



PIRELLI UK

ANTI-FRAUD POLICY

MESSAGE FROM DIMITRIOS PAPADAKOS (CHIEF EXECUTIVE OFFICER OF PIRELLI)

It is important that we, Pirelli, take every reasonable measure to prevent fraud from taking place within our business. This anti-fraud policy is one of a number of new fraud prevention procedures that we have adopted, that are designed to comply with our legal requirements and reinforce our zero-tolerance approach to fraud. I fully support these new measures, and the implementation of this policy, and we trust that you will all do the same to ensure that the core ethical values at the heart of our business are protected.

1 September 2025

1. INTRODUCTION

Pirelli UK Tyres Limited and its subsidiaries (together, "**Pirelli UK**") are committed to the prevention, deterrence and detection of fraud.

We take a zero-tolerance approach to fraud. This document sets out the Pirelli UK's policy against fraud (the "**Policy**") and the standards and procedures required to ensure compliance with this Policy.

Compliance with this Policy is mandatory and people will be held accountable for their behaviour in relation to this Policy.

2. POLICY OBJECTIVE

The purpose of this Policy is to set out expectations and responsibilities for the Pirelli UK and for those working on our behalf, in observing and upholding our zero-tolerance to fraud in our business.

Specifically, this Policy contains information and guidance on how to recognise fraud and avoid creating liability under the corporate offence of failure to prevent fraud (the "**FTPF Offence**"), created by sections 199-206 of the UK's Economic Crime and Corporate Transparency Act 2023 ("**ECCTA**"). As a result of the FTPF Offence, we may be held criminally liable where a fraud offence (which is an offence under UK law, which could for example include activities outside of the UK affecting UK persons) is committed by an officer, employee, subsidiary or any other associated person (as defined in Section 4 of this Policy), for our benefit, unless we are able to demonstrate that we have reasonable fraud prevention procedures in place.



Pirelli UK does not tolerate any form of fraud within its business, and we expect our officers, employees, subsidiaries and other associated persons to conduct themselves in accordance with this Policy, and compliance with this Policy is mandatory.

3. SCOPE

This Policy applies to everyone working in or for Pirelli UK, regardless of position or title, such as officer, employee, fixed-term employee or temporary staff, or full time or part time. It is vital that all such persons know the rules and comply with them.

We also require all our business partners, suppliers, consultants, contractors and agents to act in accordance with the underlying principles set forth in this Policy. Such third parties may also be asked to commit contractually to follow our [Code of Ethics](#), which prohibits undertaking corrupt and / or fraudulent activity.

This Policy should be read in conjunction with the Pirelli Group's other policies and procedures related to financial crime, including the Group's [Anti-Corruption program](#) and [Code of Conduct](#).

4. RELEVANT OFFENCES

Fraud is an offence in each jurisdiction in which the Pirelli UK operates. It typically involves the intentional deception of a person for personal gain, often by misrepresentation, abuse of power, or concealment of facts. Individuals, such as those working for or on behalf of the Pirelli UK, will typically be liable for their own fraudulent acts.

Under ECCTA, organisations may also be held liable for the actions of others and, in the case of an FTF Offence, those that are "associated" with them. This can include the Pirelli UK's employees, agents, contractors, suppliers, joint ventures and subsidiaries, or any person who otherwise performs services for or on behalf of the Pirelli UK ("**associated persons**").

The FTF Offence applies where an officer, employee or other associated person commits any of the relevant offences outlined in Appendix 1 under the law of the relevant part of the UK, intending to benefit the Pirelli UK (whether directly or indirectly) or our clients. However, the FTF Offence also has extra-territorial effect. This means that the Pirelli UK can still be liable where the fraud takes place outside of the UK, by a non-UK employee, intending to benefit the Pirelli UK. It is important all Pirelli UK officers, employees, and associated persons are aware of this. Please see Appendix 1 for further detail on the FTF Offence.

Remember, the intended fraudulent gain or loss may be financial or non-financial. For example, a fraud intended to confer an unfair business advantage might be an offence. Equally, a fraud that disadvantaged one of our competitors might also be an offence.

5. RAISING CONCERNS

Pirelli UK requires compliance with the principles set out in this Policy by promoting an open corporate culture that does not permit any form of reprisal against those who report possible violations or suspected violations of this Policy. As detailed in the Pirelli Group's [Whistleblowing Policy](#), officers, employees and other associated persons are strongly encouraged to raise questions



or concerns at the earliest possible stage via the Group's dedicated whistleblowing channel. This whistleblowing channel allows officers, employees and other associated persons to report issues anonymously to internal points of contact that can be accessed through the [Whistleblowing Channel](#)

In accordance with our whistleblowing policy and the whistleblowing channel, we follow a strict adherence to confidentiality and abide by a rule that those reporting an incident will not be subjected to any retaliation. No person will suffer demotion, penalty or other adverse consequences for refusing to commit fraud or refusing to participate in other fraudulent practices even if this may result in the Pirelli UK losing business.

6. TRAINING AND COMMUNICATION

Training initiatives are implemented by the Human Resources Department with the support of the Compliance Department to all officers and certain Pirelli UK employees considered to be exposed to an elevated risk from a failure to prevent fraud perspective.

Training activities, which may also include online courses, can be differentiated in both content and delivery methods depending on the role of the recipients, the risk level of the area in which they operate, and whether or not the recipients hold representative functions on behalf of Pirelli UK.

For individuals most closely involved in activities considered sensitive under ECCTA, Pirelli UK organises dedicated classroom training courses.

Participation in training courses for those persons selected is mandatory and monitored by Pirelli UK.

Our zero-tolerance approach to fraud is communicated through publication of this Policy on Pirelli's UK website and through other means in the course of a business relationship.

7. MONITORING AND REVIEW

Whilst the Board of Directors have overall responsibility for this Policy and will oversee the status of its implementation, Pirelli's Chief Executive Officer (the "CEO") is accountable to the Board of Directors and will ensure that the responsibilities for the implementation of the Policy are assigned across Pirelli UK. The CEO will endeavour to ensure that senior management understand their personal responsibilities relating to this Policy and its effective implementation. Our Compliance Department is in charge of the day-to-day management of fraud related risks. By way of example, the Compliance Department will endeavour to:

- identify key risk indicators (KRIs) relating to "at risk" areas of the business;
- monitor any identified KRIs on an ongoing basis; and
- provide periodic reports to the CEO and to the Board of Directors in relation to the same.

Pirelli UK will keep records of, and regularly monitor, compliance with the procedures required by this Policy. We will also keep records of any suspicious activity that has been identified relevant to this Policy.



Pirelli UK will periodically review the implementation of this Policy in respect of its suitability, adequacy and effectiveness and is committed to making improvements as appropriate. Specifically, the Compliance Department may propose to the Board of Directors to update the Policy based on, for example, material changes to the organisation or the legal or regulatory framework. Any revision to the Policy is subject to the approval of the Board of Directors. Once a new version is approved, it will be published on the Pirelli UK's intranet and website.

8. INVESTIGATIONS AND SANCTIONS

Pirelli UK will actively investigate and assess any potential fraud, breaches or suspected breaches of this Policy.

The Compliance Department will be updated on the progress of any investigation related to potential fraud falling within the scope of the Policy, and the CEO and the Board of Directors will be informed of any confirmed fraudulent activity.

Following an investigation, the Pirelli UK may invoke disciplinary measures against any officers, employees found to be involved in fraud and will take prompt action to remedy the breach. In appropriate circumstances, the Pirelli UK may also invoke contractual sanctions against, or terminate a relationship with, any associated persons or other third party who is found to have been involved in fraud-related offences.

9. RISK AREAS AND RED-FLAGS

Risk areas

In order to assess the key risks areas for the business from an ECCTA perspective, Pirelli UK carried out the following four-step process:

1. Identified the processes, sub-processes or business activities in which there is a risk of fraud, by means of interviews with the Heads of Pirelli Departments, review of procedures already in place, and any information relevant to identify potential risks (e.g., business reviews, audits).
2. Performed a thorough fraud risk assessment of all aspects of our business and operations, which identified the following areas as vulnerable to risk

- Purchasing and procurement
- Human Resources and Payroll
- Logistics
- Sales and Marketing
- Finance and Treasury
- Health and Safety

(together, "**Risk Areas**").



This list is not exhaustive, a fraud risk assessment will be conducted periodically, and this section of the Policy will be updated based on the results of those assessments.

3. Identified a number of specific controls in relation to each of the Risk Areas designed to prevent or mitigate the risk of fraud. They include, without limitation:

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4. Analysed Pirelli UK's broader systems and framework of delegated authorities and powers and allocation of responsibilities.

10. GENERAL PRINCIPLES OF INTERNAL CONTROLS

In addition to the Specific Controls identified above, Pirelli UK has adopted a number of general principles of internal controls, which are designed to underpin Pirelli UK's wider risk management framework. These controls include, without limitation, taking steps to ensure that:

10.1 Control Environment

- Representation powers are assigned with limits proportional to the normal size of relevant operations and strictly related to assigned duties and the organisational structure.
- Responsibilities are clearly defined and allocated to avoid functional overlaps or concentrations of critical activities in a single person.
- No significant operation for the operating unit is initiated without proper authorisation.
- Operating systems align with Pirelli Group policies and the Code of Ethics.
- Financial information is prepared:
 - in compliance with laws, regulations, accounting standards, and international best practices;
 - in line with defined administrative procedures; and
 - within a complete and up-to-date set of statutory accounts.

10.2 Control activities

- Processes are supported by proper documentation (policies, operating rules, internal procedures, etc.) and/or systems to ensure verifiability in terms of suitability, consistency, and accountability.
- Operational decisions are traceable in terms of characteristics and rationale, with clear identification of those authorising, performing, and verifying each activity.



- Information exchange between connected phases/processes include mechanisms (reconciliations, checks, etc.) to ensure data integrity and completeness.
- Human resources are selected, hired, and managed transparently and in line with our ethical values and objectives.
- The knowledge and professional skills within each department are periodically analysed for adequacy relative to assigned goals.
- Personnel are trained for their assigned duties.
- Procurement of goods and services is based on needs assessment and from properly selected and monitored sources.

Responsible Department: Compliance Department

Established on 17th September 2025



APPENDIX 1 - BACKGROUND TO THE FTPF OFFENCE

1. Relevant offences

Fraud is generally defined as the intentional deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. Pirelli UK prohibits fraud in any form whether direct or indirect through third parties. All local fraud laws in the jurisdictions in which we operate must be always complied with. For the purposes of the FTPF Offence specifically, only the specific fraud offences, as set out in more detail in Schedule 13 of the ECCTA and listed below are relevant:

1.1 Offence list for England and Wales

- 1.1.1** Fraud offences under section 1 of the Fraud Act 2006 including:
 - (a) Fraud by false representation (section 2 Fraud Act 2006)
 - (b) Fraud by failing to disclose information (section 3 Fraud Act 2006)
 - (c) Fraud by abuse of position (section 4 Fraud Act 2006)
- 1.1.2** Participation in a fraudulent business carried on by a sole trader (section 9 Fraud Act 2006)
- 1.1.3** Obtaining services dishonestly (section 11 Fraud Act 2006)
- 1.1.4** Cheating the public revenue (common law)
- 1.1.5** False accounting (section 17 Theft Act 1968)
- 1.1.6** False statements by company directors etc. (Section 19 Theft Act 1968).
- 1.1.7** Fraudulent trading (section 993 Companies Act 2006)

1.2 Offence list for Northern Ireland

- 1.2.1** The Fraud Act 2006, the Companies Act 2006 and common law offences extend to Northern Ireland. The remaining offences are:
 - (a) False accounting (section 17 Theft Act (Northern Ireland) 1969)
 - (b) False statements by company directors etc. (Section 18 Theft Act (Northern Ireland) 1969)

1.3 Offence list for Scotland

- 1.3.1** The offence of fraudulent trading under section 993 of the Companies Act 2006 extends to Scotland. The remaining offences in the list above are not codified under Scots law; instead, they are set out in the common law offences of:



- (a) Fraud
- (b) Uttering
- (c) Embezzlement
- (d) Cheating the public revenue

However, all individuals who are subject to this Policy should assume that any form of fraud may result in an offence being committed (either on a corporate or individual basis).

2. Liability

For Pirelli UK to potentially be liable for an act of fraud, Pirelli UK, or someone it provides services to, must be the 'intended beneficiary'. However, Pirelli UK does not need to actually receive any benefit from the offence for it to be captured by the FTFP Offence. This is because under the FTFP Offence, the intention to benefit Pirelli UK does not have to be the sole or dominant motivation for the fraud – e.g. the person committing the fraud might want to benefit themselves which also leads to be a benefit for Pirelli UK.

- For example, an employee may make false and misleading representations about the performance indicators of a new tyre to increase the likelihood of its success and in turn help them achieve any bonus or other performance recognition.
- However, in doing so, they may also indirectly increase the Pirelli UK's revenue. Even though this is not the fraudster's primary motivation, the intention to benefit Pirelli UK could potentially be inferred in this case. As a result, Pirelli UK may be prosecuted for a FTFP Offence. Please see Example 4 in **Error! Reference source not found.** for another example of indirect benefit.

3. Enforcement

If convicted of the FTFP Offence, Pirelli UK may be liable for an unlimited fine and may also suffer major reputational damage and potentially loss of business as a result (and the individuals involved may be subject to separate prosecution).

However, where we can demonstrate that we had 'reasonable procedures' in place to prevent fraud at the time the FTFP Offence was committed, this can be used support a defence to the FTFP Offence. The Pirelli UK's 'reasonable procedures' include, but are not limited to, this Policy.



**APPENDIX 2 - EXAMPLES OF FRAUD, INDIRECT BENEFIT AND ASSOCIATED PERSONS THAT COULD
ENGAGE THE UK'S FTFP OFFENCE**

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