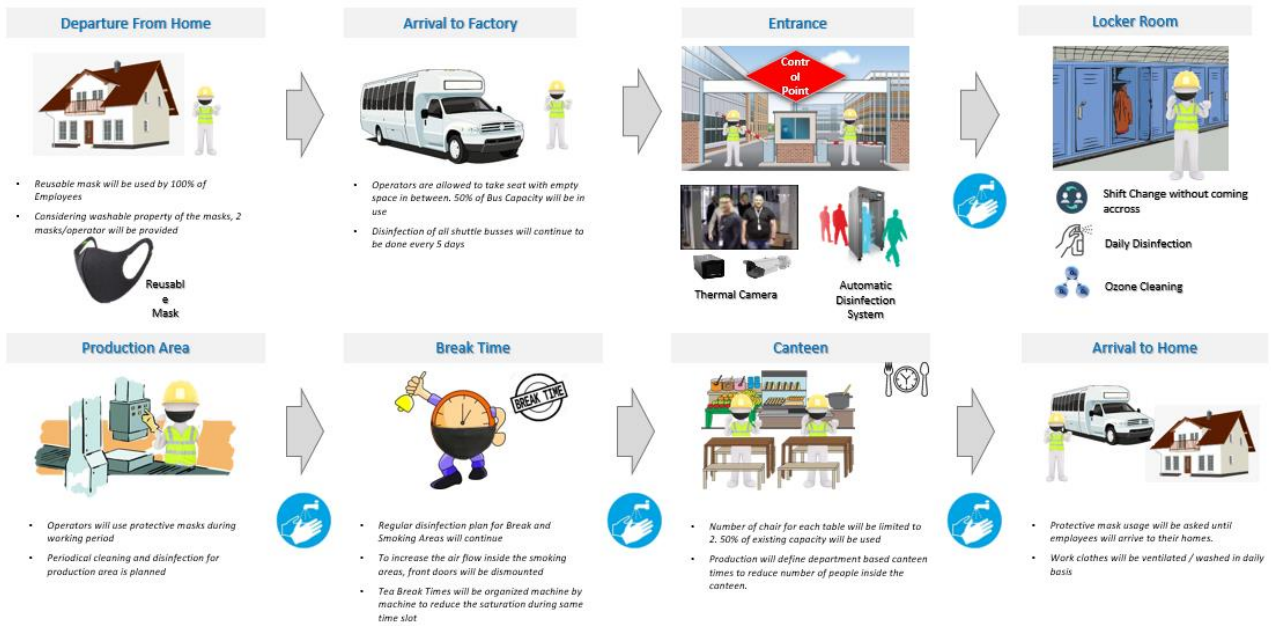
SUSTAINABILITY REPORT

have been done asking to employees to prevent handshaking and hugs inside the Facility, reduce all meetings only hold the most important meetings with enough distance and not exceeding the 30 minutes of using other way of communication. Moreover, it was required to minimize the number of coming visitors establishing visitors checklist and medical hazardous waste baskets were distributed all over the factory for safe disposal and at the entrance of the plant.



Here below the diagram and precautions taken in **Turkey**:

HSE Precautions – Stoppage and Re-opening of Factory



COVID – 19 OTHER CONTROL APPLICATIONS



Resting Areas were Increased



Separators Place On Resting Areas



Tea Bags Distribution Instead Of Samovar



Disinfectants are placed all vehicles to disinfect the contact points before each use.

COVID - 19 INFORMATION GUIDE

COVID - 19 Information Guide is distributed to all factory employees.

COVID - 19 Information Guide



Scope of the Guide

- General Information About Virus
- Ways of Infection of the Virus
- What Should The Suspect Do?
- How We Protect ?
- Using the Mask
- Hygiene Rules

Distribution



During the month of October, the Company organized for the factory in Izmit, a blood donation campaign in order to strengthen the immune system. Moreover, the Company sent an application to the Turkish Standards Institution to receive the Covid-19 Safe Production Certificate. Following the successful conclusion of the Turkish Standards Institution's audit, the Company was given the certificate for its hygiene, infection prevention and control measures standards followed.

COVID – 19 PRACTICE (EMERGENCY TRAINING)



Security personnel receive the suspect's information specified in the Fever Measurement Registration Form.

ISOLATED QUARANTINA ROOM



Suspected patient was sent to the hospital with Ambulance

TAKES TO THE HOSPITAL WITH AMBULANCE

SUSPICIOUS DETECTED

While passing through the suspect height turnstile, it was measured with a thermal camera and the isolation area was taken due to the fact that the fever was 38.5 degrees.



INFIRMARY

The infirmary (workplace doctor and health officer) come to the isolated area for fever measurement.



Furthermore, basing on the criteria indicated by the questionnaire used by the Turkish Standards Institution for the purposes of Covid-19 Safe Production Certificate audit, the HSE Department carries out regular controls (Mondays and Fridays) in the factory premises to verify whether the measures adopted are respected and correctly implemented.

TSE COVID - 19 Safe Production Certification



The Audit was carried out by **TURKISH STANDARDS INSTITUTE**

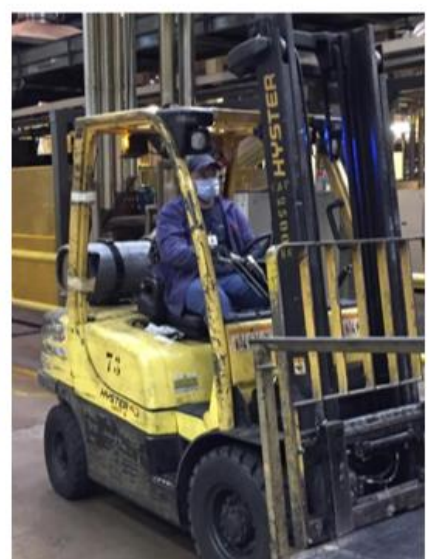
The audit content is **COVID – 19 hygiene, infection prevention and control.**



Here below the precautions taken in **Brazil**:



SUSTAINABILITY REPORT



Moreover, during Covid-19 pandemic Prometeon Tyre Group also organized different donation campaigns for the external community (please refer to Social Dimension of this Report – External Community).

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 started to implement a new procedure which has been reviewed in 2020, 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 50. In **Turkey**, the Company required its local suppliers to make donations for **TEV (Turk Egitim Vakfi)**, TEGV (Türkiye Eğitim Gönüllüleri Vakfı).

In line with its commitment for SDG “**17 Partnerships for the Goals**”, that can only be realized with strong global partnerships and cooperation, Prometeon Tyre Group supported, at the global, regional, national and local levels, the wellbeing of people and the planet.

Due to the COVID-19 pandemic strong international cooperation is needed now more than ever to ensure that countries have the means to recover from the pandemic, build back better and achieve the Sustainable Development Goals.

Based on the principle of the SDGs mentioned above, Prometeon Tyre Group has been loyal to its commitment for the external community during the Covid 19 pandemic.

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The fight against the Covid-19 which started in late 2019 and became a priority for the world and companies. Prometeon Tyre Group has joined forces to support workers, communities and businesses affected by the COVID-19 pandemic. In fact, The Company immediately took action for the health of people who are human capital and for the protection of the company's assets. The Company is supporting the World Health Organization and the Public Health Emergency of International Concern through several activities aimed to support the internal and external community.

As a commitment to the external community, Prometeon Tyre Group, at **Headquarter** level has decided to proceed with an internal donation campaign in April 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 was used to purchase devices to support the intensive care unit and to support research on COVID19.



In addition, Prometeon Tyre Group organized 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 stakeholders.

The Company decided to proceed with 4 different donations campaign which were the following:

- **European donation campaign:** Prometeon Tyre Group decided to donate € 1 for each tyre sold on the European market in May 2020, inviting also customers and employees to donate to the Local and International Red Cross Committee;
- **External donation campaign:** Prometeon Tyre Group has asked suppliers from all over the world to participate to an international donation campaign to support the International Red Cross and the Company doubled the total amount;
- **Internal and external donation campaign in the countries where the Company operates with production plants.**

In **Turkey**, The Company donated 4,500 pieces of FFP3 norm mask and 1.500 pieces of hospital clothing. Moreover, the Company donated 20 tyres to the Istanbul Health Institute and 30 tyres used for health services to the Istanbul Municipality Vehicles.

In **Egypt** Prometeon Tyre Group through a donation campaign supported also by the employees, helped one of the fever hospitals of Alexandria to renovate operations rooms. The Company has donated to the hospital surgical and various relevant medical equipment as well as Refurbishment of the operation unit facilities. Moreover, the Company supported the Public Administration in refurbishing and equipping Gamal Abd-Elnaser public hospital with 2 new isolation rooms for Covid 19 cases.



In **Brazil**, Prometeon Tyre Group donated 40 medical kits containing: finger oximeter, disposable apron, surgical glasses, surgical mask, digital thermometer, latex procedure glove, resuscitator in silicone for ambulance, to different organization in Santo Andre and Gravatai.



JUNTE-SE À PROMETEAON: VOCÊ TAMBÉM PODE FAZER A DIFERENÇA

Como você viu, a Prometeon abraçou a causa do combate ao Coronavírus e destinou esforços para a doação de equipamentos de proteção individual às regiões onde está inserida.

E você também pode se unir nessa cruzada. Agora você tem a oportunidade de, junto com a empresa, dar sua contribuição para esta causa tão nobre.

SUSTAINABILITY REPORT

During 2020 the Company has shown also its commitment for endeavoring targets set by **SDG “2 Zero Hunger”** together with Procurement; the Company, in **Brazil** bought 2.225 food baskets paid by employees and Prometeon Tyre Group Brazil Ltda. Together with Logistics the Company organized the segregation of some tyres to donate to the city aligned with Mayor; a total of 200 tyres were donated for city halls to use in the janitorial services of Gravataí and Santo André.

The food baskets were delivered in Gravataí and in Santo André during the month of July 2020 to the following non-governmental organization:



*Donation campaign in Brazil

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 tomorrow's 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.

During 2020, at Headquarter level the Company donated supporting the Italian **"Generation Go project"**. The aim of this project is to allow children to self-discover their own talents, autonomy and build their own "place in the world" contributing to the development of the community and territory. The idea of "(Re) build spaces of the future", communitarian and intergenerational, in which young people can find favorable conditions for their growth through education, work and entrepreneurship. Go! is a project which started in 2017 with the aim to activate creative paths empowering - helping adolescents and young people to experiment the: "do it with the head, hands and heart" as an educational experience supported by concrete testimonies in the reality they live. Go! proposes to educational agencies (formal or informal) in charged for education and educational poverty, three different modalities of intervention, intergenerational and communitarian, dedicated to the realization of artisan and digital workshops (Go! Xp), to the first meeting between young people and labor market (Go! Job) and the launch of entrepreneurial initiatives "Under25" (Go! Startup).



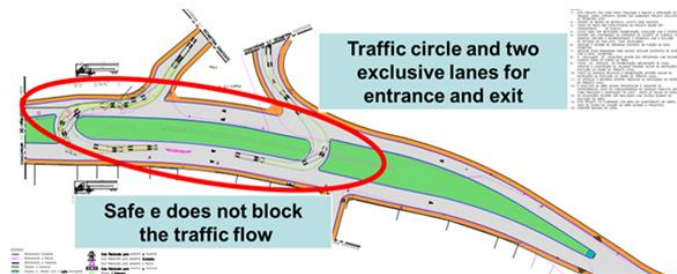
In 2020, Prometeon Tyre Group **donated a part of its property in Gravataí's Brazilian factory to the Municipality (Gravataí)**. The aim of the project proposed by the Municipality of Gravataí was to build a roundabout in front of Prometeon Tyre Group's Gravataí plant access. To complete this construction, it was necessary to use areas that were owned by Prometeon Tyre Group /Pirelli and the acquisition was possible only by a donation of the Company.

The improvements resulting from this project will be the following:

- Improve the flow of local traffic;
- Speed up the access and exit of long trucks in the site;
- Reduce transit time for receiving raw materials and distributing the product;
- Increase in the value of the land with the construction of the roundabout;

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- Prometeon Tyre Group land's value with the roundabout at the gate (even if it will be a Gravataí Municipality's roundabout) will be higher, considering the advantages coming from the viability point of view;
- Improvement of the relationship with the Municipality, aimed also to facilitate future transactions.



At Prometeon Tyre Group, technical training has a fundamental role in the creation of a skilled labour pool needed to maximize plant productivity.

In Egypt, the Technical Education Dual System Project for Blue Collars continues supporting Al-Amerya Industrial Secondary School within Dual Education System, providing technical learning and training to prepare qualified youth for professions directly related to the actual 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. The Company hosts on yearly basis a total number of 60 students, offering them technical training with high level of experience, thus in accordance with the educational contents designated and required by the Ministry of Education since. To participate to this project, the Company also provides to the students, transportation (from and to the factory), uniform, personal protection equipment, accidents insurance, daily meal and monthly training allowance.



**Technical Education Project in Egypt*



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 employees and published in the intranet, as well as made available in the website to the external community from 2018.

Prometeon Tyre Group in line with its commitment to the UNGC and its focus on environment through principles which require Business to:

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

and with its inspiration for the SDGs 6. “Clean Water and Sanitation”, 7. “Affordable and Clean Energy”, 9. “Industry, Innovation and Infrastructure”, 12. “Responsible Consumption and Production”, “13. Climate Action”, the Company decided to review the KPIs of the following sections, trying to improve its production process supporting the sustainable environmental plans. The review of the KPIs was supported by all the production plants where the Company operates. Moreover, the Company started a new project “Cultura Brazil” with sustainability committee in order to implement new activities aimed to improve also environmental aspects. Prometeon Tyre Group envisages to extend this project in the coming years to all production plants (Izmit and Alexandria).

PROMETEAON 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 CO₂ equivalent (the greenhouse effect potential of the gas considered is assessed in relation to CO₂, 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

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Group. All the certificates have been issued with international accreditation ANAB (ANSI-ASQ National Accreditation Board: accrediting entity of the United States).

Prometeon Tyre Group production sites are all certified under the Environmental Management System from ISO 14001:2015. 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 centralized 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 2019 and 2020 and cover the same scope of Group consolidation.

The amount of finished product in 2020 regarding only industrial production was approximately of **261.056 tons, recording a decrease of 10.6%** compared to the previous year due to the impacts of the Covid 19 pandemic on the activities of the factories.

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 2020 saw a decrease in production volumes: tons of finished products decreased by about 10.6% compared to the previous year due to the impacts of the Covid 19 pandemic on the activities of the plants. (Value calculated on the basis of the volume of industrial production in 2019 and 2020).

The 2020 environmental performance indicators, calculated on tons of finished product, show a general consolidation despite the year being impacted by the management of the pandemic from Covid-19, of all the specific indices reported: energy consumption, waste recovery, water withdrawals and greenhouse gas emissions.

It is noted that the trend of the above indexes was 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 2020 the total of finished products (included car production in Izmit) was **273,291 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 2020 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) – Egypt, Turkey and Gravatai (Brasil);
- Boiler blow down heat recovery saving project – MEA - Egypt;
- Boilers storage two feeding tanks thermal insulation – MEA - Egypt;
- Boiler Load sharing & hot stand by – MEA - Egypt;
- High performance pumps – TCU – LATAM – Gravatai;
- Steam traps Xply. Project – LATAM – Gravatai;
- New type of insulations in old truck presses – MEA – Izmit;
- Elimination of fan coils in car production area – MEA - Izmit;
- Nitrogen curing – MEA - Izmit;
- Frequency converter usage in chiller system pumps – MEA - Izmit;
- Reuse of Chimney steam to heat boiler water – LATAM - Santo Andre;
- New Pumps Boiler room – LATAM - Santo Andre;
- New compressor air 10 bar (next to the D90 machines) - High efficiency and air dryer – LATAM - Santo Andre;

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In 2020, the Company placed great attention to efficiency in thermal energy transformation and thermal waste recovery for heating of its premises. Remarkable results were achieved in reducing compressed air and steam losses both on machinery and on distribution lines. Moreover, thanks to the electrical absorption measurements carried out on the individual equipment, it was made possible to correlate the specific consumption to production in greater detail, optimizing the operating conditions.

The year 2020 recorded a worsening in the specific energy index (weighted on the tons of finished product) around 1,87% compared to 2019 as a result of stops in the production due to the COVID-19 pandemic which had a significant negative effect on both the global economy and social life. The absolute and specific consumption data shown in the following table were calculated using direct measurements according to the procedure (GHG Corporate Standard) and subsequently converted into GJ using thermal values.

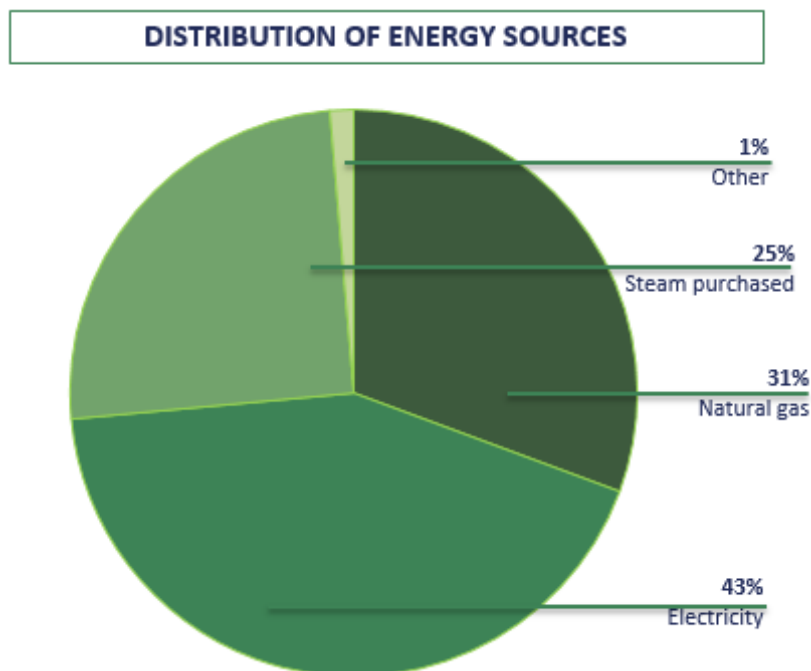
The same figures weighted in economic terms.

		2019	2020
Absolute consumption	GJ	2.840.859	2.526.849
Specific consumption	GJ/tonFP	9,07	9,24
	GJ/k€	33,42	30,74

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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 CO₂, which takes into account the contribution of carbon dioxide and of methane (CH₄) and nitrous oxide (N₂O). 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 TyreGroup's GHG emissions management, calculation and reporting model has been defined according to the ISO 14064 standard.

In general, the Sustainability Plan foresees a future reduction of specific CO₂ emissions (on tons of finished product).

In 2020 the Company saw a decrease in absolute GHG emissions due to the reduction of total quantity of finished product. Furthermore, it has to be highlighted that on one hand the absolute GHG emissions saw a downturn in 2020, and on the other hand the Company recorded an excellent result maintaining the same value of the specific emissions.

Moreover, it is important to underline that result was achieved in spite of the actual global situation linked to the COVID-19 pandemic which had a negative impact regarding both prolonged and short stops of factories as per the reduction of production volumes which amplified the effect of the base load of the factories.

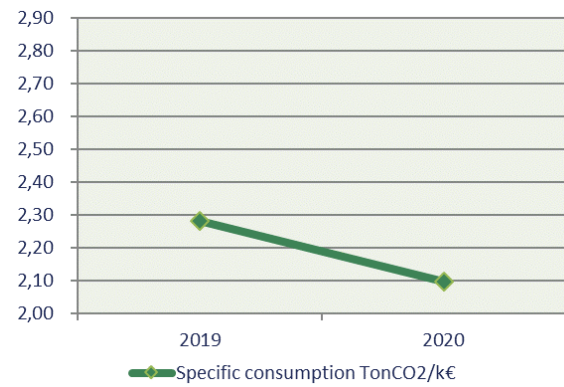
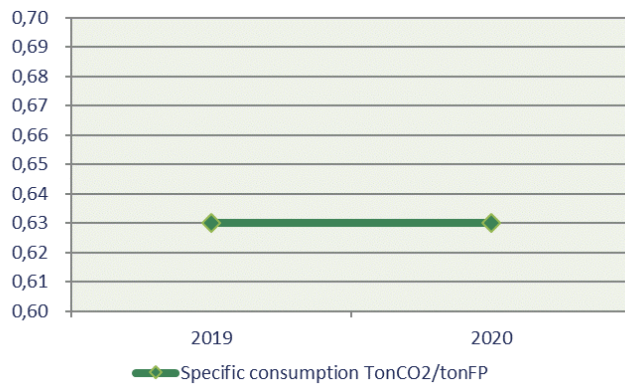
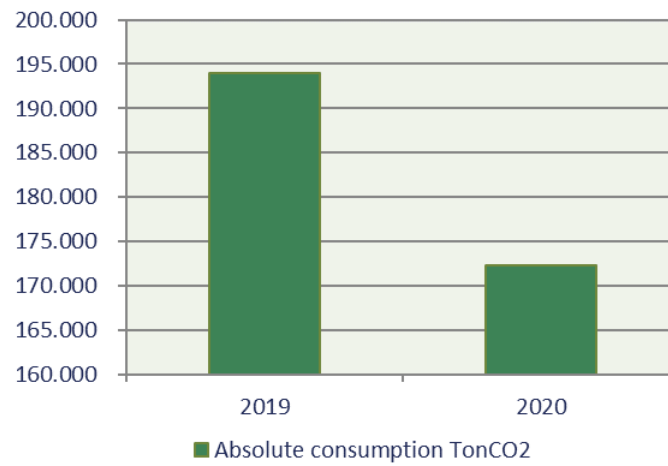
Prometeon Tyre Group is aware of the actual and potential dangers of climate change and is committed to fighting it by adopting as much as possible all the necessary measures,

Regarding the achievement of the objectives set by the Sustainable Development Goals "12 Responsible Consumption and Production" and "13 Climate Action", Prometeon Tyre Group, which is aware of the actual and potential threats posed by the climate change, remains commitment to its commitment to fight these latest adopting as much as possible all the necessary measures.

The following tables show the trend of the year 2020 compared to 2019.

		2019	2020
Absolute consumption	TonCO ₂	193.930	172.243
Specific consumption	TonCO ₂ /tonFP	0,63	0,63
	TonCO ₂ /k€	2,28	2,10

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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 2020 recorded absolute withdrawal of about 993.687 cubic meters, with an increase of specific withdrawal measured in cubic meters per ton of finished product of 5.7% compared to 2019. It has to be highlighted that the results were clearly influenced by the impacts deriving from the shutdown of factories for a few weeks due to Covid-19. In terms of absolute consumption, the year 2020 recorded a reduction of 6.37%.

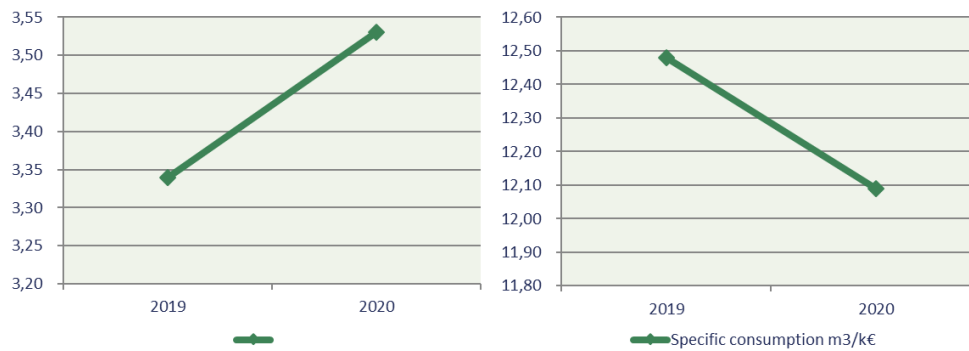
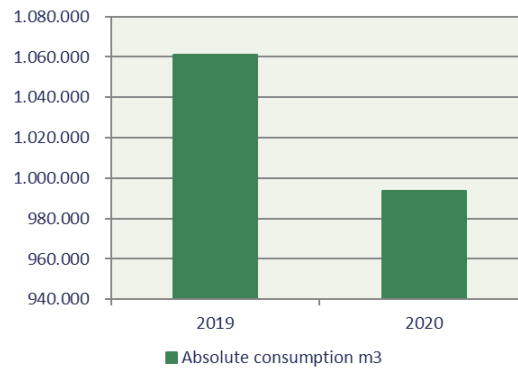
To provide an overall view of the performance in terms of water withdrawal year on year, the following tables report the indicators:

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.

		2019	2020
Absolute consumption	m ³	1.061.251	993.687
Specific consumption	m ³ /tonFP	3,34	3,53
	m ³ /k€	12,48	12,09

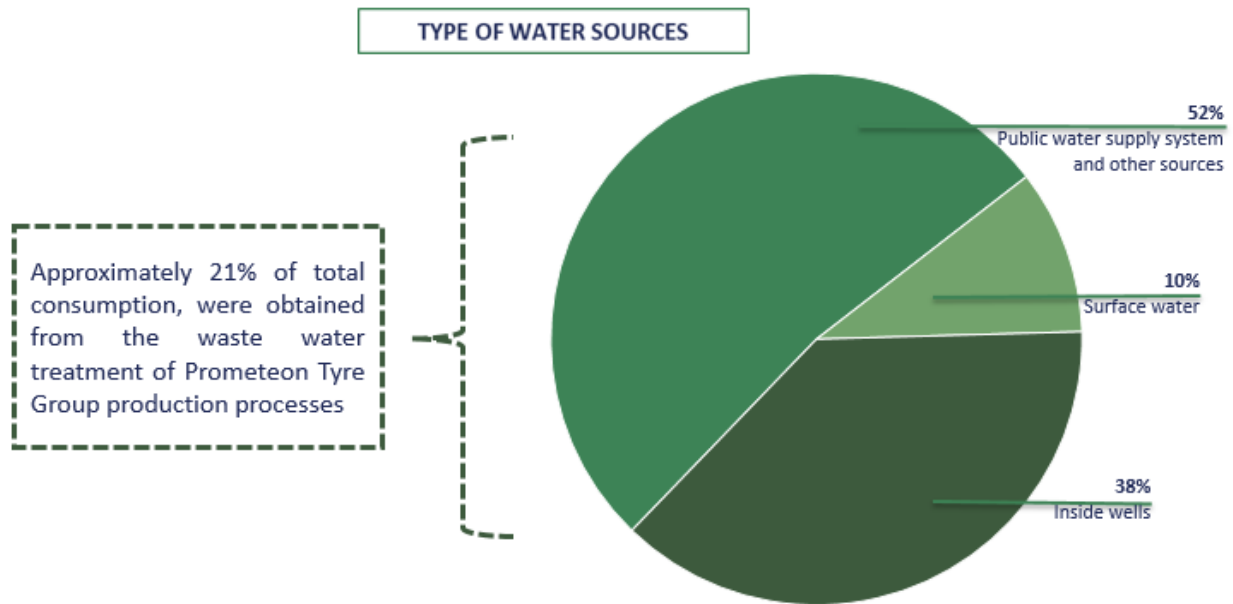
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The following two graphs show the distribution of absolute withdrawals by type of use and water supply weight by type of source.

TYPE OF WATER SOURCES (m ³)	2020
Public water supply system and other sources	519,741
Surface water	99,550
Inside wells	374,374
Total	993,665





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 2020, 38% 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 207.465 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 339.279 cubic meters of domestic and industrial waste water were discharged, with 2,60 % 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

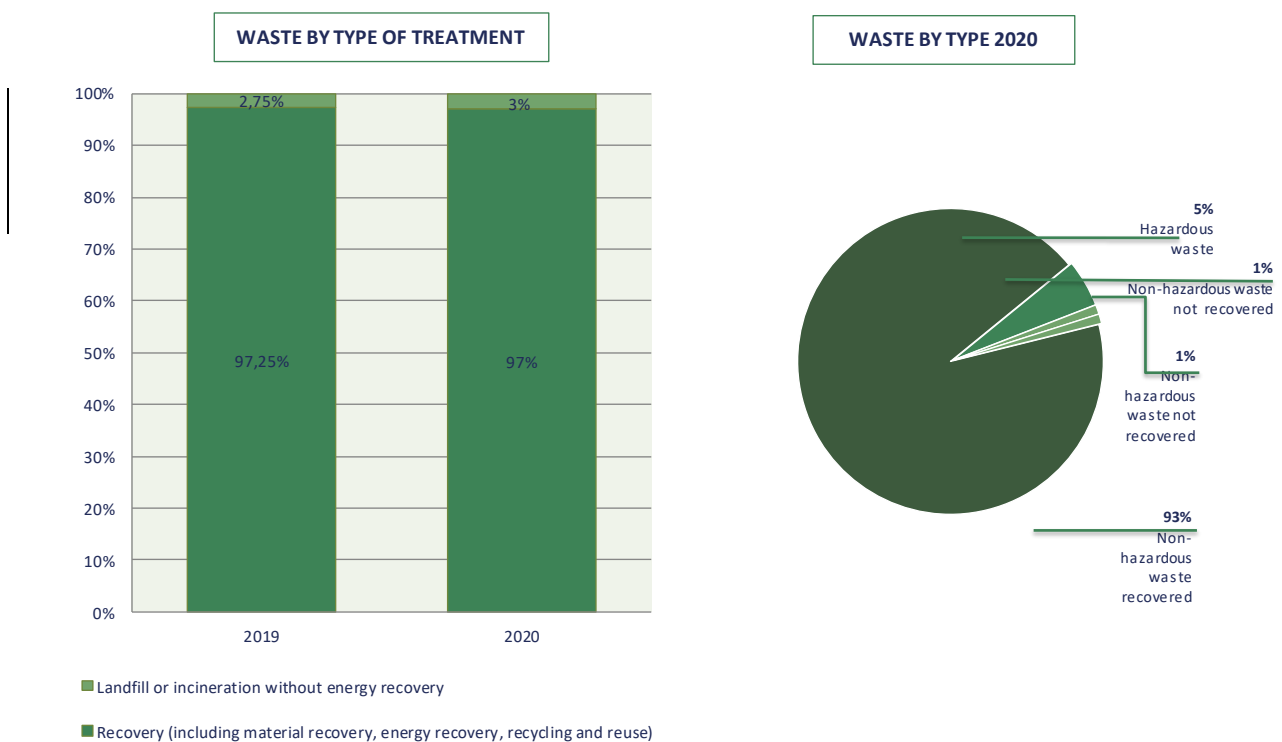
The improvement of environmental performance deriving from the management of **waste** was achieved through:

- **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 a substantial consolidation of the quantity of waste sent for recovery: during the year 97% of waste was recovered, recording a figure in line with last year.

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:

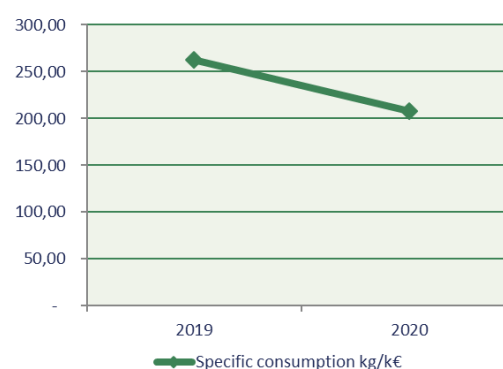
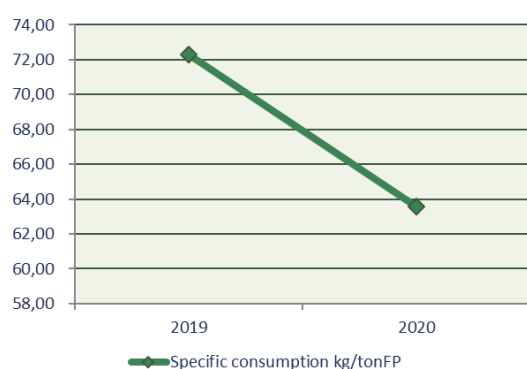
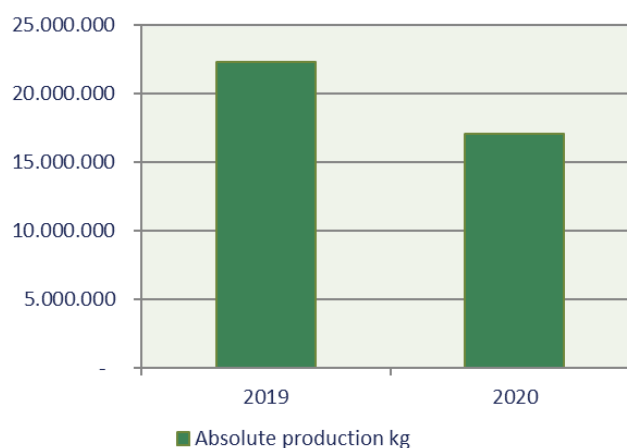


The graphs below detail waste production through three main indicators:

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- 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.

		2019	2020
Absolute production	kg	22.283.664	17.084.996
Specific consumption	kg/tonFP	72,30	63,57
	kg/k€	262,16	207,84



Other Environmental Aspects

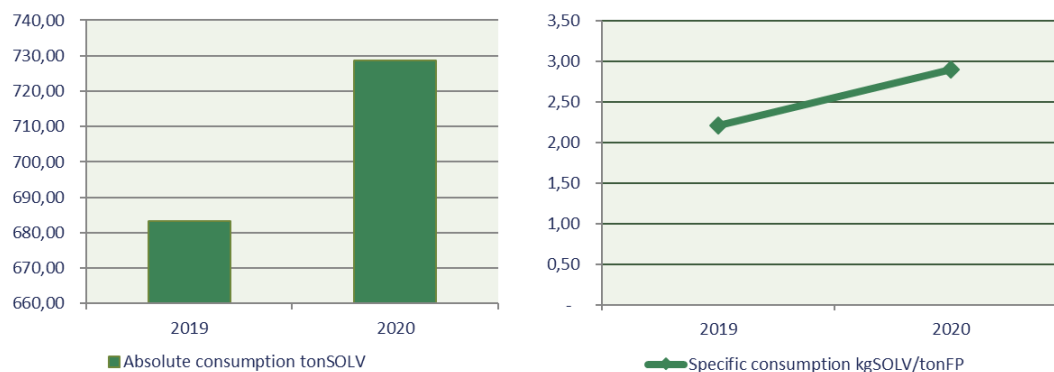
Solvents

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 2020 there was an increase 6.5% in absolute consumption caused by the shutdowns of factories due to the management of the Covid-19 pandemic.

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		2019	2020
Absolute consumption	tonSOLV	683,35	728,58
Specific consumption	kgSOLV/tonFP	2,21	2,90



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 manufacturing company, Prometeon Tyre Group has a particular sensibility on the environment. In this aspect, the Company pays great attention to both the sustainability of all production processes along the entire value chain, and to the disposal and recyclability of the products. For this very reason, in line with its inspiration for SDG “**9 Industry, Innovation and Infrastructure**”, “**12 Responsible Consumption and Production**”, “**17 Partnerships for the Goals**”, Prometeon Tyre Group, together with local initiative which collaborates with, is committed to produce tyres that can have a “second life”.

For instance, thanks to these collaborations, it is possible to reuse the tyres by reconstructing the outer belt - provided that the carcass is still intact – or by means of specific production processes the rubber is crumbled and transformed into different products/materials that can be used in different fields: bio-composites, urban heating materials, sound barriers, flexible cement grout, playgrounds, acoustic underlay, athletics tracks, steelworks, fitness mats, tennis courts, asphalt. Furthermore, ELTs can also be recovered as energy at *ad hoc* plants. Indeed, they have the same calorific value as coal, but they cause much lower amounts of climate-changing emissions.

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BIO-COMPOSITES



URBAN HEATING



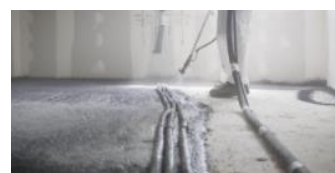
SOUND BARRIERS



FLEXIBLE CEMENT GROUT



PLAYGROUNDS



ACOUSTIC UNDERLAY



ATHLETICS TRACKS



STEELWORKS



FITNESS MATS

In this regard, in **Brazil**, the Company collaborates with **RecicLANIP**, which during the course of 2020 recycled a total of 320.000 tons of ELTs from various tyre producers operating in the Country. About 13% (50.000 tons) of the total amount of ELTs recycled was provided by Prometeon Tyre Group Brazil.



In **Turkey**, the Company is member of **LASDER**, association founded by tyre manufacturers operating in the Country for the collection and recycling of ELT. The institutional mission of the association is not only bearing the responsibility for the management of ELTs but also to inform the public about tyre sector and the products through training sessions.



Moreover, the Company collaborates in Italy with **ECOPNEUS**; in France with **ALIAPUR**, in Belgium with **RECYTYRE**; in Spain with **SIGNUS**; and in Portugal with **VALORPNEU**.



ELT Recycling



**ESTÁ NAS NOSSAS MÃOS
DAR A VOLTA AO AMBIENTE**



The above described collaborations are not just the simple proof of Prometeon Tyre Group's environmental sensibility, they also reflect the Company's commitment to environmental communication, which today is an essential element for companies in giving a concrete answer to the word "**environmental sustainability**".

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 2020, there were no significant complaints related to environmental issues, nor any related sanctions.

Moreover, in 2020 the specific consumption related to energy is 9,24 GJ/tonFP and 0,63 TonCo2/tonFP for CO2 emissions. It has to be highlighted that the Company already reached the target of 2020. The Company with the intent of saving CO2 emissions has already started to collaborate with companies oriented to electric transport.

Expenses and Investments

Although no environmental investments were planned in 2020, target and budget related to investments for maintenance and measurements are put in place in order to reach the needs in 2021.



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.

	31/12/2019		31/12/2020	
Gross Global Added Value	324.555		267.190	
remuneration of personnel	(199.475)	61%	(150.958)	47%
remuneration of Public administration	(17.598)	5%	(13.681)	4%
remuneration of Borrowed capital	(48.422)	15%	(52.365)	16%
remuneration of risk capital	-	0%	-	0%
remuneration of the company	(58.931)	18%	(49.840)	15%
Contribution for the benefit of the external community	(128)	0%	(346)	0%

The added value created in 2020 decrease by 18% compared to 2019. 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

The quality certifications, obtained by Prometeon in the past years, have been renewed, as described below:

- **Quality and System certification ISO 9001:** After the split from Pirelli Group, 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. In 2020, the Group has the first Re-certification from external party audit for HQ and all the 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**

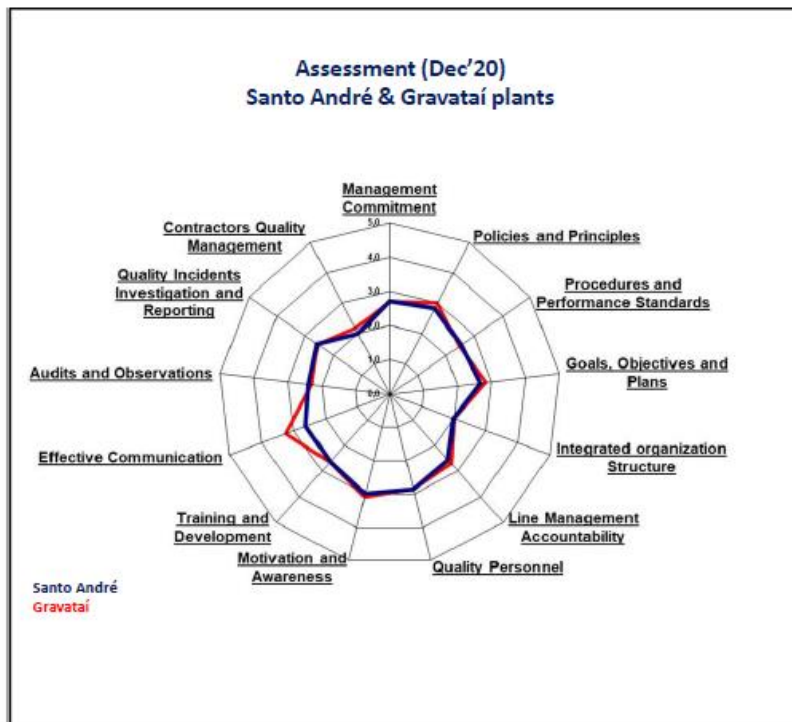
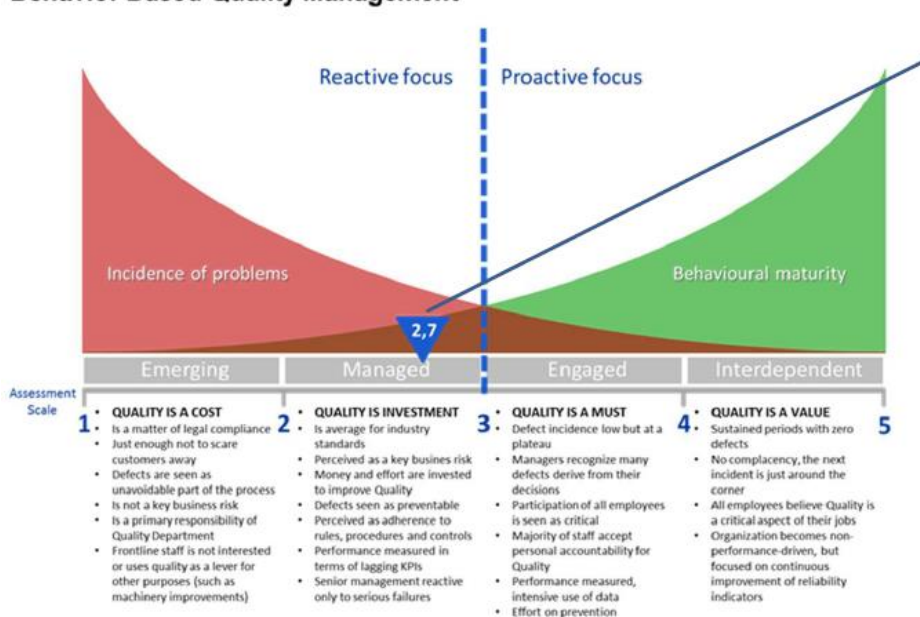
- **16949:2016:** Following the evolution of the ISO 9001:2015 standard and the new IATF 16949:2016 (Automotive Scheme that became private), Prometeon Tyre Group in 2018 has achieved the certification of the Quality Management System. **Prometeon Tyre Group is one of the leaders in the achievement of 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. In 2020 has passed successfully the first Re-certification from external audit, 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 (*for further details please refer to Environmental Dimension of this report*).

Regarding **Quality**, with reference to the “**Culture Evolution**” project (*please refer to the Governance and Business Ethics of this Report*). The **Safety** (*please refer to Social Dimension of this Report*) project will be enhanced with the support of **Quality** team which, based on Du Pont methodology for Safety, developed an unique questionnaire assessing the level of awareness and accountability in a specific area and in all areas. Starting from the results, action plans can be assigned for areas, defining also the improvement to interdependent level of maturity.



Behavior Based Quality Management



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. The Company has been present and actively participating to various working groups related to tyre trade, tyre label regulation, vehicle emission, on-board fuel consumption measurement and communication.

In 2020, Prometeon Tyre Group actively supported ETRMA in making its contributions for European Recovery Plan, which is designed to kick start the economic-recovery post Covid-19 pandemic. In specific, the Company helped to compile and submit ETRMA its report to the European Commission, representing the unified position of the European Tyre and Rubber Industry regarding the **climate-neutral, data-agile** and **resilient Europe** aspects of the recovery plan.

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**. Prometeon Tyre Group continued its involvement in the review process of the EU regulation related to the labeling of tyres in European Countries during the first half of 2020, which was one of the main topics where the Association worked closely with the industry starting from 2019. The Company shared with the ETRMA its observations and comments on proposals made by the EU institutions. The new regulation was enacted in May 2020.



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 Company promoted, above all with a view to the activities specifically envisaged by Regulation (EC) no. 1907/2006, also known as “REACH Regulation”. This latest requires ‘downstream users’ such as the tyre and rubber industry to gather information on the properties of the substances that they use, to promote their safe management and to progressively substitute the most dangerous substances with safer alternatives.

ETRMA collaborates to establish and enhance communications between downstream users and chemical producers through the Chemical Group (CG), which is composed by experts from tyre companies and internal members. The group relays with European Chemicals Agency (ECHA), interacts with Member States’ institutions and external consultants on monitoring, studying chemicals used in tyre industries and facing the new chemical legislation as per classifications and incoming issues.

Several activities are followed by ETRMA CG in particular Rubber Chemical Monitoring Program with the purpose to map and anticipate future actions on chemicals and the main part of activity is related to substances under evaluation by ECHA and those that can be restricted. In this frame, during 2020 the activity of ETRMA was focused in following the main topics of 6PPD (organic chemical used as an antiozonant in rubber tyres), Cobalt Salts, Resorcinol, Carbon Black, DCBS (sulfenamide accelerator with excellent anti-scorching property and delayed onset of cure).

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 site and materials with low impact on the environment.

During the course of 2020 Prometeon Tyre Group, which is always on the side of innovation regarding the production of its tyres, opened a **new Research and Development Center in Izmit**.

The aim was to increase the production capacity bringing new direct and indirect employment opportunities making an important contribution to the trade balance of the country. In the period 2017-2020 the Company invested almost 115 million dollars to increase the production capacity implementing advanced technology in its factory located in Izmit. Moreover, as mentioned above, with the increase of production, the Company envisaged to add 150 people directly and 750 indirectly, all new employed, in addition to the current 2.000 direct jobs and 10.000 indirect ones. Furthermore, the annual tyre production capacity at the Turkish plant will increase by 75% and will support the future growth trend of the Regions Europe and MEA.

"Prometeon Turkey is an important production, management and talent center within the Group. Turkey is the management base of 75 countries in the MEA, Russia, CIS region which is one of our 4 main regions in the world. Almost one third of Prometeon Tyre Group's annual turnover is realized in the region managed by our Turkey office and more than 50% of the tyres that we manufacture in Turkey are exported" said Gregorio Borgo, Chief Operating Officer of Prometeon Tyre Group.

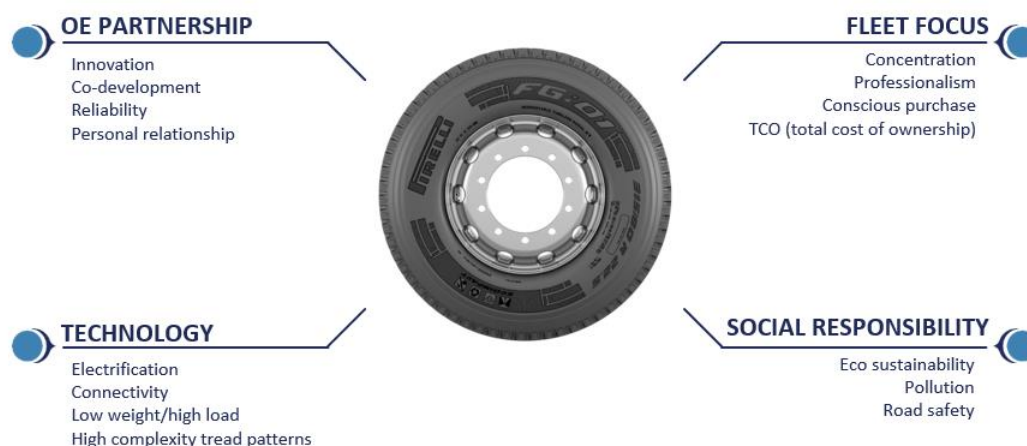
As the largest industrial commercial vehicle manufacturer for Europe, Turkey is also the leader in bus tyre production for European markets. While nearly 70 percent of freight transport is done by road in Europe, this rate is at the level of nearly 85% in Turkey. Turkey's heavy commercial market and tyre market continue to display rapid concurrent growth. Today Prometeon Tyre Group is one of the main suppliers of the companies engaged in the production of heavy commercial vehicles in Turkey. The **Company's R&D Center, located in the Izmit plant**, has operated for more than 10 years and it is an important driver for the highest- technology tyres in Prometeon Tyre Group, with nearly 7.000 prototype tyres tested each year for the Turkish market and related countries.



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**. Furthermore, 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



During the first part of the year, the spread of the pandemic slowed down the activities regarding Research and Development. In a situation of great uncertainty, Research and Development has focused its resources on expanding collaborations with Companies and Startups in order to optimize synergies through the Open Innovation approach, developing new knowledge through the know-how in specific study areas of Universities specialized in this sector. Thanks to the implementation of new projects, Prometeon Tyre Group has pursued the development of new technological knowledge, improving the performance of tyres for commercial vehicles in terms of safety, sustainability, energy saving and environmental impact.

In particular, during 2020, **Research and Development activities** were divided into 6 main areas:

- 1) Energy saving;
- 2) Reduction of noise pollution;
- 3) Safety: optimization of the grip level;
- 4) Increase of tyre durability;
- 5) Sustainability and reduction of environmental impact;
- 6) Internet Of Things digitization;

aimed at the innovation of product performance through the study and acquisition of phenomenological know-how, creation of virtual models, use of new methodologies of laboratory

research and tools for measuring and reproducing the phenomenon, with the aim of identifying a possible innovative solution and the introduction of this latest in the products.

The main guides of research, which arise from market needs and the introduction of new regulations requiring product performance adjustments, have seen the focus on the reduction of fuel consumption or rather CO₂ emissions, the reduction of noise pollution, increase in the durability (mileage and integrity) of the tyre, reducing replacement times and increasing its reuse through the reconstruction of the tread. All these have to be done without compromising the main safety features, especially those on wet or snowy slippery surfaces.

Furthermore, the recent focus of the industry on the digitalization and development of IOT systems has recently highlighted the need to collect and process information deriving from the use of tyres, allowing, through the implementation of algorithms, the best use of tyres both in terms of environmental impact (reduction of energy consumption) and safety, allowing constant and real-time monitoring of the conditions of the tyres in use.

The European Union's push for a substantial reduction of CO₂ emissions has led to the adoption of more restrictive regulations for vehicle manufacturers, which set limits that require to foresee a reduction in CO₂ emissions of 15% by 2025 and 30% by 2030.

The leading vehicle manufacturers have requested from all their suppliers of component parts to carry out improvements regarding the performance of the components in order to reduce **energy consumption** for each single component used in the vehicle. Tyre manufacturers were also involved in this research in order to optimize the energy saving performance without penalizing other essential qualities such as **safety** and **durability**.

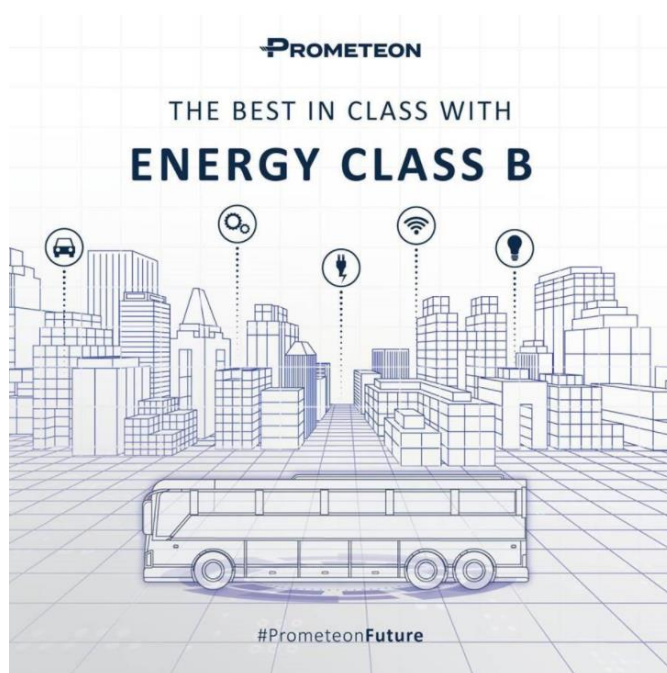
Moreover, several countries have promoted different initiatives to incentivize actions for the use of vehicles and components with low environmental impact and to boost research and innovation for new materials, technological solutions, production processes and new systems control.

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. During 2020, the first size of the new energy-efficient product line, Profuel, was launched, which will be enlarged during the first months of 2021. The Profuel project aims to extremes the tyres energy efficiency (RRc <4.0 N / kN) in order to reach the CO₂ reduction target set for vehicles by 2030 (- 30%).



**New Profuel tyre line steer and drive renderings*

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. Nevertheless 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. It also has to be highlighted that during 2020 a new size of the tyre line **MC:01™ e-URBAN** has been launched 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.



At worldwide level the environmental impact is becoming one of the main focus and for this reason Automotive Industries are proposing electric motors which are a good alternative solution as they make significant contributions for the reduction of all types of emissions polluting the external environment.

It has to be highlighted that among the different sources of pollution, **noise pollution** should not be underestimated and tyres play a fundamental role in causing the pollution as being the primary source of noise. Thanks to **electric vehicles** it is possible to eliminate one of the main source of the noise which was the combustion engine replaced by electric motors. Moreover during 2020 different collaborations together with various companies with a high level of experience in the field of simulations in order to develop mathematical models capable of quantifying the sound emission of a virtual tire and optimizing its performance were initiated.

Regarding **Safety**, R&D Department of Prometeon Tyre Group together with the **University of Naples** and the startup Megaride, is committed to develop an innovative methodology, based on the use of algorithms, aimed to analyze the phenomena that occur during emergency maneuvers (see breaking or lateral grip on wet or snow) and the consequent reactions on the dynamics of the vehicle. This new study is aimed at reducing the time to design the tyres through the use of virtual reality with simulators and predictive models paying attention on safety and reducing the environmental impact thanks to the tests made and the creation of a greater number of prototype tyres.

As far as the Safety and **Eco-Sustainability** of the tyre is concerned, it has to be highlighted that the **durability** plays a fundamental role. Research & Development Department, together with the Department of Mechanics of the University of Naples, has launched a phenomenological study project of the generation of heat and diffusion in the tire itself in order to optimize the aspects generation and dissipation of heat during use the use of tyres.

Moreover, Research & Development Department decided to start collaboration with a Company which is leader in the production of polymers and chemicals for the creation of new materials to improve the performance of the tyre's internal compounds, limiting heat generation and improving aging and fatigue life.

The accumulation of waste from vulcanized rubber is increasing and becoming difficult to manage. The increase and dispersion of these materials in the environment contributes year after year to the bio-accumulation of harmful substances both in the subsoil and in the waters. Thinking of end-of-life products as a new source of raw material can be considered a winning solution both in ecological and economic terms, perfectly marrying the basic concepts of sustainable development and circular economy. End-of-Life Tires (ELTs) represent one of the most important categories of end-of-life products (also called End-of-Life Tires, ELT) that come from vulcanized polymeric materials. The Innovative Materials Department of Research and Development of Prometeon Tyre Group started to study on projects aimed at the use of these materials inside the tyres while maintaining all the characteristics and performances.

Regarding **Digital Solution**, the Company worked developing a new 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.

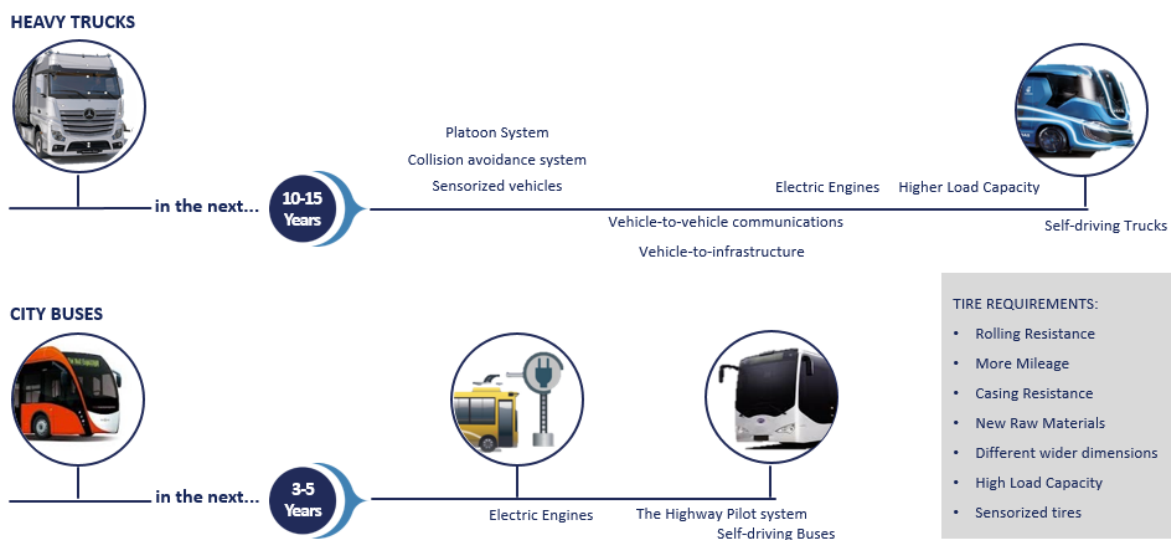
As far as Compound and Material area is concerned, R&D Department focused much of its activities on developing and studying new materials in order to guarantee high road performances, durability and quality excellence.

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 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 2020 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.

PARTNERSHIP WITH THE TOP OEMS TO ANTICIPATE FUTURE TRENDS



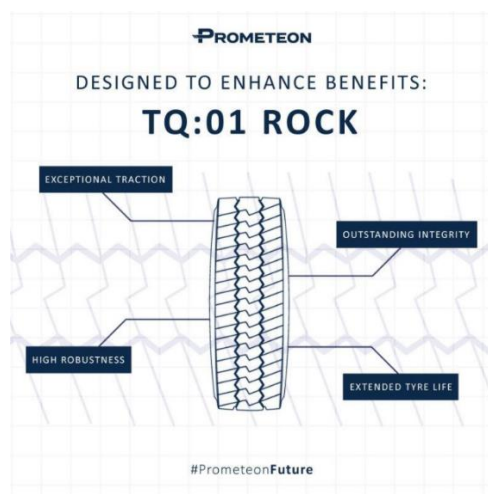
With reference to the OEM customers relationship it has to be highlighted that these latest are homologated as showed in the table below:

SUSTAINABILITY REPORT



All the current Prometeon product lines, starting from the Pirelli-branded ones to the Anteo Tegrys, Argantis 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.



In particular, the 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.



Moreover, in February 2020 the Company launched **Argantis** (Tier 3) which has not been officially introduced with a dedicated event due to the COVID-19 pandemic. This tyre, produced in Brazil, is available in 2 different tread pattern, Steer and Drive in 2 alternative sizes and sold in the Brazilian replacement market. In 2020, Argantis was sold exclusively to 2 clients.



**Argantis tyre*

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.

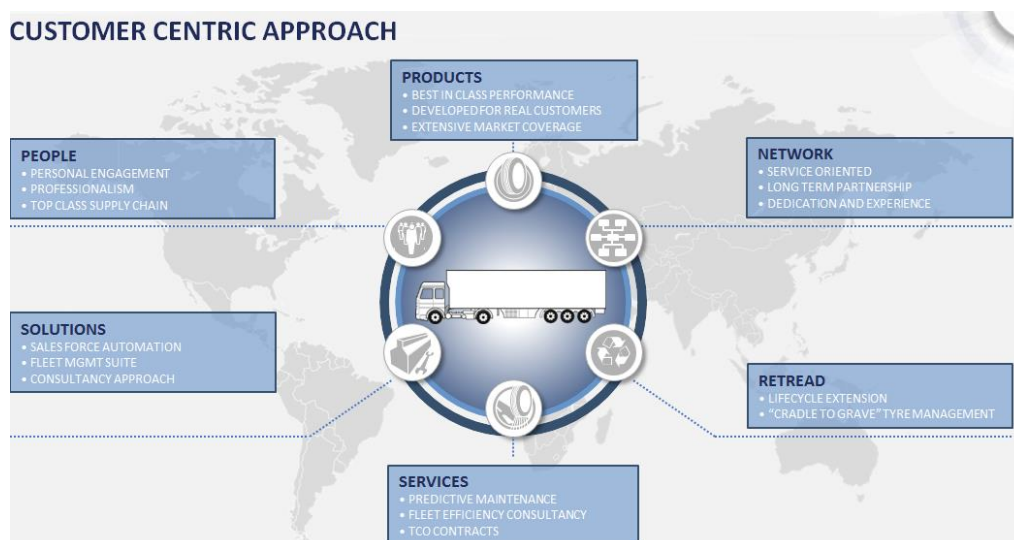
As part of **Replacement**, there are two broad types of customers (truck and bus segment): on one side the **trade operators** (Specialized dealers and Distributors) and on the other side the **fleets** (end-users) which can be either supplied directly or indirectly through dealers.

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 specialized and non-specialized 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.

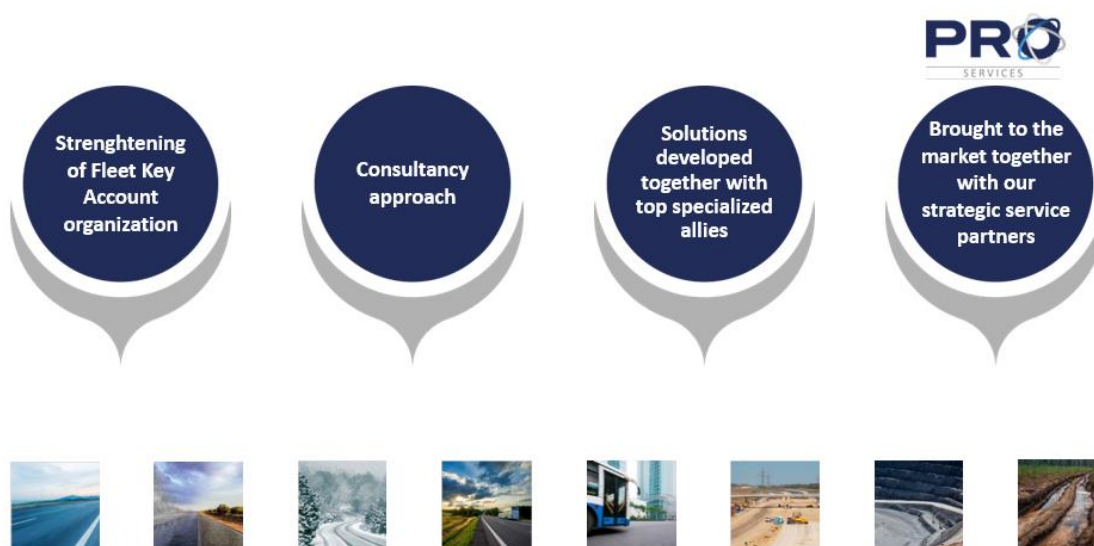


Among the essential elements of the Prometeon Tyre Group approach, the following are highlighted:

- ✓ consideration of the impact of its actions and behavior on the customer;

- ✓ exploitation of every opportunity offered by doing business to satisfy the customer's needs. The Company's commitment is to implement services that can enhance end-user efficiency and cost optimization while respecting the environment. In this context, Prometeon Tyre Group launched **PRO CHECK**, its first fully developed **in-house tyre inspection and monitoring system**. Moreover, 2020 continued the previous year's path by expanding **PRO SERVICES**' adoption across the countries in which Prometeon Tyre Group operates, especially considering PRO CHECK and **PRO MANAGEMENT**, the Company's central billing system. PRO CHECK started being used on both European and South American soil, providing Prometeon's fleets and dealers with the best digital tyre monitoring system possible. These services, together with the 2019 addition of PRO DRIVE, aim to continue strengthening Prometeon's focus on providing its customers with a comprehensive solution of tyres and services, focusing on each customer's needs and peculiarities;

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 2020:

- ✓ 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 (in 2020 mainly virtual due to the Covid19 pandemic constraints) organized on the territory in each country where Prometeon Tyre Group has 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 2020 Prometeon Tyre Group could count on 20 product sites in 13 languages, which aims to give information on premium PIRELLI brand product portfolio and services offer and direct the consumer to the points of sale. In addition, there is the website dedicated to ANTEO Brand and one for Tegryst brand, consistently with the multi-brand strategy of the Company. **Social media pages (Facebook, Instagram, LinkedIn)** are also activated in main markets to create **awareness on products, services and promotions**.

After the successful implementation of the **SUPERTRUCK network** in Italy in 2019, 2020 was the year of consolidation of the network in Italy and of the official launch in another strategic market in Europe: Poland, while agreements are being defined in other European markets.

Due to constraints caused by the Covid-19 pandemic, Prometeon did not organize or take part to major international events but exploited online and specialized press presence and daily contact through salesforce to communicate products and services news to customers and market.

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.

THE IMPORTANCE OF NETWORKING

SuperTruck Network is made up of 94 clients (with 124 points of sale in total), of which 20 are members of SuperTruck Consortium in Italy. The “networking” among the business community is the key instrument for Trade Marketing to support the sell-out multi-brand retails rather than a simple sell-in strategy. Especially in business-to-business markets like the one of industrial tyres, networking plays a fundamental role in supporting for a real enhancement of the offer made to end-users in terms of product and services. Trade marketing and product sell-out are two concepts that linked to each other indissolubly. On the one hand, a true sell-out action on the end-user requires an available, strong and coherent Network, while on the other hand the success of networking activities relies on an ever greater direct and indirect sell-out action.

ACTIVITIES OFFERED BY THE NETWORK

The SuperTruck Network offers to its members a wide range of services and opportunities functional to various aspects of industrial tyre business such as:

- ✓ **Business management and consultancy** which provides for support for the management of tenders, non-repayable loans, special agreement and conventions for the purchase of professional equipment and consumables;



- ✓ **Financial services** provided by partners leader in the field of financial support for insurance and credit information, as well as the possibility of subsidized financing for fleets for the purchase of tyres;



- ✓ **Fleet management services**, PRO Services provided by the Consortium in collaboration with Prometeon Tyre Group, which helps fleets to improve the business performance, fleet safety and vehicle maintenance. Moreover, retailers adhering to the initiative has the opportunity

to be the point of contact for their customers in offering particularly innovative services in the field of telematics, environmental emergency services, service cards dedicated to fleets;



- ✓ **Professional training**, several courses for both employees and managers of the Network Members such as technical courses on products, managerial management training, human resource management courses and financial management training. Due to the Covid-19 pandemic, trainings had been carried out through distance learning;



- ✓ **Breakdown services** through a widespread territorial coverage guaranteed throughout the Italian territory on the basis of 24/7 and common price list;



- ✓ **Communication and marketing**, an activity that has a significant relevance for the Consortium, carried out through social media channels, web site and wide range of merchandising.



Moreover, through a dedicated interactive platform, **SuperTruck Channel**, where all the members of both the Consortium and SuperTruck Network can communicate in a more quick and immediate way. The idea laying behind this project is to build a **remote vertical communication** structure where contents related to training, service and commercial aspects of tyre business can be shared between the stakeholders, establishing a professional dialogue and creating an interactive rallying point for the viewers. Furthermore, via SuperTruck Channel, videos based on pre-recorded interviews made with professionals leader in their sector are shared through social media platforms such as Youtube and Facebook, and are exclusively addressed to the Members of SuperTruck Network.

SAILING TOWARDS NEW DESTINATIONS: SUPERTRUCK NETWORK ARRIVES IN POLAND



In October 2020 Prometeon Tyre Group launched SuperTruck Network in Poland, as the very first step of the expansion of the Network throughout Europe in order to guarantee coordination and support for the activities of affiliated partner dealers, implementing specific aggregation formulas and models for different markets. The launch event took place virtually in the form of press conference attended by Marco Solari - CEO Europe, Jaroslaw Krzempek - CEO East Europe, Francesco Antonacci - President of SuperTruck Consortium and local clients adhering to the Network.

The main activities of **SuperTruck Poland Network** are focused on:

- ✓ **Identity and recognition** brand and visual identity, dealer locator, merchandising, working clothes, brandbook and digital communication plan;
- ✓ **Prometeon Tyre Group's active support** through a dedicated team with exclusive product lines, special commercial conditions, sell-out campaigns, PRO Services, PRO Training;

- ✓ **Cooperation** through annual network members meeting;
- ✓ **Professional training courses** for managerial and technical skills required in industrial tyre business.



IL NETWORK SUPERTRUCK ARRIVA IN POLONIA!

Prometeon Tyre Group lancia la Rete SuperTruck in Polonia con una conferenza stampa virtuale

Varsavia, 6 ottobre 2020 - Nato in Italia poco più di un anno fa, SuperTruck arriva in Polonia grazie ad un nuovo accordo di Rete, che permetterà al Network di espandersi in tutta Europa allo scopo di garantire coordinamento e supporto alle attività dei rivenditori partner affiliati.

SuperTruck è una Rete di rivenditori indipendenti specializzati nell'offerta ai professionisti del trasporto su strada. L'affiliazione garantisce di mantenere la propria identità all'interno di un circuito altamente professionale, con un pacchetto di prodotti e servizi dedicati, alcuni in esclusiva alla rete.

SuperTruck affianca i rivenditori durante il loro percorso di crescita professionale grazie al know how e ai servizi Prometeon.

La Rete è stata inaugurata in Polonia, un mercato in rapida crescita, che si conferma un importante hub logistico nel mondo dell'autotrasporto.

Marco Solari, CEO Europe di Prometeon Tyre Group dichiara: *"L'Europa ha una strategia commerciale che va proprio in questa direzione: infatti Prometeon attraverso SuperTruck si prefigge di incrementare il supporto alle aziende di trasporto europee dando forza ai singoli rivenditori che possono beneficiare della partecipazione alla Rete e del know-how tecnologico Prometeon. Il Network SuperTruck rappresenta la soluzione ideale: garantendo indipendenza, coordinamento e supporto alle attività di ciascun singolo affiliato con un approccio trasparente, regole chiare e piani condivisi, rispettando sempre l'individualità di ciascun rivenditore partner."*

Jaroslav Krzempek, CEO East Europe di Prometeon Tyre Group, sottolinea: *"Sono orgoglioso di inaugurare questo nuovo percorso insieme a tutti i nostri affiliati SuperTruck. Sono certo che nell'attuale scenario del nostro settore, essere parte di una aggregazione professionale sia un fondamentale valore aggiunto con il quale affrontare le sfide quotidiane del mercato, mantenendo sempre l'individualità imprenditoriale di ogni rivenditore partner."*

Francesco Antonacci, Presidente del Consorzio SuperTruck in Italia, aggiunge: *"Siamo felici dell'entusiasmo dimostrato dai dealer Polacchi verso la rete SuperTruck. E' la conferma dell'importanza delle aggregazioni professionali e del lavoro di squadra per rispondere alle necessità imprenditoriali di ciascun affiliato."*

L'obiettivo è di espandersi in altri paesi, implementando formule e modelli aggregativi specifici per i diversi mercati.



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 in 2020

Today’s mobility sector is in continuous and rapid evolution which is characterized by the future trends such as digitalization, electrification, management of shared transport and driving automation. In this context the Company’s aim is to set a long-term vision anticipating market expectations and adapting business models for making contributions to the shaping of a sustainable mobility.

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.

Addressing future mobility needs and being always proactive in the research for innovative solutions regarding sustainable transportation. Both the relevance of the latest for OEM customers and

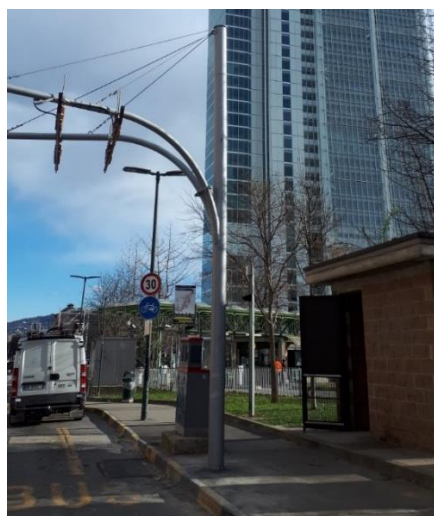
continuous technological revolution are the two main drivers of Prometeon Tyre Group in facing new targets and challenges of the outmost importance, such as **urban public mobility**.

In 2018 Prometeon Tyre Group started a collaboration 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 2019 the Company remained loyal to its commitment to develop the innovative electro mobility system for the spread of sustainable and Zero-emission mobility by participating in the over mentioned projects.

The electric bus is equipped with the new PIRELLI-branded MC:01™ e-URBAN, a tyre in size 275/70 R22.5 developed using the latest Prometeon Technology. 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.

In 2020 the second version of SmartBUS was scheduled to take place first in Turin, Italy and then on the Malpensa airport shuttle line. All necessary technical and infrastructure preparations (installation of charging station, training of the personnel, driving tests) were completed and ready. Due to COVID-19 pandemic contingency, the introduction of the vehicle and service initiation was postponed. SmartBUS is expected to be on the road of Turin in beginning of 2021.

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



SUSTAINABILITY REPORT



**Charging area for SmartBus*



**SmartBus in Genova*

Safe mobility: PRO CHECK joins PRO DRIVE

In 2020 Prometeon Tyre Group follows the path established during 2019 with the launch of PRO DRIVE by flanking it with **PRO CHECK**, the application developed by the Company for effective fleet management. This latest is the first fully developed **in-house tyre inspection and monitoring system**. It comes with features like continuous tracking, processing, and storage of the main parameters related to tyres and vehicles condition. Corrects drivers' behavior must walk alongside tyre safety by always ensuring that they work at their best.



Prometeon Tyre Group supports its clients by providing them with the best digital solution to regularly inspect and monitor their tyres. By being sure that tyres are always at their best, both for air pressure and residual tread depth, fleets can lower the risk of breakdown and, consequently, increase the overall driving safety. PRO CHECK provides fleets and dealers with an easy to use inspection system, supported by a smartphone app and a measuring tool, and ever-reliable online and offline detailed reporting about tyres and vehicles status. Starting from the data entered by the customer systematically (eg. tyre pressure, tread depth, odometer value etc.) the system runs specific data analytics algorithms to detect abnormal operational conditions that might lead to early tyre wear and possible risks for driving. This helps to alert the customer on time, about any possible problems, giving them a chance to prevent safety issues.

Moreover, the forecasting will also allow fleet customers to carry out **predictive maintenance actions, optimizing vehicle routes and stops** and helping them to **save fuel and reduce CO2 emissions**. Future functionalities in PRO CHECK will involve a focus on a real-time data collection system. As the amount of collected data will grow, Prometeon Tyre Group will be able to adapt and design better forecast algorithms.

It has to be highlighted that the main benefit in terms of environmental sustainability is the considerable **increase in tyre life** - which will contribute positively to fuel-saving and pollution reduction - and reliability. This will allow to predict when the tyre will be completely depleted as well as develop in the future new kind of related services .

SUSTAINABILITY REPORT

Together with **PRO DRIVE**, **PRO CHECK** establishes an advanced digital suite of services to help its clients do their everyday jobs more safely and efficiently.



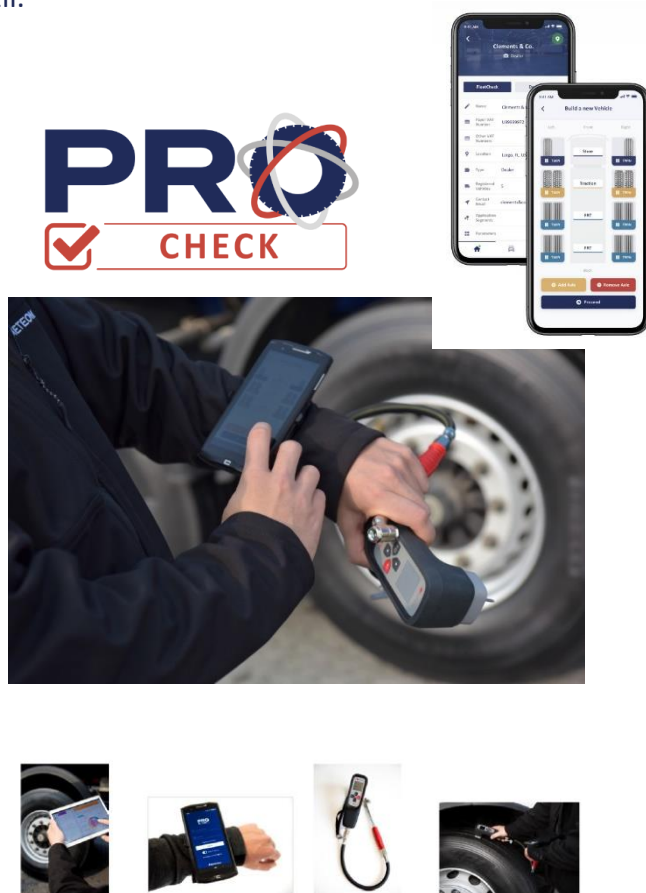
PROMETEAON PRESENTS THE NEW PRO CHECK, THE LATEST DIGITAL SOLUTION TO MAXIMISE FLEET EFFICIENCY THROUGH TYRE INSPECTION AND MONITORING

PRO CHECK COMBINES A BRAND NEW IN-HOUSE DEVELOPED SOFTWARE WITH THE MOST ADVANCED TECHNOLOGICAL SOLUTIONS ON THE MARKET, PROVIDING EXTRA MILE SUPPORT TO MODERN FLEETS AND DEALERS.

"We are proud of PRO CHECK, not only for its performances and potentialities, but also because the software behind the App and the online platform have been entirely developed by our Digital Innovations Team. This represents an important step in the path of becoming a complete tyre solutions provider. We can rely on more than 100 years of history behind us and since the very beginning Prometeon has invested a lot and built up its own Research and Development (Department), in order to keep innovating and finding new technological solutions which constitute the Prometeon Technology. These are the basis of the new products and services we can now offer our clients and partners" declares Alexandre Bregantim, Chief Technical Officer, "...with so much more to come soon".

**Press Release of ProCheck*

The service is already available in Italy, UK, Germany, Spain, Poland. In 2021, it is expected that it will be extended to other countries where the Company operates such as other European Countries, Turkey and Brazil.





Project of the Municipality of Milan to build an exemplary Smart Mobility District in terms of Sustainability and Innovation. As far as SDGs “11 Sustainable Cities and Communities”, “17 Partnerships for the Goals” are 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, and to promote the sustainable mobility to all employees of the companies. The main topics examined and studied in 2020 were discussed during virtual roundtables due to the Covid19 pandemic. At the heart of the initiative lays 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.

Here below the main themes discussed and under evaluation during 2020:

- **Active mobility and electric micromobility**, the latest forms of urban mobility, which acquired a further importance with Covid19 pandemic
- **Sharing mobility**, aimed at a more rational use of resources with the same service sharing by reducing vehicle downtime, and use of ever new and therefore less polluting vehicles;
- **Promoting the use of electric mobility** by implementing company policies that favor fleet of cars with low environmental impact, in particular electric and hybrid cars, and improving Bicocca district's network of charging stations that can be used by companies, students and residents of the neighborhood. With regard to fleet of cars, Prometeon Tyre Group already put in place a policy and procedure for all vehicle that will be purchased in 2021, according to which each employee will be responsible for a certain amount of CO2 emission on the basis of the vehicle used. A contribution fee will be deducted from the employee's payroll.
- The importance of **public transport** in general and its promotion among the employees of the companies involved in the project through concessions to subscriptions and improvement of both access and locations of stops.

During the course of the year the task group "Mobility Managers" carried out several actions with the aim of implementing the projects described above. At the beginning of the year, the group met with the Transport Department of the Municipality of Milan to promote common discounts on public transport subscriptions for employees of the companies and review the stops of surface vehicles to improve the connection between the Greco Pirelli Station and offices of the companies. With reference to Prometeon Tyre Group, it has to be highlighted that the Company already provides for its employees special discount regarding the Transport of the Municipality of Milan (ATM), for further details please refer to the section Welfare of the present report.

L'allarme della Bicocca: si rischia il 70% di arrivi in auto. Superstrade ciclabili e nuova mobilità per la ripresa

Secondo i mobility manager di Università e aziende dell'area, gli spostamenti sulle quattro ruote rischiano di impennarsi dal 20% precedente

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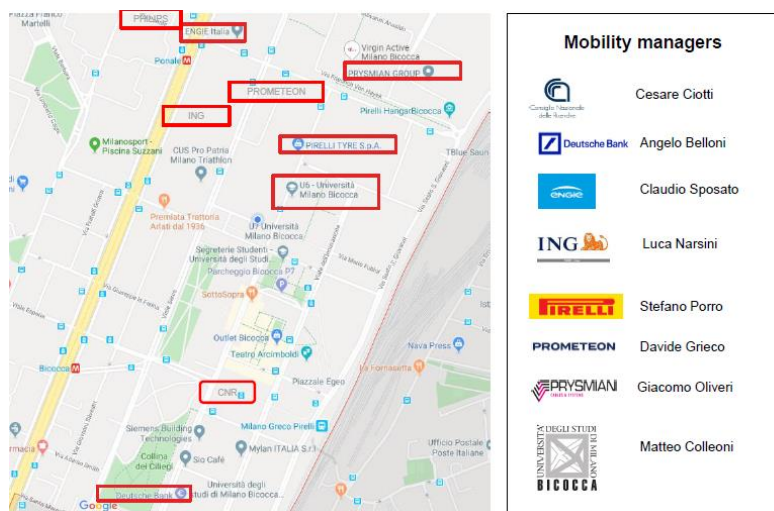
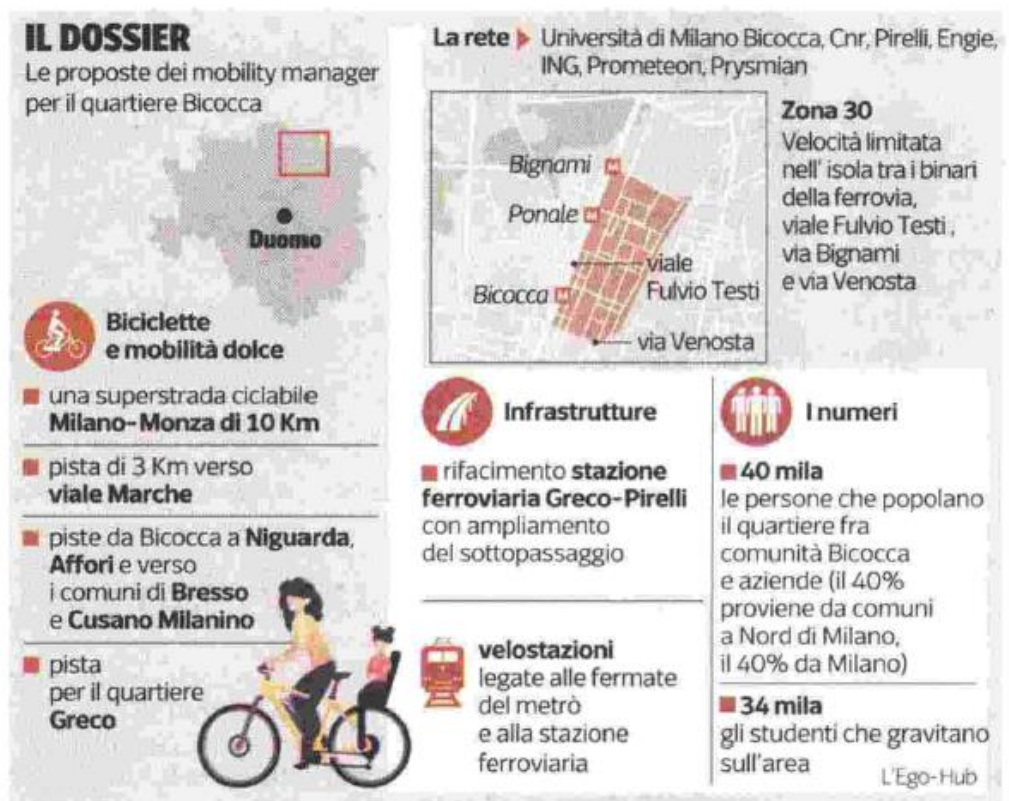
Ripresa, è allarme traffico «Ora interventi sulla mobilità»

Il piano Bicocca test per la città. «Troppi useranno l'auto: servono Zone 30, ciclabili e piazze vivibili»

Moreover, it was decided to introduce all around the new Smart District Area a limited traffic zone at 30 km/hour due to the high number of pedestrians during rush hours (morning, lunch time, evening). Furthermore, the Mobility Managers asked for a cycle path on Viale Sarca and another one that can connect Milan to Monza (which is out of the area of the Municipality of Milan) due to the fact that approximately 40% of the companies' employees come from. Regarding Prometeon Tyre Group, this latest was asked to provide the aggregate guidelines of provenance of its employees as well as the current and estimated percentages of office attendance for the coming months, in relation to the Covid19 impact on commuting. As already agreed in 2019, the year 2020 saw an effective strengthening of sharing services through comprehensive agreements between bicycle

and scooter companies. With regard to the decision of establishing more bus stops, which was taken in 2019, the new stops of the bus line number 87 were identified during 2020.

In 2020 The Company attended with the utmost interest and attention meetings organized and held by the Municipality in order to start to adopt the new solutions proposed by relevant stakeholders. The members of the task group (University of Milan-Bicocca and the National Research Council, and for the area companies Pirelli, Engie, ING, Prometeon and Prysmian) took part in the discussion table organized by the Municipality of Milan.



Area Bicocca: le proposte di aziende e istituzioni del quartiere a favore della mobilità attiva



Strade e superstrade ciclabili, zone a velocità ridotta, velo-stazioni, sottopassaggi e nuovi collegamenti ciclistici e pedonali. Sono questi i principali interventi proposti dai mobility manager di Istituzioni (l'Università di Milano-Bicocca e il Consiglio Nazionale delle Ricerche) e aziende (Pirelli, Engie, ING, Prometeon e Prysmian) dell'area Bicocca ai comuni di Milano e a nord della città per rispondere all'appello fatto dal Comune di Milano e da Regione Lombardia per trovare **soluzioni innovative per favorire la micromobilità in città** in seguito ai cambiamenti imposti o ai comportamenti legati alla pandemia di Covid-19.

A partire da settembre, seppure in misura ancora ridotta, la zona di Bicocca tornerà a ripopolarsi di studenti e lavoratori, molti dei quali si muoveranno con auto o con biciclette e monopattini, scelte favorite in parte dai timori personali e dalle regole sanitarie collettive nell'utilizzo del trasporto pubblico e in parte dagli incentivi per l'acquisto di bici e monopattini.

Per questo aziende e istituzioni di Bicocca, tramite i loro mobility manager, hanno studiato una serie di interventi volti a favorire la mobilità attiva e la convivenza tra auto e biciclette ponendosi come interlocutori delle istituzioni locali nell'individuazione delle soluzioni più efficaci. Tra

le diverse proposte, due sono quelle prioritarie: il sostegno dato alla realizzazione di una superstrada ciclabile Milano-Monza, una proposta già emersa in questi mesi, e la realizzazione di una zona in Bicocca a velocità ridotta.

I mobility manager hanno quindi proposto di istituire un'infrastruttura adeguata che consenta un collegamento sicuro e rapido in bicicletta da Monza alla Bicocca (circa 10km), per proseguire fino alla circonvallazione in viale Marche (altri 3km), come già previsto dal Piano Urbano della Mobilità Sostenibile (PUMS) del Comune di Milano.

Per garantire, inoltre, la sicurezza stradale a tutti gli utenti della strada, è stato inoltre proposto di istituire la cosiddetta "Bicocca zona 30", ovvero un'area a velocità ridotta con precedenza per i pedoni e le biciclette, in particolare, tra i binari della ferrovia e viale Fulvio Testi (in direzione est-ovest) e tra via Bignami e via Venosta (in direzione nord-sud).

OUR SUPPLIERS

The following tables show the trend of purchases at the Group level in 2020:

PERCENTAGE OF PURCHASES BY TYPE		
	2020	2019
Raw Materials	82%	80%
Consumables Materials	2%	2%
Fixed assets	5%	7%
Logistics + International Freight FP	11%	11%
Total	514.133.950,22 €	647.724.796,71 €

NUMBER OF PURCHASES BY GEOGRAPHIC AREA		
	2020	2019
Europa	17%	15%
North America	2%	3%
Others	14%	14%
Latin America	33%	31%
Asia	28%	31%
Africa	6%	7%

MIX OF RAW MATERIALS PURCHASED		
	2020	2019
Natural Rubber	30%	29%
Synthetic Rubber	13%	14%
Carbon Black	14%	14%
Chemicals	17%	18%
Textile	3%	2%
Steel	23%	23%

Prometeon Tyre Group's relations with suppliers and external collaborators are funded on business integrity and respect for equal opportunities for all the subjects involved in the purchasing processes, as required by the "Ethical Code".

Several Prometeon Tyre Group policies, highlights not just 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 above documents, 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 quality, innovation, flexibility, economic, social and environmental responsibility and business ethics. All Prometeon Tyre Group suppliers were and are assessed since the first contact on their social, environmental and business ethics responsibilities in addition to the economic and products or services quality to be supplied. In the final stage every purchase orders are "contractually bound" to the Sustainability and Business Ethics Clauses.

The self-assessment procedure introduced in 2018 and 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 areas of improvement identified.

Here below the suppliers' self-assessment carried out in 2020:

SUPPLIERS' ASSESSMENT		
	Supplier assessed	Total costs (Mio€)
Turkey	76	€30,09
Egypt	7	€7,05
Brazil	31	€9,32

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 a missing of an improving plan of any non-compliance shall block the supplier's qualification.

Moreover, during 2020, in order to verify that suppliers results compliant with the fundamental requirements regarding the social, environmental and business ethics responsibilities, Prometeon Tyre Group decided to proceed with audits on site with the collaboration of a third-party audit company. The aim was to verify, with the support of a specific audit, the correctness and truthfulness of the answers provided during the self-assessment process. Procurement Department together with Internal Audit & Sustainability Department selected a sample of suppliers including all types: natural rubber, chemicals, carbon black etc. Regarding the results of the audit, for all suppliers who have not fulfilled all the required standards, action plans are defined with expiration dates which are then verified on site and need to be approved with evidences by the auditor of the third party.

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, clarifying the principles 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 in different languages, where the suppliers operates, 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), 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”.



SUSTAINABILITY REPORT

Even if the year 2020 was a tough year from all point views and the 2021 will continue to be a complex year especially on safe mobility, Prometeon Tyre Group is committed to strengthen the sustainability initiatives extending the sustainability audits to raw materials, capex and services suppliers, applying the self-assessment model and the audits on site.



