



Pirelli Tyre S.p.A.

GENERAL CONDITIONS FOR THE PURCHASE OF GOODS AND SERVICES

1. GENERAL

1.1 Field of application

These General Conditions of Purchase (hereinafter the "General Conditions") shall apply to all supplies of goods and/or services provided by your company (hereinafter the "**Supplier**") to Pirelli (as defined below) in fulfilment of contracts, which may originate in confirmation – express or by means of conclusive acts – of purchase orders (hereinafter the "**Contracts**"). These conditions may be added to or changed in the purchase orders.

The Supplier therefore renounces to the application of its own general and/or specific conditions of sale.

The details of Contracts and any amendments or additions thereto or to these General Conditions must be agreed on by the Parties in written form, signed by the authorised representatives of each, on pain of nullity. Amendments and additions to the General Conditions will be limited to the specific case in relation to which they are agreed.

1.2 Definitions

In the context of these General Conditions, the following terms shall have the meaning specified and assigned to each of them below:

- (1) The term "**Pirelli**" shall be used to identify Pirelli Tyre S.p.A., including Affiliates as defined below;
- (2) The term "**Affiliate**" refers to any corporate body or entity directly or indirectly controlled by, controlling, or subject to the same control as Pirelli, such control being exercised through direct or indirect ownership of 50% or more of the company's share capital or of the voting rights of this corporate body/entity;
- (3) The term "**Goods**" refers to materials, machinery or other items expressly stated in the Contracts;
- (4) The term "**Service**" refers to work and/or intellectual services provided to Pirelli by the Supplier;

- (5) The term "**Technical Information**" refers to technical information of all kinds which is not a part of the public domain, including, by way of example, drawings, technical and/or functional specifications, tables, models, samples, prototypes, methods, measurement instruments, databases, software, films, digital video segments, and photographs supplied in any form by and/or on behalf of Pirelli to the Supplier and/or which the Supplier becomes aware of for the production of the Goods or for providing the Service;
- (6) The term "**Orders**" refers to purchase orders issued by Pirelli to the Supplier.
- (7) "**Results**": any and all inventions, technology, data, information of any type, method, specification, know-how, software, still or filmed images and photographs, conceived, discovered, developed or reduced to practice by the Supplier in the performance of the Contracts.
- (8) "**Parties**": Pirelli and the Supplier.

1.3 Acceptance of the Contracts

Orders become irrevocable for Pirelli as soon as order confirmation is received duly signed by the Supplier for acceptance and returned within 2 weeks from receipt of the Order. Pirelli reserves the right to reject supplies that the Supplier has begun fulfilling without sending any order confirmation.

In accepting the Order, the Supplier agrees to provide the supply in accordance with the Technical Information referred to in the Order. Before beginning the supply, the Supplier must identify all needs for variations with respect to the prescriptions contained in the Technical Information. In this case the supplies may not begin until Pirelli has sent its written authorisation.

1.4 Non-transferability of Contracts and credits

The Supplier may not transfer Contracts and the credits arising out of them; any amendments or additions must be made in writing, on pain of nullity, and will be limited to the specific case in relation to which they are agreed.

1.5 Applicable law and jurisdiction

All aspects of the supplies are regulated by the law of the destination country. Any disputes which may arise in relation to the supplies and/or the Contracts, their efficacy, validity, execution, interpretation, cancellation and cessation, and all relations referring to or connected with the supplies and/or the Contracts, and all related credits and debts, shall fall under the exclusive jurisdiction of the Court of the destination country of the Goods or the country where the Service is



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to be provided.

1.6 Information Security

The Supplier agrees to adopt all security measures required to prevent the risk of alteration, loss, destruction, dissemination or unauthorised use of Confidential Information, as defined in clause 2.1. Pirelli will be entitled to notify the Supplier of security measures or conditions considered necessary, and the Supplier hereby agrees to adopt them. Pirelli shall have the right to verify, directly or through a third party, that the Supplier has correctly fulfilled all its obligations under this clause. In this regard, the Supplier grants Pirelli the right to access, directly or through a third party, its premises, in order to verify its compliance with the requirements of this clause.

1.7 Incident reporting

The Supplier hereby agrees to notify Pirelli's Security Service immediately, or, if this is impossible, within a maximum of 24 (twenty-four) hours, of any incidents which may have caused, or risked causing, theft, loss, alteration, forbidden or unauthorised access to Confidential Information.

Notification should be sent to the following numbers:

Phone: +39-02-6442.2069 o +39-02-6442.3772

Fax: +39-02-6442.2130

e-mail: security.dept@pirelli.com

1.8 Supplier's responsibilities

During the execution of the Services, the Supplier agrees to scrupulously comply with the provisions of contract law, and specifically:

- to accept all its responsibilities in relation to the work contracted, in that it employs specialised personnel qualified to perform the work;
- to use, in execution of the work, all technical and organisational measures and all equipment required or recommended by current safety legislation, for the purposes of ensuring safety and hygiene on the job for its technicians and workers, and for the purpose of guaranteeing the safety of people, plants and objects belonging to Pirelli and to third parties in compliance with current legislation;
- to maintain in effect, for the entire duration of the contract, the insurance policies which the Supplier has provided a copy of, and to provide notification of any change which may have occurred in relation to the documentation sent on the Supplier (ownership, organisation, employees);
- not to make use of child labour;
- to comply with environmental regulations.

In particular, when asked to provide a Service on the premises of Pirelli factories, laboratories, warehouses or offices, the Supplier agrees:

- to ensure that its employees comply with Pirelli's corporate regulations and safety procedures;
- to comply with all fire prevention rules and precautions;
- to accept all liability for accidents and damages of all kinds caused directly or indirectly by its employees and activities to Pirelli's employees and property, expressly relieving Pirelli of all liability and costs and protecting it from them.

Lifting and movement equipment and all equipment the Supplier requires to execute the work must be supplied by the Supplier, who must guarantee that it is perfectly suitable for its intended use.

Such equipment must comply perfectly with regulations in effect for the entire duration of the work and/or of the Contract.

The Supplier may not use any vehicles or equipment belonging to Pirelli.

1.9 Prohibition of subcontracting

Unless otherwise agreed by the Parties, the Supplier may not subcontract the manufacture of the Goods and/or execution of the Services commissioned by Pirelli.

1.10 Force majeure

Failure to fulfil its obligations on the part of a party impeded by circumstances which are objectively beyond that party's control shall not constitute defaulting on the obligations undertaken in the Contracts. Events of force majeure shall include, by way of example, wars, fires, floods, general strikes, lock-outs, embargos, orders of public authorities, impossibility of obtaining raw materials or energy for manufacture and, in general, all other causes beyond the control of the Supplier and/or Pirelli.

1.11 Personal Data Notice (Art. 13 Legislative Decree n. 196 dated June 30 2003)

Pirelli, for the sole purpose of carrying out the contractual relationship of supply/purchase, uses certain personal data of the Supplier which, while not obligatory, is necessary for execution of the Contracts.

To this extent, the personal data of Supplier will be stored in the filing system of **Centro Servizi Amministrativi Pirelli S.r.l. – Administration area.**, a Pirelli affiliate (the personal data processor).

Specifically, Supplier's personal data include (by way of example and not exhaustively): company name, address, V.A.T. number, tax code, etc.



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Supplier's personal data shall be provided only to those who work in Pirelli company processes and who process them in fulfilment of specific legal obligations.

The Supplier may exercise at any time the rights specified under art. 7 of Legislative Decree 196/2003 (including, inter alia: the right to be informed at any time of the personal data in Pirelli's possession and how it is used, having it updated, corrected or deleted for legitimate reasons), by contacting the Purchasing Department of Pirelli Tyre S.p.A.-Viale Sarca 222-20126 Milano (fax: +39 02 6442 3217 e-mail: privacy.purchasingtyres@pirelli.com). This office also keeps an updated list of all the people in charge of the personal data processing. The main employees who will be in charge of the Supplier's personal data processing will be as to Pirelli the employees of the following Departments: Purchasing and Administration and Control, as to **Centro Servizi Amministrativi Pirelli S.r.l.** the employees managing the suppliers' administration.

1.12 Ethical code

The Supplier:

- declares to know and accepts the Ethical Code and the Lines of Conduct (jointly referred to as the "**Ethical Code**") adopted by Pirelli, attached hereto and forming an integral part of these General Conditions;
- undertakes, in relation to the execution of the Contracts, to scrupulously comply with the provisions of the Ethical Code;
- undertakes to impose to all its subcontractors and sub-suppliers – if any, the obligation to comply with the Ethical Code and to regularly monitor the actual fulfilment of such obligation.

The Supplier must notify Pirelli's "Organismo di Vigilanza" of any violations of the Ethical Code which it may become aware of. The notification must contain a description of the events constituting a violation of the Ethical Code, including information on the time and place of the events described, and all the people involved.

Notification may not be anonymous, and the "Organismo di Vigilanza" guarantees that it will keep the identity of the people submitting notification confidential, unless legally required to do otherwise. Notification may be sent to the "Organismo di Vigilanza"'s e-mail address: odv.pneumatici@pirelli.com.

1.13 Policy: health, safety, environment and social responsibility

The Supplier:

- declares to Know and accepts the "Policy health, safety, environment and social

responsibility" (hereinafter referred to as "**CSR Pirelli Policy**"), attached hereto and forming an integral part of these General Conditions;

- undertakes, with respect to the performance of the Contracts, to exactly comply with the provisions of the CSR Pirelli Policy;
- undertakes to impose to all its subcontractors and sub-suppliers – if any, the obligation to comply with the CSR Pirelli Policy and to regularly monitor the actual fulfilment of such obligation;
- acknowledges that Pirelli has the right to verify, directly or through a third party, that the Supplier has fulfilled all its obligations under this paragraph;
- undertakes to take the necessary steps to comply with the provisions of the CSR Pirelli Policy, in the event that – further to the above mentioned verification – the Supplier turns out not to have complied with the provisions of the CSR Pirelli Policy.

2. INTELLECTUAL PROPERTY

2.1 Confidential Information

2.1.1 For the purposes of this Article 2, "Confidential Information" means, collectively, (i) Technical Information, (ii) any other information, whether commercial or otherwise, other than Technical Information, concerning Pirelli, its materials, products, processes, services and activities, supplied and/or disclosed, in any form, by and/or on behalf of Pirelli to the Supplier and/or which the Supplier becomes aware of in connection with the performance of the Contracts, (iii) the Results and (iv) any note, study or other document prepared by the Supplier which contains or otherwise reflects Technical Information, the information mentioned in point (ii) and the Results.

2.1.2 The Supplier acknowledges and agrees that Pirelli is the owner of Confidential Information and of any related intellectual property right.

2.1.3 The Supplier shall:

- keep secret and not disclose Confidential Information to any third party;
- put in place all measures and precautions that are reasonably necessary and appropriate to prevent the disclosure and unauthorized use of Confidential Information;
- at the end of the supply, or even earlier upon request of Pirelli, promptly return all documents containing Confidential Information and destroy any copy thereof, whether hard copies or copies on any other support, subject to the Supplier's obligation, within 30 (thirty) days of Pirelli's request, to deliver a statement certifying the successful disposal of such documents and/or copies;



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- (d) use Confidential Information solely for the purpose of performing the Contracts;
- (e) not reproduce or copy Confidential Information except as expressly authorized by Pirelli;
- (f) not patent any information or data contained in such Confidential Information;
- (g) disclose Confidential Information within its own organization only to the employees whose duties imply the knowledge of such Confidential Information;
- (h) inform any employees within its own organization who become aware of Confidential Information, of the confidentiality obligations related thereto;
- (i) not develop for third parties and/or supply to third parties, for whatsoever reason, directly or indirectly, products made by using Confidential Information;
- (j) require any third party to whom the Supplier must communicate Confidential Information in the execution of the Contracts to comply with the obligations under this clause and shall ensure such compliance, subject to the Supplier's liability to Pirelli for any infringement by such third party of the obligations mentioned in this clause 2 with respect to such Confidential Information.

2.1.4 If the use of the Results implies the use of any patent, software and know-how or any other intellectual property right held by the Supplier ("Rights of the Supplier"), the Supplier hereby grants Pirelli a non-exclusive, royalty-free, irrevocable, perpetual and assignable licence (with sublicensing rights) to use the Rights of the Supplier for the sole purpose of Pirelli's use of the Results.

2.1.5 Neither these General Conditions nor the disclosure of Confidential Information as envisaged herein, may be interpreted as granting the Supplier any licences to patents, patent applications, or any other intellectual property rights with respect to information and data contained in Confidential Information.

2.1.6 Regardless of the term of supply, with reference to each piece of Confidential Information received, the Supplier's obligations under clause 2.1.3 will cease to be effective when all Confidential Information enters the public domain through no fault of the Supplier.

2.2 Supplier's intellectual property rights

The Supplier warrants that the Goods supplied thereby, their components and accessories and (as far as applicable) the use of the Services provided (in both cases, even if subsequently processed by Pirelli or by third parties on behalf of Pirelli) do not infringe third party industrial or intellectual property rights. The Supplier undertakes to promptly settle any third party claim of infringement of industrial or intellectual property rights by reason of the possession or use, as the case may be, by Pirelli, of the Goods and/or the Services, and shall in any case indemnify Pirelli from and against such claims.

Except as otherwise agreed in writing, the Supplier waives the right to enforce any intellectual property rights in the Good or Service against Pirelli, its successors in any capacity and also within its business branch or part thereof, its customers and licensees (as well as their customers and licensees, even subsequent ones). Unless otherwise and expressly indicated to the Supplier prior to signature of the Contracts, the Goods supplied must be considered freely exportable to the Country (identified in the Contract) where delivery is to take place.

3. DELIVERY AND ACCEPTANCE OF THE SUPPLY

3.1 Delivery

For the purposes of ascertaining compliance with deadlines for delivery and transfer of the risk of damage or total or partial loss of the Goods from the Supplier to Pirelli, all deliveries must be made in compliance with the conditions specified in the current "Incoterms" regulations and set forth in the Contracts.

The Goods shall be transported taking all measures required to protect them against damage.

3.2 Acceptance of the supply

The supply shall be considered accepted, where applicable, upon completion of the tests identified in the Contracts.

3.3 Place and time of delivery

The Supplier must comply punctually with the deadlines for delivery specified in the Contracts (which are to be considered essential in Pirelli's interests), and may not deliver the Goods earlier or later. Pirelli shall have the option of returning any Goods supplied before the agreed delivery date, at the Supplier's expense, or charging the cost of storage and financial costs of the advance delivery period to the Supplier.



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3.4 Compensation for late delivery and for nonconformity of the supply

If the supply must be delivered to a country other than the United Kingdom, the United States and Canada, in the event of late delivery attributable to the Supplier, Pirelli will have the right to request execution of the Contracts and apply a penalty for late delivery equal – unless otherwise specified in writing – to 0.5% of the complete week of delay up to a maximum of 5% of the price of the supply which has not been delivered by the agreed deadline.

Pirelli shall have the right to compensation for all damage caused to it directly or indirectly, including, but not limited to, loss of production, as a result of:

- (a) late delivery (even partial) or failure to deliver on the part of the Supplier, or
- (b) violation of any order expressly or implicitly indicated in the Contracts or the General Conditions, or
- (c) supply of Goods and Services which do not conform to the Contracts.

4. PRICES

Unless otherwise agreed in writing, the prices indicated in the Contracts are to be considered fixed and not subject to revision. In all cases, any variations in price made for whatsoever reason shall be valid and binding upon Pirelli only if accepted by it in advance in writing.

5. WITHDRAWAL

Pirelli shall have the right to withdraw from all Contracts simply by sending written communication with 30 (thirty) days' notice. Nothing shall be due from Pirelli to the Supplier as a consequence of an exercise of such right of withdrawal, except for the right of the Supplier to demand payment for work carried out in a satisfactory manner up to that date.

6. TERMINATION

- 6.1 In the event of any breach by the Supplier of its obligations under the Contracts, Pirelli shall have the right, without prejudice to any additional remedies specified in the Contracts for specific cases, to inform in writing send the Supplier a written order of fulfilment within a congruous time period, with the declaration that, if there has not been compliance by the end of such time period, then the contractual relationship shall be deemed terminated. Such time period shall not be less than 15 (fifteen) working days.

- 6.2 In addition to the provisions of clause 6.1, Pirelli shall be entitled to terminate the Contracts at any time by sending the Supplier a written notification effective as of a date identified by Pirelli in its notification, in the event that the Supplier:

- (a) enters into liquidation or is subject to any bankruptcy procedure;
- (b) breaches any of its confidentiality and limitation of use obligations stated in clauses 1.6 and 2;
- (c) becomes associated with or becomes subject to any form of control, even indirect, of any competitor of Pirelli;
- (d) breaches the prohibition of subcontracting stated in clause 1.9
- (e) breaches the obligation not to transfer the Contracts and/or credits identified in clause 1.4
- (f) is responsible for violation of any of the provisions of the Ethical Code.
- (g) breaches any of its obligations stated in clause 1.13.

- 6.3 The termination of the contractual relationship shall apply only in relation to supplies which have not yet been executed as of the date of such termination.

- 6.4 The termination of the Contracts under the provisions of this clause and in all other cases shall be without prejudice to Supplier's obligations as stated in clauses 1.5 (applicable law and jurisdiction) and 1.6 (confidentiality), which shall survive any such terminations.

7. GUARANTEE AND QUALITY

7.1 Duration

Unless otherwise stated in the Contracts, the Supplier guarantees the suitability for use of the Goods supplied for a minimum of 24 (twenty-four) months from the date of delivery.

7.2 Quantity Guarantee

The Supplier guarantees that the quantity of Goods delivered corresponds to the quantity specified in the Contracts. The quantities determined by Pirelli during its inspection upon arrival of the Goods at their destination shall be considered final and valid. If the quantities of Goods delivered do not correspond to the agreed quantities, Pirelli may decide to:



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- (a) accept the quantities effectively delivered and change the quantities of subsequent supplies accordingly;
- (b) ask the Supplier to pick up quantities in excess of the ordered quantities, and have the option of sending them back itself at the Supplier's expense and charging the Supplier the financial costs of payment, if already made, and storage costs if the Supplier does not pick up the Goods immediately;
- (c) have the Supplier immediately send the missing quantities of Goods, charging the Supplier for the costs and expenses resulting from defaulting.

Pirelli may exercise the options listed above within 3 (three) months of the date of delivery of the Goods.

7.3 Quality Guarantee

The Supplier guarantees that the supply is free of defects.

The supply shall be considered defective if:

- (a) it deviates from the specifications contained in the Contracts, or
- (b) it fails to reflect the characteristics represented by the Supplier in the form of samples and prototypes, or
- (c) it fails to comply with the safety regulations as specified by Pirelli, or
- (d) it is not suitable for the specific use for which Pirelli intended to use it.

7.4 Inspections

Pirelli will be entitled to have the option of conduct inspections on the Supplier's premises both for inspection of the Goods and for acceptance of the Goods, if required, and to check the quality system implemented in the Supplier's organisation. The methods and extent of the inspection shall be agreed on with the Supplier in each specific case.

7.5 Measures to be taken in the event of defects

The Supplier must, as quickly as possible and entirely at its own expense, remedy any violations of the guarantee that may take place during the established guarantee period.

7.6 Liability for defects

If the Supplier fails to remedy a violation of the guarantee within a reasonable amount of time during the guarantee period, Pirelli may:

- (a) complete the work itself or have a third party do so, at the Supplier's risk and expense
- (b) ask the Supplier to guarantee a reasonable reduction of the price specified in the Contracts
or
- (c) cancel the Contracts entirely or in part, if the defect or damage is so great that Pirelli enjoys none of the benefits to be derived from the Goods or a substantial portion of them.

7.7 Insurance

The Supplier must pay for and sign a suitable insurance policy covering damage resulting from the delivery of the Goods and/or execution of the Services provided by its own personnel and/or by any third parties appointed by the Supplier.

If requested, the Supplier must provide Pirelli with a copy of the insurance policy, showing the insured value per incident, which must be proportionate to the value of the Goods / Services to be supplied under the Contracts.

7.8 Suspension of payment

In all cases of defaulting by the Supplier, including defective or late Services, late delivery or delivery of defective Goods, Pirelli shall have the right to withhold payments due to the Supplier, without any interest, until the Supplier has remedied the defaulting or provided appropriate assurance of its ability to comply in conformity with the terms of the Contracts.

7.9 Certification of the Supplier

Unless otherwise stated in the Contracts, the Supplier must demonstrate its conformity with ISO 9001 certification through an accredited agency.

PIRELLI GROUP ETHICAL CODE

Article 1- Introduction

The Pirelli Group conducts its internal and external operations in accordance with the principles set out in this Code, in the belief that business ethics must be pursued alongside business success.



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Article 2 – Aims and values

- The main aim of the Group's companies is to create value for shareholders. Industrial and financial strategies and the resulting operations are geared accordingly, targeting the effective use of resources.
- In the pursuit of this goal, the Group's companies are unfalteringly committed to the following principles of conduct.
 - As active and responsible members of the communities in which they operate, the Group's companies are committed, in both their internal and external relations, to the observance of national laws and the standard ethical principles sanctioned by international business practice: transparency, honesty and fairness.
 - They reject and condemn all and any recourse to illegitimate or dishonest behaviours (towards the community, public authorities, customers, workers, investors and competitors) for the achievement of business goals. The latter shall be pursued exclusively through excellence in performance in terms of quality and the value for money of products and services, based on experience, customer focus and innovation;
 - Organizational structures are designed to prevent any violation of the principles of legality, transparency, honesty and fairness by employees and partners and to monitor the observance and implementation of these principles;
 - While ensuring the competitiveness of the Company's businesses, the market, investors and the community in general are to be assured of complete transparency.
 - Fair competition is encouraged, this being central to the interests of the Company as well as to those of competitors, customers and stakeholders in general;
 - Pirelli companies pursue market excellence and competitiveness, offering customers a quality of service that effectively meets their requirements.
 - The Group's human resources are to be valued and fostered;
 - Resources are to be used responsibly, with a view to incurable development, respect for the environment and the protection of the rights of future generations.

ARTICLE 3 – Shareholders

Group companies are committed to ensuring equal treatment for all categories of shareholders, avoiding any preferential treatment. The reciprocal benefits that derive from belonging to a group of companies are pursued in accordance with the relevant legislation and the autonomous interests of each Group Company as it seeks to create value.

ARTICLE 4 – Customers

The excellence of the Group's products and services is based on customer service and the readiness to meet customer needs. The aim is to offer immediate, thoroughgoing and competent responses, tailored to the needs of customers, and in keeping with the spirit of legality, courtesy and co-operation.

ARTICLE 5 – Community

- Group companies are committed to contributing to the economic well-being and growth of the community in which they operate by providing efficient and technologically advanced services.
- In line with these objectives, and with their commitments towards the various stakeholders, Group companies regard research and innovation as being the keys to growth and success.
- Group companies maintain relationships with local, national and supranational authorities in a spirit of full and active cooperation and transparency that does not compromise their independence, economic targets or the values enshrined in this Code.
- Group companies encourage and, where necessary, provide support for social, cultural and educational initiatives geared towards promoting personal development and improving standards of living.
- Group companies do not contribute or confer advantages or other benefits upon political parties and trade union organizations or their representatives and candidates, without prejudice to compliance with the relevant prevailing legislation.

ARTICLE 6 – Human resources

- Group companies recognize the central importance of human resources in the belief that the key to the success of any business is the professional contribution of the people that work for it, in a climate of fairness and mutual trust.



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- Group companies shall safeguard health and safety in the workplace and consider respect for workers' rights as fundamental to the business. Working relationships are managed with a view to guaranteeing equal opportunities and promoting the personal development of each employee.

ARTICLE 7 – Environment

- Group companies believe in incurable international growth in the common interest of all stakeholders, both current and future. Their investment and business decisions therefore reflect respect for the environment and public health.
- Without prejudice to compliance with specific prevailing legislation, Group companies are aware of the importance of environmental issues when making choices, not least in the adoption of specific technologies and manufacturing methods (where this is technically feasible and economically viable) that allow for the reduction of the environmental impact of their operations, even beyond the minimum limits set down by regulatory requirements.

ARTICLE 8 – Information

- Group companies are aware of the importance of providing the market, investors and the community in general with fair and accurate information about their businesses.
- Therefore, without prejudice to the obligations of confidentiality attendant upon any business dealings, Group companies see transparency as key to their relations with stakeholders. In particular, Group companies communicate with the market and investors in compliance with the principles of accuracy, clarity and equal access to information.

ARTICLE 9 – Compliance with the Code

- The governance bodies, *management* and workers across all Group companies, as well as external partners such as consultants, agents and suppliers, are all bound by this Code.
- Group companies are committed to implementing proper processes, regulations and directives aimed at ensuring that the values enshrined in this Code are reflected in their actions and in the behaviour of all their employees and partners, providing proper sanctions to be applied for any infringement, as and where appropriate.

CODE OF CONDUCT

This document outlines the Code of Conduct to be followed in order to prevent situations that may give rise to criminal acts in general, with particular reference to those offences specified in Legislative Decree 231/2001.

This Code of Conduct sets out, albeit not exhaustively, the operational "do's" and "don'ts" for the implementation of the principles established in the Company's Ethical Code.

§ 1 "Do's"

- All corporate officers and employees shall be committed to complying with the prevailing laws and regulations in all those countries where the Company operates.
- The corporate officers and all employees shall be committed to complying with the company procedures and the principles of the Ethical Code shall be adopted in all their decisions or actions relating to the management of the Company.
- Functional heads shall ensure that:



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- as far as reasonably possible, all employees are familiar with the prevailing legislation and its implications for conduct and, should employees have any doubts about the appropriate course of action to be taken, that they are advised appropriately;
 - there are suitable training and awareness raising programmes concerning the issues relating to the Ethical Code.
- All employees shall comply with prevailing laws and regulations and proper business practice when taking part in tenders instituted by the Public Administration or generally in any dealings they may have with such authorities.
 - Functional heads working with the Public Administration shall:
 - provide their staff with directives concerning the appropriate conduct to be adopted when dealing, either formally and informally, with public authorities, in accordance with their own particular area of business, advising about the prevailing legislation and drawing attention to situations where there are risks of committing an offence;
 - establish appropriate mechanisms to keep track of official information flows to the Public Administration.
 - All consultants, suppliers, and in general any “third party” acting on behalf of the Company shall be committed to complying with the prevailing laws and regulations in all those countries where the Company operates; no form of business relationship shall be initiated or continued with any party that refuses to comply with this principle. The engagement of any party to act on behalf of and/or in the interests of the Company shall be formalized in writing and a specific clause¹ shall oblige such party to comply with the ethical principles and code of conduct adopted by the Company.
Failure to comply with the above provision may result in the related agreement being terminated due to breach of contract.
 - All consultants, suppliers, and generally any third party acting on behalf of the Company shall be identified and selected with absolute impartiality, autonomy and independence of judgment. When selecting them the Company shall assess their expertise, reputation, organisational ability and suitability for the correct and prompt performance of their contractual obligations and the tasks assigned to them.
 - All consultants, suppliers, and generally any third party acting on behalf of the Company shall, always and without exception, act with integrity and diligence, in full compliance with the principles of fairness and lawfulness provided for in any ethical codes adopted by them.
 - When applying to the State or any other public body or the European Community for grants, subsidies or funding, all parties involved in these processes shall:
 - act honestly and truthfully, using and presenting complete documents and statements relating to the operations for which benefits may legitimately be obtained;
 - use the funds, once obtained, solely for the purposes for which they were requested and granted.
 - Heads of administration/accounting functions shall ensure that all operations and transactions are:
 - legitimate, consistent, proper, authorized, and verifiable;
 - correctly and adequately recorded to enable the assessment of the decision-making, authorization and implementation process;
 - backed up by documentary support enabling the characteristics and reasons for any transaction to be checked at all times, also specifying who authorized, carried out, recorded and checked the transaction itself.
 - Any staff involved in the drawing up of financial statements or other similar documentation shall carry out their work properly, cooperate to the full, ensure all the information provided is clear and complete and that any figures or calculations are accurate, report any conflicts of interest, etc.
 - The Directors shall notify the Board of Directors and the Board of Statutory Auditors of any interest that they have, on their own behalf or on behalf of third parties, in a given Company transaction, specifying its nature, terms and conditions, origin and scope; if this involves the managing director, the latter shall refrain from carrying out the transaction, assigning such task to the Board of Statutory Auditors.
 - Directors and their assistants shall:
 - provide a clear, complete and truthful picture of the existing economic and financial state of affairs when drawing up the financial statements, issuing statements to the market or other similar documents;
 - promptly provide the Board of Statutory Auditors with any information it requests and do everything in their power to facilitate control/auditing activities legitimately entrusted to shareholders, other corporate bodies or auditing firms;
 - provide the Shareholders' Meeting with complete deeds and documents corresponding to the accounting records;
 - provide supervisory bodies with full and accurate information about the Company's economic and financial state of affairs.
 - Only authorized personnel may have dealings with the press and they shall provide true and accurate information about the Company in accordance with the prevailing law and regulations.

¹ The standard clause is drawn up by the competent legal function/department.

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- It is compulsory to inform the Supervisory Board² of the following, by way of non-limiting example:
 - any breach or suspected breach of the Organizational Model³ and/or the Ethical Code and the Code of Conduct. All reports shall be made on a strictly non-anonymous basis.
 - measures and/or information originating from police organizations or any other authority, which is learned officially, regarding unlawful deeds and/or alleged offences under Legislative Decree 231/2001 with risks for the business.

§ 2 "Don'ts"

- When dealing with representatives of the Public Administration, either Italian or foreign, it is strictly forbidden to:
 - promise or offer the people in question (or their blood relations, relations by marriage, acquaintances etc.) money, gifts or presents except for gifts or items of little value (trips and holidays, membership of clubs etc., for example, are not considered to be of little value);
 - consider or offer job opportunities to representatives of the Public Administration (or their blood relatives, relatives by marriage, acquaintances etc.), and/or business or any other kind of opportunities from which they might profit personally;
 - promise or offer to representatives of the Public Administration (or their blood relations, relations by marriage, acquaintances etc) consulting and/or other services from which they might profit personally;
 - incur unjustified entertaining expenses or expenses serving purposes other than the promotion of the Company image;
 - promise or provide, even through third parties, works/services for personal gain (e.g. the renovation of buildings they either own or benefit from - or that their blood relatives, relatives by marriage, acquaintances etc. own or benefit from);
 - supply or promise to supply, request or obtain confidential information and/or documents likely to compromise the integrity or reputation of either party involved;
 - favour suppliers and sub-suppliers, during purchasing operations, recommended by representatives of the Public Administration, as a condition for the carrying out of future business (e.g. assignment of an order, favourable conditions for obtaining financing or being granted a licence).

All such actions and conduct are strictly forbidden whether directly attributable to the Company through its employees or through non-company staff acting on its behalf.

- When dealing with the Public Administration, it is also an offence to:
 - produce false or doctored documents/information;
 - withhold or fail to produce authentic documents;
 - deliberately attempt to mislead the Public Administration into making an incorrect technical-financial assessment of the products and services being offered/supplied;
 - deliberately omit information in order to mislead the Public Administration into deciding in their favour;
 - behave in such a way as to unfairly influence the decisions made by the Public Administration;
 - be represented by consultants or "third parties" when this may lead to conflicts of interest;
 - abuse their position as public service providers for the Company's or their own personal gain.
- As a rule, the Company is forbidden to hire former employees of the Public Administration, who have been personally involved in business dealings or who have endorsed requests to the Public Administration by the Company or its subsidiaries, associated companies or companies under the joint control of the Company.
- In the event of civil, criminal or administrative litigation no unlawful action (direct or indirect) may be taken that might favour or prejudice any of the parties involved.
- Directors are prohibited from:
 - returning contributions to shareholders or exempting them from the obligation to make them, except in legitimate instances of reducing company share capital, or from carrying out capital reductions or mergers with other companies or demergers in breach of legal provisions protecting creditors;
 - allocating profits or paying advances on profits that have not actually been made or that should legally be allocated to reserves; in other words, they must not distribute reserves unless permitted to do so by law;
 - acquiring or causing the Company to acquire shares or interests in companies issued by the Company or by its parent company, except in those cases permitted by law;
 - spuriously creating or increasing the Company share capital in unlawful ways.
- As a rule, it is strictly forbidden to:
 - obstruct the control functions of shareholders, independent auditors, the Supervisory Board and the Group's Internal Audit department;
 - cause harm to the integrity of company assets and carry out transactions to the detriment of creditors;

² Instituted in accordance with the provisions of Legislative Decree 231/2001.

³ Implemented in compliance with the provisions of Legislative Decree 231/2001.



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- influence the Shareholders' meeting, spreading false information about the Company.
- It is strictly forbidden for Directors, Statutory Auditors and employees to:
 - buy, sell or carry out other transactions, directly or indirectly, in financial instruments, including those of the parent company, on their own behalf or on behalf of others, using price sensitive information (as defined by Article 181 of Legislative Decree 58/1998, namely information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments);
 - recommend or induce others, on the basis of price sensitive information, to carry out the aforementioned transactions;
 - disclose price sensitive information to third parties outside the normal exercise of their working activities.
- As a rule, it is also strictly forbidden to disseminate false or misleading information, or to undertake simulated transactions or use other devices genuinely likely to produce a significant alteration in the price of financial instruments or provide false and misleading indications in their regard.
- Employees and consultants, suppliers and generally any third party acting on the Company's behalf shall refrain from any conduct that may harm the Company's image.
- All consultants, suppliers and generally any third party acting on the Company's behalf shall avoid any conflicts of interest with the same, undertaking to inform the Company immediately should any conflict arise.
- All consultants, suppliers and generally any third party acting on the Company's behalf are strictly forbidden from carrying out any action that is or may be regarded as contrary to prevailing laws and/or regulations, even in the event that such conduct affords or may, even only theoretically, afford any type of benefit or gain for the Company.

§ 3 "Penalties"

Regardless of any other legal action taken against the person(s) responsible for the offence(s), all and any actions or conduct that fail to comply with the provisions set out in the Ethical Code and this Code of Conduct shall be punished in accordance with the prevailing legislation and/or the provisions of the collective bargaining agreements.

POLICY: HEALTH, SAFETY, ENVIRONMENT AND SOCIAL RESPONSIBILITY

(CSR Policy)

Pirelli supports and respects the protection of internationally proclaimed human rights, is committed to implement the ethical code approved by the Board and is engaged in continuous improvement of social, ethical, health and safety and environmental aspects. Pirelli considers the protection of the integrity, health and welfare of its employees, and of the environment as one of the primary needs that is to be respected in organizing its activities.

Pirelli abides the principle of "Sustainable Development" and undertakes to put it into practice.

To these ends all Group Companies are committed the following principles:

- to manage its activities by adopting health, safety, environmental and social accountability Management Systems in compliance with international standards;
- to communicate and spread health, safety, environmental and social accountability information to the internal and external stakeholders, actively co-operating with national and international academic and legislative bodies;
- to promote the use of the most advanced technologies in order to achieve the excellence in safety, workers health and environment protection;
- to assess and reduce the environmental impact of its processes/products adopting the "life cycle" approach;
- use material resources responsibly, with a view to achieving sustainable growth that respects the environment and the rights of future generations;
- to appraise the risks of work injury or occupational ill health and to identify the environmental impact of its activities. In order to eliminate or minimize them, complying with the legislation in the different countries as a minimum requirement;
- not to engage in or support the use of child labor and forced labor
- to ensure equal opportunity, freedom of association and to promote the development of each individual;
- to counteract the use of mental or physical coercion, verbal abuse or corporal punishment;
- to comply with applicable laws and industry standards on working hours;
- to ensure that wages shall always meet at least legal or industry minimum standards and shall be sufficient to meet basic needs of



Pirelli Tyre S.p.A.

- personnel;
- to establish and maintain appropriate procedures to evaluate and select suppliers and subcontractors based on their commitments to social and environmental accountability;
- to involve all levels of the organization and all Group employees by assuring that responsibilities and operating procedures are precisely defined, appropriately communicated and clearly understood;

The present policy is made publicly available and diffused to all Group Companies.

Pirelli is committed to continuously improve its Policy and programs and to implement the procedures, rules and instructions serving to ensure that the values embodied in the policy are reflected in the conduct of each company and in that of its employees and collaborators. Pirelli believes that through the application of this policy it will contribute to provide present and future generations the conditions and instruments for a better quality of life.



Pirelli Tyre S.p.A.

ORDER CONFIRMATION

With reference to your order, identified herein, we accept the terms and conditions contained in it. We also accept, without any reservations whatsoever, the General Conditions for the Purchase of Goods and Services of PIRELLI TYRE Spa annexed to it.

Supplier's stamp and signature

We specifically approve, pursuant to articles 1341 and 1342 of the Italian Civil Code and for the purposes thereof:

- 1.1 Field of application
- 1.3 Acceptance of the Contracts
- 1.4 Non-transferability of Contracts and credits
- 1.5 Applicable law and jurisdiction
- 1.6 Information security
- 1.8 Supplier's responsibilities
- 1.9 Prohibition of subcontracting
- 1.12 Ethical code
- 1.13 Health, Safety, environment and social responsibility
- 2 Intellectual Property/Technical information
- 3.3 Place and time of delivery
- 3.4 Compensation for late delivery and for nonconformity of the supply
- 5. WITHDRAWAL
- 6. TERMINATION
- 7.1 Duration of the guarantee
- 7.2 Quantity Guarantee
- 7.3 Quality Guarantee
- 7.4 Inspections
- 7.6 Liability for defects
- 7.7 Insurance
- 7.8 Suspension of payment

Supplier's stamp and signature

With reference to the provisions introduced by Presidential Decree 472/96 (suppression of BABV), please note that we will not accept, for any reason, any deliveries of goods without shipping documents and/or invoices containing at least the following information:

- reference to Pirelli order number
- description and quantity of the goods delivered
- reason for the delivery

If the shipment is accompanied solely by an invoice, note that the Supplier must send said invoice to the invoicing address specified above.

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Sede legale:
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Partita IVA, Codice Fiscale
e Registro delle Imprese
di Milano: 07211330159

Capitale Sociale Euro 256.820.000 i.v.
REA di Milano 1147607

Società con Socio Unico - direzione e coordinamento di Pirelli & C. S.p.A.



Pirelli & C. S.p.A.

GENERAL CONDITIONS FOR THE PURCHASE OF GOODS AND SERVICES

1. GENERAL CLAUSES

1.1 Field of application

These General Conditions of Purchase (hereinafter "General Conditions") shall regulate (as far as applicable) all supplies of goods and services made by your company (hereinafter "**Supplier**") to Pirelli (as defined below), in fulfilling contracts that may arise also from the confirmation (whether express or through conclusive evidence) of purchase orders (hereinafter "**Contracts**"). These conditions may be added to or changed in purchase orders.

The Supplier therefore waives application of its own general and specific conditions of sale.

The details of Contracts and any amendments or additions thereto or to these General Conditions must be agreed on by the Parties in written form and signed by their authorised representatives, or else they will be null. Any amendments and additions to the General Conditions shall be limited to the specific case in relation to which they are agreed.

1.2 Definitions

For the purposes of these General Conditions, the following terms shall have the meaning specified and assigned to each of them below:

1. "**Good**": materials, machinery or other items expressly stated in the Contracts;
2. "**Technical Information**": any kind of technical information that is not in the public domain including, by way of example, drawings, technical and/or functional specifications, tables, models, samples, prototypes, methods, measuring instruments, databases, software, films, digital videos, photographs supplied in any form by and/or on behalf of Pirelli to the Supplier and/or which the Supplier becomes aware of for the production of the Goods or for providing the Service in connection to the performance of the Contracts;
3. "**Orders**": purchase orders issued by Pirelli to the Supplier;
4. "**Parties**": Pirelli and the Supplier;
5. "**Pirelli**": Pirelli & C. S.p.A., including its subsidiaries (as far as applicable) (hereinafter "Group");
6. "**Service**": work and/or intellectual services provided to Pirelli by the Supplier;
7. "**Results**": any and all inventions, technology, data, information of any type, method, specification, know-how, software, still or filmed images and photographs, conceived, discovered, developed or reduced to practice by the Supplier in the performance of the Contracts.

1.3 Order acceptance

Orders become irrevocable for Pirelli as soon as order confirmation is received thereby, duly signed by the Supplier for acceptance and returned within 15 days of receiving the Order. Pirelli reserves the right to reject supplies that the Supplier has begun fulfilling without sending the corresponding Order confirmation.

By accepting the Order, the Supplier agrees to provide the supply in accordance with the Technical Information referred to in the Order itself.

Before beginning the supply, the Supplier shall notify any needs for changes with respect to the indications reported in the Technical Information. In this case, the supplies may not begin until Pirelli has sent its written consent thereto.

1.4 No assignment of Contracts and credits

The Contracts and credits arising therefrom cannot be assigned by the Supplier. The Contracts can be assigned by Pirelli, though only to Group companies.

1.5 Applicable law and jurisdiction

Supplies are regulated in all respects by the law in force in the country of destination. Any disputes which may arise in relation to or as a result of the supplies and/or the Contracts, their efficacy, validity, performance, interpretation, resolution and termination, and of all relations referring to or connected with the supplies and/or the Contracts, and of all related credits and debts, shall fall under the exclusive jurisdiction of the court of the country of destination of the Good or of the country where the Service is to be provided.

1.6 Information security

The Supplier agrees to adopt all security measures required to prevent the risk of alteration, loss, destruction, disclosure or unauthorised use of Confidential Information, as defined in Article 2. Pirelli may notify the Supplier of security measures or conditions deemed necessary thereby, and the Supplier hereby agrees to adopt them. Pirelli shall have the right to check that the Supplier has correctly fulfilled all its obligations under this clause, whether directly or via a third party. In this regard, the Supplier grants Pirelli the right to have access to its premises, whether directly or via a third party, in order to check its compliance with the requirements of this clause.

1.7 Incident reporting

The Supplier hereby agrees to notify Pirelli's Security Service immediately, or, if this is impossible, within maximum 24 (twenty-four) hours, of any incidents that have caused, or that risk causing, the theft, loss, alteration of, or forbidden or unauthorised access to, Confidential Information.

This notification shall be sent by using the following numbers:

Telephone: +39-02-6442.2069 or +39-02-6442.3772

Fax: +39-02-6442.2130

e-mail: security.dept@pirelli.com

1.8 Supplier's responsibilities

During the performance of the Services, the Supplier agrees to strictly comply with all provisions of contract law, and specifically:

- to accept all its responsibilities in relation to the work contracted, in that it employs specialised personnel qualified to perform the work;

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¹ Sede legale:

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Tel. +39 02 64421 - Fax +39 02 64421

Partita IVA, Codice Fiscale

e Registro delle Imprese

di Milano 00860340157

Iscrizione ex art. 113 T.U.B. n. 4287

REA di Milano 1055

Capitale Sociale Euro 1.556.692.865,28 i.v.



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- to use, in execution of the work, all technical and organisational measures and all equipment required or recommended by current accident-prevention regulations, for the purposes of ensuring safety and hygiene at work for its technicians and workers, and for the purpose of guaranteeing the safety of people, plants and objects belonging to Pirelli and to third parties in compliance with current regulations;
- to maintain in effect, for the entire duration of the contract, the insurance policies which the Supplier has provided a copy of, and to give notice of any change which may occur in relation to the documentation provided regarding the Supplier (ownership, organisation, employees);
- to make sure that the provisions of law on social security, welfare and insurance as well as the provisions in force on employment (laws, regulations and national labour agreements/collective agreements), quasi self-employment or collaboration are and will be complied with in relation to the staff performing the Services, and that the latter are suitable for the work to be carried out;
- to appoint a contact person for its relationships with Pirelli, who will be available for the entire duration thereof, whose name will be notified before commencement of the services;
- not to make use of child labour;
- to comply with environmental regulations.

In particular, when asked to perform a Service at Pirelli factories, laboratories, warehouses or offices, the Supplier agrees:

- to ensure that its employees comply with Pirelli's corporate regulations and safety procedures;
- to comply with all fire prevention rules and precautions;
- to accept all liability for accidents and damages of all kinds caused directly or indirectly by its employees and activities to Pirelli's employees and property, expressly relieving and indemnifying Pirelli from and against any liability and cost.

Lifting and handling equipment and all equipment the Supplier needs to perform the work must be supplied by the Supplier, who shall guarantee that such equipment is perfectly suitable for its intended use.

Such equipment must fully comply with the regulations in force for the entire duration of the work and/or of the Contract.

The Supplier is expressly forbidden from using vehicles and/or equipment that are owned or managed by Pirelli.

1.9 No subcontracting

Unless otherwise agreed in writing by the Parties, the Supplier may not subcontract, not even in part, the manufacture of the Goods and/or execution of the Services commissioned by Pirelli.

1.10 Information on personal data processing (Art. 13 Legislative Decree No. 196 of June 30, 2003)

Pirelli, for the sole purpose of managing the supply/purchase contractual relationship, uses data regarding the Supplier which, albeit not mandatory, are necessary to execute the Contracts.

This information is collected in printed and computerised archives managed by Centro Servizi Amministrativi Pirelli S.r.l. - Administration department (the data controller) and shall be treated using methods that are strictly necessary for the purposes specified.

Specifically, these data include (for example, but not limited to): company name, address, V.A.T. number, tax code, etc..

These data shall be provided only to those who work in Pirelli company processes and who process them in fulfilment of specific legal obligations.

The Supplier may exercise the rights specified under art. 7 of Legislative Decree 196/2003 at any time (including: the right to be informed at any time of its personal data held by Pirelli and how they are used, the right to have them updated, corrected, deleted, blocked or to object to their use for legitimate reasons), by contacting the Purchasing Service, Pirelli Tyre - viale Sarca 222 - 20126 Milan (fax: +39 02 6442 31177 e-mail: purchasing.tyresector@pirelli.com). This office also keeps an up-to-date list of all data controllers with respect to the Supplier's personal data. The people in charge of treating the Supplier's personal data for Pirelli will be those working for Purchasing and Administration and Control, and those treating the information for Centro Servizi Amministrativi Pirelli S.r.l. will be the people in charge of suppliers' Administration.

1.11 Ethical code

1. The Supplier declares that it has read and is familiar with "The Values and Ethical Code" and the "Social Responsibility Policy for Health, Safety and Rights at Work, Environment of the Pirelli Group", published and available at http://www.it.pirelli.com/web/sustainability/sust_dev/develop/policies/values/default.page which lay down the principles that guide Pirelli's management of its business and its dealings with third parties.
2. In light of the foregoing, the Supplier undertakes, in connection with the execution of this contractual relationship:
 - not to use or support the use of child labour and forced labour;
 - to ensure equal opportunities and freedom of association, promoting individual development;
 - to reject the use of corporal punishment, mental or physical coercion, verbal abuse;
 - to comply with applicable laws and industry standards on working hours and to ensure that wages are sufficient to satisfy its staff's basic needs;
 - to establish and maintain appropriate procedures to evaluate and select suppliers and subsuppliers based on their social and environmental responsibility standards;
 - not to tolerate any kind of corruption in any form or manner, in any jurisdiction, even where such activities are customarily permitted, tolerated or not prosecuted;
 - to assess and reduce the environmental impact of its products and services throughout their life cycle;
 - to use resources responsibly, in line with the objective of achieving sustainable development, respecting the environment and the rights of future generations.
3. The Supplier shall also require any subcontractors and subsuppliers to act in line with the conduct mentioned in the previous paragraph, and shall regularly monitor their actual compliance therewith.
4. The Supplier hereby accepts that Pirelli shall be entitled, at all times, whether directly or via third parties, to check whether or not the Supplier has

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² Sede legale:

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Partita IVA, Codice Fiscale
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complied with the requirements accepted thereby under this clause.

5. The Supplier undertakes to take all necessary measures to comply with the conduct mentioned in paragraph 2 of this clause if, after the checks mentioned in the foregoing paragraph, any non-conformities are discovered.
6. The Parties agree that Pirelli may resolve this contractual relationship by reason of the Supplier's default, by mere written communication sent to the other party if the latter breaches any provision of paragraph 2 of this clause.

2. INTELLECTUAL PROPERTY

2.1 Confidential Information

2.1.1 For the purposes of this Article 2, "Confidential Information" means, collectively, (i) Technical Information, (ii) any other information, whether commercial or otherwise, other than Technical Information, concerning Pirelli, its materials, products, processes, services and activities, supplied and/or disclosed, in any form, by and/or on behalf of Pirelli to the Supplier and/or which the Supplier becomes aware of in connection with the performance of the Contracts, (iii) the Results and (iv) any note, study or other document prepared by the Supplier which contains or otherwise reflects Technical Information, the information mentioned in point (ii) and the Results.

2.1.2 The Supplier acknowledges and agrees that Pirelli is the owner of Confidential Information and of any related intellectual property right.

2.1.3 The Supplier shall:

- (a) keep secret and not disclose Confidential Information to any third party;
- (b) put in place all measures and precautions that are reasonably necessary and appropriate to prevent the disclosure and unauthorized use of Confidential Information;
- (c) at the end of the supply, or even earlier upon request of Pirelli, promptly return all documents containing Confidential Information and destroy any copy thereof, whether hard copies or copies on any other support, subject to the Supplier's obligation, within 30 (thirty) days of Pirelli's request, to deliver a statement certifying the successful disposal of such documents and/or copies;
- (d) use Confidential Information solely for the purpose of performing the Contracts;
- (e) not reproduce or copy Confidential Information except as expressly authorized by Pirelli;
- (f) not patent any information or data contained in such Confidential Information;
- (g) disclose Confidential Information within its own organization only to the employees whose duties imply the knowledge of such Confidential Information;
- (h) inform any employees within its own organization who become aware of Confidential Information, of the confidentiality obligations related thereto;
- (i) not develop for third parties and/or supply to third parties, for whatsoever reason, directly or indirectly, products made by using Confidential Information;
- (j) require any third party to whom the Supplier must communicate Confidential Information in the execution of the Contracts to comply with the obligations under this

clause and shall ensure such compliance, subject to the Supplier's liability to Pirelli for any infringement by such third party of the obligations mentioned in this clause 2 with respect to such Confidential Information.

2.1.4 If the use of the Results implies the use of any patent, software and know-how or any other intellectual property right held by the Supplier ("Rights of the Supplier"), the Supplier hereby grants Pirelli a non-exclusive, royalty-free, irrevocable, perpetual and assignable licence (with sublicensing rights) to use the Rights of the Supplier for the sole purpose of Pirelli's use of the Results.

2.1.5 Neither these General Conditions nor the disclosure of Confidential Information as envisaged herein, may be interpreted as granting the Supplier any licences to patents, patent applications, or any other intellectual property rights with respect to information and data contained in Confidential Information.

2.1.6 Regardless of the term of supply, with reference to each piece of Confidential Information received, the Supplier's obligations under clause 2.1.3 will cease to be effective when all Confidential Information enters the public domain through no fault of the Supplier.

2.2 Supplier's intellectual property rights

The Supplier warrants that the Goods supplied thereby, their components and accessories and (as far as applicable) the use of the Services provided (in both cases, even if subsequently processed by Pirelli or by third parties on behalf of Pirelli) do not infringe third party industrial or intellectual property rights. The Supplier undertakes to promptly settle any third party claim of infringement of industrial or intellectual property rights by reason of the possession or use, as the case may be, by Pirelli, of the Goods and/or the Services, and shall in any case indemnify Pirelli from and against such claims.

Except as otherwise agreed in writing, the Supplier waives the right to enforce any intellectual property rights in the Good or Service against Pirelli, its successors in any capacity and also within its business branch or part thereof, its customers and licensees (as well as their customers and licensees, even subsequent ones). Unless otherwise and expressly indicated to the Supplier prior to signature of the Contracts, the Goods supplied must be considered freely exportable to the Country (identified in the Contract) where delivery is to take place.

3. DELIVERY AND ACCEPTANCE OF SUPPLY

3.1 Delivery

For the purposes of ascertaining compliance with deadlines for delivery and transfer of the risk of damage or total or partial loss of the Goods from the Supplier to Pirelli, all deliveries must be made in compliance with the conditions specified in the current "Incoterms" regulations and set forth in the Contracts.

The Goods shall be transported taking all measures required to protect them against damage.

3.2 Acceptance of the supply

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³ Sede legale:

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The supply shall be considered accepted, where applicable, upon completion of the tests identified in the Contracts.

3.3 Place and time of delivery

The Supplier must comply punctually with the deadlines for delivery specified in the Contracts (which are to be considered essential in Pirelli's interest), and may not deliver the Goods before or after such deadlines. Pirelli shall have the option of returning any Goods supplied before the agreed delivery date, at the Supplier's expense, or charging the Supplier for the cost of storage and financial costs for the advance delivery period.

3.4 Compensation for late delivery and for nonconformity of the supply

If the supply is to be delivered to a country other than the United Kingdom, the United States and Canada, in the event of late delivery attributable to the Supplier, Pirelli may request execution of the Contracts and apply a penalty for late delivery equal – unless otherwise specified in writing – to 0.5% per full week of delay up to maximum 5% of the price of the supply which has not been delivered by the agreed deadline.

Pirelli shall have the right to compensation for all damage caused thereto directly or indirectly, including, but not limited to, loss of production, as a result of:

- (a) late (or partially late) delivery or failure to deliver on the part of the Supplier, or
- (b) breach of any provision expressly or implicitly indicated in the Contracts or General Conditions, or
- (c) supply of Goods and Services which do not conform to the Contracts.

4. PRICES AND PAYMENTS

Unless otherwise agreed in writing, the prices indicated in the Contracts are to be considered fixed and not subject to revision. In any case, any price variations made for whatsoever reason shall be valid and binding upon Pirelli only if accepted thereby in advance in writing.

In case of supply of Services, payment of the invoices to be issued by the Supplier is conditional upon the latter's prior demonstration, through the transmission and acquisition of the corresponding documents in favour of Pirelli, of its full compliance with the law, collective agreements and regulations in force governing the wages to be paid to its employees, in both statutory, economic, contributory and social security terms. Payment of invoices shall also be conditional upon the Supplier's prior demonstration that its subcontractors, where expressly authorized, comply themselves with the obligations mentioned in this clause.

5. WITHDRAWAL

Pirelli may withdraw from each Contract by giving the Supplier a mere 30 (thirty)-day prior notice in writing (however, this notice will be immediately effective if Pirelli grounds its withdrawal on circumstances that are such as to lead Pirelli to assume that the Supplier will not be able to ensure compliance with its obligations, or in case of bankruptcy or any other insolvency proceedings against the Supplier's company or in case

of the latter's liquidation or sale). Pirelli shall owe the Supplier nothing as a consequence of its exercise of the right of withdrawal, though the Supplier shall have the right to demand payment for services provided in a satisfactory manner up to that date.

6. RESOLUTION

6.1 In the event of non-compliance by the Supplier with its obligations under the Contracts, Pirelli may, without prejudice to its right to take further action as specified in the Contracts for specific cases, send the Supplier a written intimation to comply with its obligations within a reasonable time period, declaring that, if this time period elapses without any action being taken, the contractual relationship shall be considered resolved. This time period may be no less than fifteen (15) working days.

6.2 In addition to the provisions of clause 6.1, Pirelli may resolve the Contracts at any time by sending the Supplier written notification effective as of a date identified by Pirelli in its notification, in the event that the Supplier:

- (a) begins liquidation proceedings or is subject to any insolvency proceedings;
- (b) breaches the confidentiality and limitation of use obligations laid down in clauses 1.6 and 2;
- (c) is associated with or subjected to any form of control, including indirect control, by a competitor of Pirelli;
- (d) defaults on the prohibition of subcontracting stated in clause 1.9;
- (e) defaults on the obligation not to assign the Contracts and credits identified in clause 1.4;
- (f) breaches any provision of the Ethical Code;
- (g) breaches any obligation undertaken pursuant to clause 1.10.

6.3 The resolution of the contractual relationship shall apply only in relation to supplies which have not yet been executed as of the date of resolution itself.

6.4 The resolution of the Contracts as under this clause and in any other case, shall not cancel the obligations of the Supplier as under clause 1.5 (applicable law and jurisdiction) and the provisions of clause 2, which will survive such resolution.

7. GUARANTEE AND QUALITY

7.1 Duration

Unless otherwise stated in the Contracts, the Supplier guarantees the suitability for use of the Goods supplied for minimum 24 (twenty-four) months from the date of delivery.

7.2 Guarantee of quantity

The Supplier guarantees that the quantity of Goods delivered corresponds to the quantity specified in the Contracts. The quantities determined by Pirelli during its inspection upon arrival of the Goods at their destination shall be considered final and valid. If the quantities of Goods delivered do not correspond to the agreed quantities, Pirelli may decide to:

- (a) accept the quantities actually delivered and change the quantities of later orders accordingly;

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⁴ Sede legale:

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Partita IVA, Codice Fiscale

e Registro delle Imprese

di Milano 00860340157

Iscrizione ex art. 113 T.U.B. n. 4287

REA di Milano 1055

Capitale Sociale Euro 1.556.692.865,28 i.v.



Pirelli & C. S.p.A.

- (b) ask the Supplier to collect the quantities in excess of the ordered quantities, and has the option to send them back directly at the Supplier's expense and risk, and charge the Supplier for the financial costs resulting from any payment already made, and for storage costs if the Supplier does not collect them immediately;
- (c) have the Supplier immediately send the missing quantities of Goods, charging the Supplier for the costs and expenses resulting from defaulting.

Pirelli shall exercise one of the options listed above within 3 (three) months of the date of delivery of the Goods.

7.3 Guarantee of quality

The Supplier guarantees that the supply is free from defects.

The supply shall be considered defective if:

- (a) it is different from what is indicated in the Contracts or
- (b) it does not match the characteristics represented by the Supplier in its samples and prototypes, or
- (c) it fails to comply with the safety regulations specified by Pirelli, or
- (d) it is not suitable for the specific use for which Pirelli intended to use it.

7.4 Inspections

Pirelli may inspect the Supplier's premises both to control the Goods or to accept the Goods, where required, and to check the quality system implemented within the Supplier's organisation. The methods and extent of the inspection shall be agreed on with the Supplier in each specific case.

7.5 Measures to be taken in the event of defects

The Supplier must, as quickly as possible and at its own exclusive cost, remedy any violations of the guarantee that may take place during the established guarantee period.

7.6 Liability for defects

If the Supplier fails to remedy a violation of the guarantee within a reasonable period of time during the guarantee period, Pirelli may:

- (a) complete the work itself or have a third party do so, at the Supplier's risk and expense;
- (b) ask the Supplier to guarantee a reasonable reduction of the price specified in the Contracts;
- (c) cancel the Contracts entirely or in part, if the defect or damage is such that Pirelli enjoys none of the benefits to be derived from the Goods or a substantial portion thereof.

7.7 Insurance

The Supplier must pay for and sign a suitable insurance policy covering damage resulting from delivery of the Goods and/or execution of the Services by its personnel and/or by any third parties appointed by the Supplier itself.

If requested, the Supplier shall provide Pirelli with a copy of the insurance policy, showing the insured value per incident, which must be proportionate to the value of the Goods/Services to be supplied under the Contracts.

7.8 Suspension of payments

In case of any defaulting by the Supplier, including defective or late services, late delivery or delivery of defective Goods, Pirelli shall be entitled to withhold payments due to the Supplier, without interest, until the Supplier remedies the defaults or provides appropriate assurance of its ability to comply with the terms of the Contracts.

7.9 Certification of the Supplier

Unless otherwise stated in the Contracts, the Supplier must demonstrate its conformity with ISO 9001 certification through an accredited agency.



Pirelli & C. S.p.A.

ORDER CONFIRMATION

With reference to your order, identified herein, we accept its terms and conditions. We also accept, with no reservation, the General Conditions for the Purchase of Goods and Services attached thereto.

Supplier's stamp and signature

We specifically approve, pursuant to Articles 1341 and 1342 of the Civil Code and for the purposes thereof:

- 1.4 No assignment of Contracts and credits
- 1.5 Applicable law and jurisdiction
- 1.9 No subcontracting
- 1.11 Ethical code
- 2 Intellectual Property.
- 3.3 Place and time of delivery
- 3.4 Compensation for late delivery and for nonconformity of the supply
- 5. Withdrawal
- 6. Resolution
- 7.1 Duration of the guarantee
- 7.2 Guarantee of quantity
- 7.3 Guarantee of quality
- 7.4 Inspections
- 7.5 Measures to be taken in the event of defects
- 7.6 Liability for defects
- 7.7 Insurance
- 7.8 Suspension of payments

Supplier's stamp and signature

With respect to the provisions introduced by Presidential Decree 472/96 (suppression of waybill for travelling stock), please note that we will not accept deliveries of goods, for any reason, which are not accompanied by a delivery note or invoice that includes at least the following data:

- PIRELLI ORDER
- NATURE, QUALITY AND QUANTITY OF GOODS DELIVERED
- REASON FOR THE DELIVERY

In case of transport accompanied by an invoice, please note that the invoice must also be sent, **BY THE SUPPLIER**, to the competent Administration and Control Service for all administrative formalities.