



Pirelli & C. S.p.A.

**Report on responsible management of the value
chain - consolidated non-financial disclosure
pursuant to legislative decree of December 30,
2016, n. 254**

REPORT ON RESPONSIBLE MANAGEMENT OF THE VALUE CHAIN

Consolidated non-financial disclosure pursuant to Legislative Decree of December 30, 2016, no. 254

METHODOLOGICAL NOTE

This section of the Annual Report 2022, entitled “Report on Responsible Management of the Value Chain” (hereinafter “the Report”), constitutes the “Consolidated Non-Financial Statement” of the Company pursuant to Legislative Decree no. 254/2016 and explores the Sustainable Management Model adopted by Pirelli, the governance tools to support value maintenance and creation, relationships with Stakeholders and related connection with the development of financial, production, intellectual, human, natural, social and relational capital, which was mentioned in the “Presentation of the 2022 Integrated Financial Statements”.

The Report reflects the integrated Business model adopted by the Group, inspired by the United Nations Global Compact, the principles of Stakeholder Engagement set forth by the AA1000, and the Guidelines of ISO 26000. Reported information is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021 option “In accordance with”, the SASB Auto Parts Sustainability Accounting Standard, following the process suggested by the APA1000 APS principles (materiality, inclusivity and responsiveness), and considering the integrated reporting principles contained in the International Integrated Reporting Council (IIRC). In addition, this report considers the priorities reported by the European Securities and Markets Authority (ESMA) through the ESMA circular 32-63-1186 and includes the considerations required by the European Taxonomy Regulation in its fields of application (EU Regulation 2020/852 dated 18 June 2020 and the Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139 connected to it). It should be noted that the assurance activities by the Independent Auditors linked to the latter exclusively involved verifying the preparation and publication of the information required by Reg. 852/20, in compliance with the indications given by Assirevi to the Independent Auditors through Research Document No. 243 of February 2022, entitled “Auditor’s activity on the disclosure pursuant to Article 8 of Regulation 2020/852 - Taxonomy Regulation”.

The set of GRI indicators covered by the Report is wider than the list of specific material issues and relative impacts indicated in the “Impact Materiality”, and this in order to provide a more complete and transversal view on the Company’s performance, for the benefit of all Stakeholders.

The Report shows the sustainability performance of the Group in 2022 compared to 2021 and 2020, with respect to the targets set in the 2021-2025 Industrial Plan.

The Report, published annually, covers the time period from 1 January 2022 to 31 December 2022 and covers the same scope of consolidation as the Group’s consolidated financial statements as expressed in the Notes to the Consolidated Financial Statements at 31 December 2022 included in Note 2 - Basis of Presentation - Scope of Consolidation of this Annual Report.

The main information systems that contribute to collect the data accounted in the Report are: CSR-DM (Corporate Social Responsibility Data Management), HSE-DM (Health, Safety and Environment Data Management), SAP HR (SAP Human Resources) and HFM (Hyperion Financial Management).

In terms of internal control of the contents of the Report, the Company, through the Group Compliance function, has set up a structured system that includes:

- a dedicated Operating Procedure, in which the roles, responsibilities and procedures to be followed by the Group companies in order to ensure adequate management and reporting of non-financial information are defined;
- an internal control system aimed at providing an assurance about the correct upgrading and reporting of non-financial information, to which an additional assurance process is added for that information considered to be of special importance since, for example, they fall within the Group Sustainability Plan target;
- the conducting of a third-party verification (different and additional to the external auditor issuing the certification) by circulating all the quantitative data included in this Report with the aim of conducting a further independent verification of the data reported and the related information sources;
- the signing of a letter of certification by top management members concerning the data that go back through the CSR-DM information system and the applicable sections of the financial statements.

As regards external audits, the sustainability performance accounted in the Report is subject to limited assurance by an independent firm (PricewaterhouseCoopers S.p.A.) in accordance with the criteria indicated in the *International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised)*, issued by the *International Auditing and Assurance Standards Board*. For further information, reference is made to the related Auditor's Assurance provided at the end of the Annual Report. As part of this limited audit activity, the data relating to GHG (Greenhouse Gas) emissions were also specifically analysed, including for the purposes of the disclosure process to the CDP (formerly the Carbon Disclosure Project).

The Report is structured into four macro areas:

- an introductory section related to the sustainable management model adopted by the Company, Impact Materiality, Governance and Compliance policies and activities, Stakeholder Engagement, long-term planning;
- an "Economic Dimension", in which the distribution of added value is detailed along with the management and performance relating to investors, customers and suppliers;
- an "Environmental Dimension", which describes the management of environmental aspects and impacts throughout the product life cycle and presents the assessments required by the European Taxonomy Regulation;
- a "Social Dimension", which brings together the sections dedicated to respect for human rights, the internal community and the external community.

At the end of the Annual Report 2022, before the Independent Auditor's Assurance mentioned above, the following summary Tables are available:

- a GRI Content Index, which shows the full list of indicators accounted based on the GRI Standards, indicating the relative page reference in the 2022 Annual Report;
- a table of correlation between indicators accounted based on the GRI Standards and the United Nations Global Compact Principles;
- the SASB Content Index showing the complete list of indicators reported according to the SASB Auto Parts Sustainability Accounting Standard, indicating the relevant page within the 2022 Annual Report;
- a table of correlation between the performance/targets of the Group and the Sustainable Development Goals of the United Nations on which the aforementioned performance and Targets have an impact.
- a correlation table between the information contained in the Annual Report and the issues indicated by Legislative Decree no. 254/2016.

There are no restatements to previous reporting, as there have been no changes in the scope of consolidation, the reporting boundary or the method of calculating individual indicators compared to 2021.

For any clarifications and further information on what is published in the Report, reference is made to the "Contacts" page of the "Sustainability" section of the website www.pirelli.com.

Pirelli and its Management Model

Founded in 1872, Pirelli is a company with deep Italian roots, a brand recognised worldwide for its cutting-edge technologies, its capacity for innovation and the **quality of its products**.

With 18 production plants in 12 countries, a commercial presence in more than 160 countries, 31,301 employees and a turnover of around **€6.6 billion** (2022 figures), it is one of the world's leading manufacturers of tyres and tyre-related services and the only one entirely dedicated to the consumer market, which includes **tyres for cars, motorbikes and bicycles**.

Within the tyre industry, Pirelli competes with "Tier 1" manufacturers, characterised by high product quality and above-average price positioning.

Among these players, Pirelli stands out for its exclusive positioning in the Consumer Tyre segment, and in particular for its focus on High Value¹, which will represent 71% of Group sales in 2022.

Pirelli is constantly committed to developing products made to reach the highest levels in terms of performance, safety, silence and road grip. Innovative tyres capable of satisfying even the most specific mobility needs of the end consumer.

Pirelli's technological excellence is also the result of innovations and expertise derived from motorsports, an area in which the company has been active for more than 110 years. Pirelli is currently present at more than 350 sporting events in the car and motorbike sectors and, since 2011, has been the exclusive supplier to the Formula 1[®] World Championship, of which it is the Global Tyre Partner.

The Sustainability Model implemented by Pirelli is inspired by the United Nations Global Compact, the principles of Stakeholder Engagement set forth by the AA1000 and the Guidelines of ISO 26000.

Responsible management by Pirelli runs through the entire value chain, including the procurement of goods and services (including in and out logistics), research & development, management models and processes, production processes, product positioning on the market, and its use and end-of-life phase. A value chain that did not register any significant change during 2022, same as for business relations.

A detailed description of sustainability objectives and performance impacting the value chain are described in the sections dedicated to the relevant stakeholders (see in particular 'Sharing of Added Value', 'Relations with Investor and the Financial Market', 'Our Customers', 'Our Suppliers', 'Environmental Dimension', 'Internal Community' and 'External Community').

Every operating unit of the Company integrates economic, social and environmental responsibility for its own activity, while cooperating constantly with the other units, implementing the Group strategic guidelines.

The main management systems adopted by Pirelli include ISO 9001, IATF 16949, ISO/IEC 17025 in the area of Quality Management, SA8000[®] for the management of Social Responsibility at its subsidiaries and along the supply chain, ISO 45001 for the management of Health and Safety in the workplace, ISO 14001 for environmental management and ISO 37001 on anti-corruption measures. The Company refers to ISO 14064 for the quantification and reporting of greenhouse gas emissions (GHG), and to the ISO 14040 family rules for the methodology for calculating the environmental footprint of the product and the Organisation and, specifically, ISO 14067 and ISO 14046 for the determination of the Carbon Footprint and Water Footprint. In December 2021, the Company also

¹ Specifically, the High Value segment includes:

- (I) Auto tyres with rim size ≥ 18 '';
- (II) Auto tyres, defined as Specialties and Super Specialties, which meet specific customer needs: Run Flat[™], Seal Inside[™], PNCS[™], Elect[™], Pirelli Cyber[™], Racing, Collezione, regardless of rim size;
- (III) Motorcycle and Scooter tyres with radial structure; Motorcycle tyres with conventional structure for racing, custom touring and with speed index $\geq H$ (enduro and sport touring segments).

renewed its independent certification (from SGS Italia S.p.A.) regarding the full compliance of its Sustainable Procurement Management model with the dictates of the ISO 20400 Standard (first certification obtained during 2018).

Details on the coverage of these certifications and methodological reference tools have been given in the sections “Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance With Laws And Regulations”, “Our Customers”, “Our Suppliers”, “Environmental Dimension”, “Industrial Relations” and “Occupational Health, Safety and Hygiene” of this Report.

With reference to the Group’s Sustainability Governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Audit, Risks, Sustainability and Corporate Governance Board Committee, approves the strategies and objectives for sustainable management integrated in the Group Plan with reference to all areas of management, including, inter alia, those relating to human rights, health and safety, climate change and decarbonisation, reduction of environmental impacts of products and processes, supply chain sustainability, cyber security, diversity and inclusion, and ESG risks and opportunities, mapping of impacts on the economy, society, environment and human rights.

The company performs due diligence activities to identify its current and potential impacts on economy, society, the environment, and human rights along the value chain, with a view to identifying, preventing, mitigating and managing these impacts responsibly. The results of risk assessments on Human Rights, Climate Change, as well as the materiality mapping of Impacts and the related mitigation and responsible management strategies are submitted to the Audit, Risk, Sustainability and Corporate Governance Committee and then to the Board of Directors. The Board of Directors also approves Pirelli’s annual financial statements, including the Consolidated Non-Financial Disclosure, which is in turn subject to the supervision of the Board of Statutory Auditors in accordance with Legislative Decree no. 254 of 30 December 2016.

Within the Board of Directors, the CEO is responsible for supervising sustainability topics associated with the conduct of the activities of the company. In this capacity, he is entrusted with the task of overseeing sustainability issues related to the company’s operations and implementing the guidelines defined by the Board of Directors, with the support of the Audit, Risk, Sustainability and Corporate Governance Committee.

The increase of knowledge on the part of the members of corporate bodies on the impacts, risks and opportunities in the area of Sustainability is also promoted through the systematic participation of management in Committee meetings. In fact, in the course of 2022, management - and in particular the Head of Compliance, the Manager responsible for preparing financial documents, the Head of Financial Statement, the Head of Sustainability and Future Mobility, the Head of Sustainability and Diversity, the Head of Internal Audit, SVP Sustainability and Future Mobility, the Head of Finance, Cyber Security and Risk Management - assiduously attended the meetings of the Audit, Risk, Sustainability and Corporate Governance Committee, contributing to a periodic and updated information to the Committee. In addition to this, third parties invited for training and/or in-depth analysis of specific topics, which in 2022 dealt with the evolution of non-financial reporting and taxonomy.

For more information on Corporate Governance and, in particular, on the functioning of the Board of Directors and the Audit, Risk, Sustainability and Corporate Governance Committee, as well as the Board's self-assessment activities, please refer to the Report on the Corporate Governance and Share Ownership of Pirelli & C. S.P.A., part of this Annual Report.

The strategic evolution of Group Sustainability is entrusted to the Strategic Sustainability Committee, a body appointed in 2004, chaired by the CEO and composed of the Company's Top Management representing all the organisational and functional responsibilities. The Committee has strategic competence and holds ordinary meetings at least twice a year. The Strategic Sustainability Committee is supported by an Operational Sustainability Committee, chaired by the Deputy CEO and consisting of the Company's Top Management, with responsibility for the strategic-operational management of the Group's sustainability issues, including, among others, human rights, health and safety, climate change and decarbonisation, reduction of environmental impacts of products and processes, supply chain sustainability, cyber security, diversity and inclusion, ESG risks and opportunities, addressed in consideration of the Group's sustainability objectives to manage impacts on economy, environment and society including Human Rights.

The organisational structure is thus made up of a Sustainability and Future Mobility Department reporting directly to the Deputy CEO of the company, which has oversight of the management at a Group level and proposes plans for sustainable development to the Sustainability Strategic Committee. The Group Sustainability and Diversity Officer, the Decarbonisation Officer, the Future Mobility Officer and the Product Stewardship Officer work in the Sustainability and Future Mobility Department.

The Department receives support from:

- a Sustainability Working Group made up of sustainability representatives within the different central company departments in order to guarantee constant monitoring and coordination of strategic programmes with an impact on the areas of competence of specific departments;
- Country Sustainability Managers & Diversity Managers to oversee activities covering all Group affiliates. The role of the Country Sustainability Manager is held by the Country CEOs, who are supported by their direct reports in operational management of Country plans.

ESG objectives are an integral part of the short-term incentive plans (with a weight of 15% on the STI) and long-term incentive plans (with a weight of 20% on the LTI), details of which are available in the "Remuneration" Policy published on the Company's website, in the "Remuneration and Sustainability" section of this Report, and in a dedicated section of the Corporate Governance Report included in this Annual Report.

Impact Materiality

In 2022 Pirelli updated its materiality analysis considering the GRI Universal Standards published in 2021, which envisage the identification of topics representing the most significant impacts - positive and negative, actual and potential - of organisations on the economy, environment and people, including impacts on human rights. This perspective, which therefore considers the impacts generated or which could be generated by Pirelli, is defined as **Impact Materiality**.

Pirelli's Impact Materiality, with the associated impacts, was submitted for approval to the Strategic Sustainability Committee, then to the Board of Control, Risks, Sustainability and Corporate Governance Committee, to the Board of Statutory Auditors, to the Board of Directors, to the Board of Directors, and was finally published in this Report.

The Mapping of the Group's material impacts on the economy, the environment, society and human rights is carried out with annual frequency and the results, together with Stakeholder assessments and expectations, are considered in the update of Group objectives and strategies.

Pirelli also carried out an internal analysis exercise using a “**Dual Materiality**” approach. This approach integrates the perspective of Impact Materiality with that of **Financial Materiality**, which envisages identifying those issues that represent sustainability risks and opportunities that influence or could significantly affect the company's future cash flows, with financial repercussions on development, performance and corporate positioning in the short, medium or long term. The exercise will be refined following the approval of the European² Efrag³ standards, which incorporates the requirements introduced by the Corporate Sustainability Reporting Directive (CSRD), which will come into force as of 1 January 2024, providing for reporting according to the double materiality approach.

In methodological terms, the process that led to **Pirelli's Impact Materiality** included the following main stages:

1. Identification of material topics and relevant prioritization (materiality map)

A thorough Stakeholder Engagement activity, completed in early 2022 and published within the Annual Report 2021, allowed the observation of the priorities assigned by the key Stakeholders relating to a panel of sustainability topics critical for the Auto parts sector, and therefore the comparison and matching of these expectations with the importance of the same issues for the success of the business according to the experience and expectations of the Top Management.

The topics considered relevant were pre-selected considering their relevance to the automotive components sector according to leading research and sustainable finance bodies, their presence in the materiality mapping of car manufacturers and car parts, the risks and opportunities arising from

² European Sustainability Reporting Standards – ESRS

³ European Financial Reporting Advisory Group

regulatory developments with reference to the UN Sustainable Development Goals to 2030 (SDGs). For this reason we would like to emphasise that all the ESG elements pre-identified through the aforementioned analysis and present in the materiality mapping are material and relevant to Pirelli's development, albeit with greater or lesser priority, as evidenced by the position of the different elements within the Table and the Matrix reported below.

The prioritization among material topics was defined according to the results of the interview process with Stakeholders and Management from all regions of the World, specifically including:

- the major Original Equipment Customers;
- more than 650 End Customers belonging to the most representative markets;
- the most important Dealers;
- numerous Employees in the various countries where the Group is present;
- several Pirelli Suppliers;
- the leading Financial Analysts;
- national and supranational institutions and public administrations;
- Media specialists;
- international and local NGOs present in the various Countries in which Pirelli has production activities;
- Academic world and Universities that have collaborations with the Group.

2. Identification of the Impacts Generated by the Organisation

Initially, the internal and external context of the company was analysed.

Available internal documents were analysed, such as information on the company profile, values, and the Group's sustainability plan, in order to gain an in-depth understanding of the sustainability context in which the organisation operates, as well as the Group's activities, business relations and stakeholders. In addition, a benchmark analysis was conducted that included comparable industry and non-industry companies, in particular Automobile and Auto parts manufacturers, manufacturing and chemical companies, the expectations of the main sustainability standards, sustainable finance indices and major international fora (such as SASB, S&P Global indices for Dow Jones, OECD publications and the World Economic Forum), the external context was analysed starting with the evolution of legislation and regulations in order to intercept the main trends and relevant factors related to sustainability aspects in the tyre sector.

The analysis of the organisation's context was integrated with the Group's Enterprise Risk Management (ERM) function, in consideration of the analysis and assessment of corporate risks.

This resulted in a list of the main impacts generated by the Company (impact materiality perspective), positive and negative, actual and potential, correlated to the initiatives and objectives implemented by Pirelli to mitigate them.

3. Evaluation of the impacts generated on the economy, the environment, people and human rights

In this phase, the identified impacts were subjected to Stakeholder and Senior Management assessment to determine their significance according to the perspective of Impact Materiality, considering both the magnitude (which includes the aspects of severity, extent and irretrievable character, the latter character only for negative impacts), and the likelihood of the impact occurring, which determines the potential or actuality of the impact. The assessment was requested considering the residual impacts against the initiatives and objectives implemented by Pirelli to mitigate them.

In particular, the Stakeholder Engagement activity envisaged the involvement of five categories of Stakeholders at the international level: Senior Management, Employees, Original Equipment Customers, Group Suppliers, Non-Governmental Organisations.

4. Impact materiality: list of material issues ordered by priority and assessments of the impacts generated on the economy, the environment, people and human rights

Finally, in line with the requirements of the new GRI Universal Standards 2021, the results obtained from the assessments were reprocessed, prioritising the significance of the impacts and related material themes. This process made it possible to identify the Group's material sustainability themes.

The Impact Materiality is represented below, highlighting:

- the material themes listed in order of relevance (highest to lowest) as resulting in the Materiality Map concluded in early 2022 and published in Annual Report 2021, confirmed in the same relevance order for the whole year 2022;
- the SDGs of reference;
- the description of the correlated positive and negative impacts;
- the levels of significance (*magnitude * probability which determines the potentiality or actuality of the impact*) of positive and negative impacts as resulting from the, above mentioned five Stakeholder categories who took into consideration the strategies and actions implemented by Pirelli to manage the specific impacts; and




- The reference to the specific paragraphs of this Report where the adopted strategies, the relevant management model and the performances are detailed.

The analysis of the impacts (Impact Materiality) shows how, in view of the measures implemented by Pirelli on material issues, the actual/potential positive impacts are more significant than the actual/potential negative impacts, thus giving value to the actions, policies and targets implemented by Pirelli and demonstrating that Stakeholders consider them appropriate for mitigating negative impacts and maximising positive ones.

In order to make it easier for the reader to understand, the Impact Materiality is also presented below in the form of a matrix, with the themes positioned in consideration of the relevance attributed by Senior Management and Stakeholders and the size of the bubbles representing the significance of the residual positive and negative impacts, consolidated with respect to the assessments of Impact Materiality by Senior Management and Stakeholders.

The following is a list of material topics ordered by relevance with details of related impacts, levels of significance of the Impact Materiality and their contribution to the United Nations Sustainable Development Goals (SDGs).

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Product Quality and Safety	 3 – 12 	+ Contribution to road safety by reducing possible car accidents thanks to tyres that meet the highest quality and safety standards.	●●●	Pirelli applies the most advanced technologies to offer tyres with high levels of quality and performance, with the aim of having 90% of new tyres in 2025 classified according to the highest European labelling standards for 'wet grip'.	-PRODUCT SAFETY PERFORMANCE AND ECO-SUSTAINABILITY -PRODUCT ECO & SAFETY PERFORMANCE TARGETS
		- Customer dissatisfaction due to defective and unsafe products, negative impact on road safety.	●●		

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Climate change and GHG emission reduction	7 – 13 – 15   	+ Contribution to the reduction of atmospheric emissions.	●●●	Pirelli has created a decarbonisation roadmap in line with the objectives of the Paris Agreement and aims for zero net CO ₂ emissions by 2050 at the latest along the entire value chain. To this end, the Company is active on several fronts including: <ul style="list-style-type: none"> investments in process energy efficiency and the procurement of 100% electricity from renewable sources by 2025; the commitment to achieve Group carbon neutrality by 2030; engaging the most impactful suppliers to reduce their emissions; product innovation to ensure increasing levels of energy efficiency. 	-ADHESION TO TCFD -PRELLI GROUP ENVIRONMENTAL FOOTPRINT AND STRATEGY -ENERGY MANAGEMENT -GREENHOUSE GAS EMISSION MANAGEMENT AND CARBON ACTION PLAN
		- Contribution to climate change through atmospheric emissions from fossil energy consumption during tyre manufacturing and by the supply chain.	●●●		

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Responsible management of Natural Resources	3 – 6 – 7 – 8- 11- 12 – 14	+ Contribution to the conservation of natural resources.	●●●	Pirelli promotes initiatives to manage natural resources responsibly in order to: <ul style="list-style-type: none"> prevent unnecessary consumption of raw materials, with targets by 2025 to increase the use of renewable materials by 40%, recycled materials⁴ by 8%, and decreasing the consumption of fossil-derived materials by 40%; prevent the generation of waste upstream, through innovation in production processes and the implementation of the Zero Waste to Landfill initiative, with the goal of sending 98% of the waste produced for recovery; make water consumption more efficient, with a target to reduce specific water withdrawals by 43% by 2025 compared to 2015 levels. 	-SUSTAINABILITY OF THE NATURAL RUBBER SUPPLY CHAIN -BIODIVERSITY -PIRELLI'S APPROACH TO THE CIRCULAR ECONOMY: THE 5 R'S -PRODUCT: RAW MATERIAL RESEARCH AND DEVELOPMENT -ENERGY MANAGEMENT -WATER MANAGEMENT -WASTE MANAGEMENT
	 	- Contribution to natural resource depletion, through consumption of raw materials and natural resources.	●●●		
Product Environmental Sustainability	12	+ Contribution to the reduction of cited environmental impacts through the use of low-impact tyres.	●●●	Pirelli promotes research and development of innovative technologies and materials through major investments in innovation that contribute to the reduction of product environmental impact, through the creation of tyres with low rolling resistance, designed to last for longer mileage and to increase wear efficiency, in order to contribute to lower fuel consumption of conventional cars/increase battery life of electric vehicles, decrease the release of wear particles into the environment and reduce noise pollution.	-PRODUCT SAFETY PERFORMANCE AND ECO-SUSTAINABILITY -PRODUCT: RAW MATERIAL RESEARCH AND DEVELOPMENT -PRODUCT: ECO & SAFETY PERFORMANCE OBJECTIVES -TYRE WEAR AND TRWP -END-OF-LIFE TYRE MANAGEMENT
		- Contribution to tyre-related CO ₂ emissions and pollution from the release of wear particles into the environment (soil, air, water).	●●●		

⁴ > 3% by 2025 and > 7% by 2030 excluding recycled metals

















Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Occupational Health & Safety	 	+ Health and safety at work, greater well-being for people in the company and a positive social impact outside the company.	●●●	Pirelli has safeguards and processes in place to ensure regulatory compliance while pursuing the company's 'zero accidents' objective.	-HEALTH, SAFETY AND HYGIENE AT WORK
		- Accidents to workers due to non-compliance with company rules and regulations, social costs.	●●		
Innovation	 	+ Contribution to the technological advancement of the industry by accelerating progress towards the mobility of the future, to customer satisfaction through innovation and the provision of innovative products and technologies.	●●●	Pirelli promotes the development of innovative and technological solutions according to the 'Open Innovation' model, in order to anticipate technological innovations in the sector, direct research and development activities and respond to the needs of the end user, making driving safer and improving the driving experience	-PRODUCT SAFETY PERFORMANCE AND ECO-SUSTAINABILITY -PRODUCT: RAW MATERIAL RESEARCH AND DEVELOPMENT
		- Lack of positive contribution to the evolution of mobility due to inadequate or obsolete solutions, customer dissatisfaction.	●●		
Business Ethics and Integrity	 	+ Contribution to the prevention and reduction of corruption and misconduct in the conduct of business, with benefits to both the company and the public good.	●●●	Pirelli places ethics and integrity at the heart of its essence as a company. It has policies, processes and organisational models in line with best practices. Particular attention is paid to making all employees aware of company rules, training and prevention.	-PIRELLI AND ITS MANAGEMENT MODEL -MAIN POLICIES -COMPLIANCE PROGRAMMES, ANTI-CORRUPTION, PRIVACY, TRADE COMPLIANCE, ANTITRUST, COMPLIANCE WITH LAWS AND REGULATIONS -REPORTING PROCEDURE -RESPECT FOR HUMAN RIGHTS -REMUNERATION AND SUSTAINABILITY
		- Incidents of corruption and misconduct in the performance of activities that can affect both the company and the public good.	●●		

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Future Mobility	3 – 11 	+ Substantial contribution to improving customer mobility, both in terms of safety and eco-sustainability.	●●●	Pirelli places the mobility of the future at the core of its research, innovation and business model, so that its products and services are competitive and anticipatory with respect to an evolutionary scenario that includes digitalisation, electrification, new consumer behaviour and expectations (such as mobility sharing), automated driving and the circular product economy.	-HIGH VALUE APPROACH TO THE MOBILITY OF THE FUTURE
		- Difficulties in the development of innovative and competitive technologies, products and services in relation to the evolving mobility scenario, decreased road safety and increased environmental pollution.	●●		
Human Rights	5 – 8 – 10 – 16 	+ Contribution to the protection of human and labour rights.	●●●	Pirelli bases its activities on respect for Human Rights and promotes these rights in the international, multicultural, socially and economically diversified context in which it operates. Human Rights related Policies and governance systems are applied to cover the value chain.	-MAIN POLICIES - RESPECT OF HUMAN RIGHTS -DIVERSITY, EQUITY AND INCLUSION; - OUR SUPPLIERS - COMPLIANCE WITH LEGISLATIVE- CONTRACTUAL REQUIREMENTS ON OVERTIME, REST PERIODS, ASSOCIATION AND BARGAINING, EQUAL OPPORTUNITIES AND NON-DISCRIMINATION, PROHIBITION OF CHILD AND FORCED LABOUR
		- Contribution to checking on episodes of human and labour rights violations along the value chain.	●●		

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Circular economy	3 – 6 – 8 – 11 – 12 	+ Contribution to maintaining availability of raw materials and reducing related environmental damage, reducing competition for access to resources	●●●	Pirelli pays continuous attention to the definition and implementation of increasingly circular solutions, implementing the “5Rs: Re-think, Refuse, Reduce, Reuse, Recycle” strategy (e.g. tyre design with increasing content of renewable or recycled raw materials, increasing mileage to extend tyre life and reduce resource exploitation), in order to: - Use over 40% renewable materials by 2025 (over 60% by 2030); - More than 8% recycled materials ⁵ by 2025 (more than 12% by 2030); - Reduce the use of fossil-derived raw materials to less than 40% by 2025 (less than 30% by 2030).	-PIRELLI’S APPROACH TO THE CIRCULAR ECONOMY: THE 5 R’S -PRODUCT: RAW MATERIALS RESEARCH AND DEVELOPMENT -END-OF-LIFE TYRE MANAGEMENT
		- Depletion of raw materials, environmental damage due to waste and inefficient use of natural resources	●●●		
Financial Health	8 – 9 – 13 	+ Capacity for long-term development and contribution to the creation of shared value.	●●●	Pirelli promotes the adoption of appropriate economic-financial risk management tools to ensure responsible long-term development and combine value creation and societal progress, including multiple environmental performance indicators in financial instruments already adopted and to be adopted in the future.	-INTRODUCTION TO INTEGRATED REPORT -SHARING OF ADDED VALUE -RELATIONS WITH INVESTORS AND THE FINANCIAL MARKET -CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022
		- Erosion of generated and shared value due to the adoption of ineffective plans to prevent, monitor and manage potential risks arising from competitive positioning.	●●●		

⁵ > 3% by 2025 and > 7% by 2030 excluding recycled metals

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Talent acquisition, development and retention	5 - 8 - 10 	+ Contribution to the support of deserving students, to the development of skills for the market, to the creation of quality employment for both the company and the socio-economic environment.	●●●	Pirelli promotes the implementation of specific management policies in order to attract, motivate and retain talent, create collaborative environments and ensure adequate support for the development of professional life while respecting people's merit.	-EMPLOYER BRANDING -DEVELOPMENT
		- Dissatisfaction and high employee turnover due to inadequate development initiatives and plans, failure to contribute to the quality of the socio-economic environment.	●●		
Biodiversity Protection	6-15 	+ Contribution to the conservation and protection of biodiversity.	●●●	Pirelli adopts the No Net Loss Model and applies the mitigation hierarchy. The Company promotes initiatives to protect biodiversity of the sites where it operates and to support the conservation of forests and ecosystems along the supply chain. Particular attention is paid to the natural rubber supply chain, which is based on a No Deforestation Policy. In addition, a multi-year project in the Indonesian Hutan Harapan forest has been activated, which includes activities to support local communities, the conservation of 2,700 hectares of rainforest and numerous endangered animal species in the area.	-BIODIVERSITY -SUSTAINABILITY OF THE NATURAL RUBBER SUPPLY CHAIN -ENERGY MANAGEMENT -WATER MANAGEMENT -WASTE MANAGEMENT
		- Contribution to the loss of biodiversity and potential damage to ecosystems during business operations and throughout the product life cycle.	●●		

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Diversity, equity and inclusion	5 - 8 - 10   	+ Psycho-physical wellbeing of employees, influence on people's culture with positive impact both within the company and in the community outside the company due to the values conveyed.		Pirelli promotes the development of initiatives and campaigns to raise awareness and training on issues of diversity, equity and good inclusion practices, with the aim of increasing understanding of the human and corporate value inherent in diversity among individuals, of guaranteeing equal treatment opportunities throughout all stages of working life and of fostering an inclusive culture that allows each person to feel welcomed and heard in the corporate community.	-DIVERSITY, EQUITY AND INCLUSION
		- Dissatisfaction, stress and lowered quality of life of people due to misalignments between individual expectations and company response.			
Responsible Management of the Supply Chain	8 -12 - 16   	+ Contribution to the development of a responsible and resilient supply chain, reducing negative social and environmental impacts.		Pirelli promotes initiatives aimed at continually improving the qualitative and competitive level of its supply chain, with initiatives and management models that focus on the economic, social and environmental performance of suppliers.	-OUR SUPPLIERS -RESPECT FOR HUMAN RIGHTS -POLICY ON CONFLICT MINERALS
		- Contribution to the generation of environmental harm or harm to employees by third parties due to inadequate monitoring of supplier practices.		The Management Model adopted is attested by a third party as fully compliant with ISO20400, which requires the company's ability to manage and capitalise on economy, quality, respect for human rights and the environment in the supply chain.	
Training and Development	5 - 6 - 10 - 16    	+ Employee engagement, maintaining a high-quality workforce that is useful both to the company and to the economic and social context in which the company operates.		Pirelli has historically made continuous training a cornerstone of its development, innovating processes and contents in order to maintain a workforce that is competitive and involved in the evolution of the business and the global context to which it intends to respond competitively.	-DEVELOPMENT -TRAINING -TRAINING ON SUSTAINABILITY AND CORPORATE GOVERNANCE
		- Dissatisfaction and low employee performance due to outdated or inadequate training programmes.			

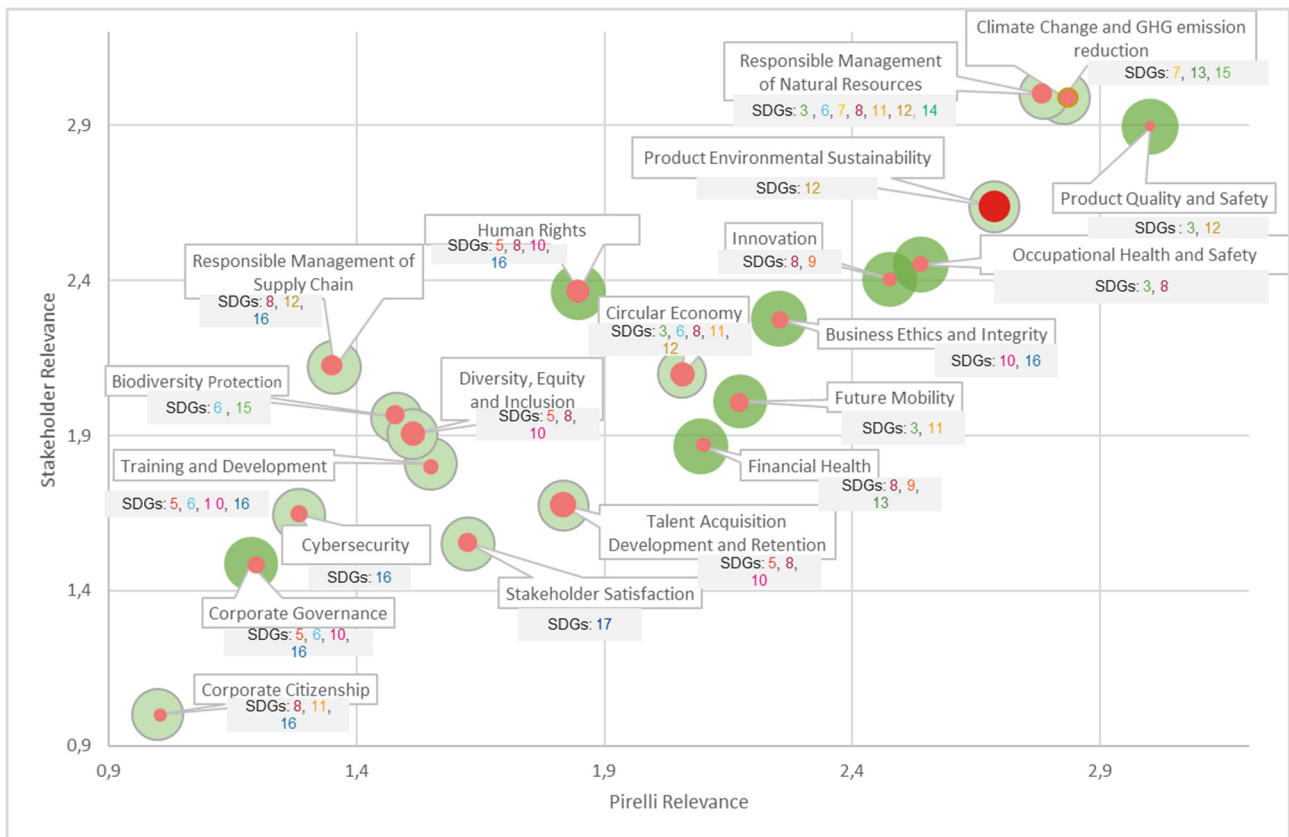
Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Stakeholder Satisfaction	17 	+ Stakeholder satisfaction, effectiveness of business plans and creation of shared value.	●●●	Pirelli promotes the development of strong relations with stakeholders in order to increase their satisfaction and willingness to collaborate in the continuous improvement and competitiveness of the Company. Dialogue aims to reach an equitable satisfaction of the different stakeholder categories. ascertain their expectations and create a “licence to operate” especially in those complex and critical contexts that require a collaborative approach in order to be managed with a view to continuous improvement and shared value creation (one example might be the issue of sustainable natural rubber management).	-STAKEHOLDER ENGAGEMENT -RELATIONS WITH INVESTORS AND THE FINANCIAL MARKET - LISTENING AND EXCHANGING IDEAS WITH THE CUSTOMER AS A SOURCE OF CONTINUOUS IMPROVEMENT -TOGETHER FOR NATURAL RUBBER SUSTAINABILITY THE GPSNR PLATFORM -SUPPLIER MANAGEMENT -LISTENING AND ENGAGEMENT (INTERNAL COMMUNITY) -INDUSTRIAL RELATIONS -SAFETY CULTURE AND TRAINING -INSTITUTIONAL RELATIONS OF THE PIRELLI GROUP -COMPANY INITIATIVES IN FAVOUR OF THE EXTERNAL COMMUNITY-ROAD SAFETY
		- Stakeholder dissatisfaction due to the inability to develop effective engagement plans.	●●		
Cybersecurity	16 	+ Contribution to the protection of sensitive third-party data.	●●●	Pirelli promotes the protection of the sensitive data of third parties (e.g. customers, employees, suppliers) through the implementation of safeguards against unauthorised access, in order to prevent and mitigate episodes of breach of sensitive data.	-INFORMATION AND CYBER SECURITY
		- Contribution to the loss or disclosure of sensitive data due to inadequate IT facilities and unstructured information management.	●●		

Material Theme (descendent priority order)	SDGs	Positive (+) and negative (-) impacts – (potential/actual)	Impact Significance (Impact Materiality) (magnitude*probability) ●●● High ●● Medium ● Low	Actions, policies and targets undertaken by Pirelli	Strategy and performance (Ref. chapters/sections of the Report)
Corporate Governance	5 – 6 – 10 – 16 	+ Strength and accountability of the company to all stakeholders.	●●●	Pirelli promotes the implementation of plans and policies in order to ensure the presence of a solid and responsible governance that is able to plan, implement and monitor strategic directions in the medium to long term.	-PIRELLI AND ITS MANAGEMENT MODEL -REPORT ON CORPORATE GOVERNANCE
		- Incidents of violations of the code of ethics, corruption, conflicts of interest due to an ineffective governance system.	●●		
Corporate Citizenship	8 – 11 – 16 	+ Contribution to the well-being and improvement of the quality of life of local communities.	●●●	Pirelli promotes the development of local communities through solidarity initiatives, technical training and support road safety in order to create shared value and enhance the well-being and quality of life of the surrounding external community.	-SHARING OF ADDED VALUE -INITIATIVES IN FAVOUR OF THE EXTERNAL COMMUNITY
		- Contribution to the deterioration of the living conditions of local communities due to their lack of involvement in corporate strategy.	●●		

Impact Materiality – representation under Matrix Format:

The Impact Materiality is also shown below in the form of matrix in order to make it easier for the reader to understand and easily grasping the significance of the main impacts, as a result of magnitude * probability, which determines the potential or actuality of the impact, including the applicable SDGs.

The themes are prioritized in consideration of the relevance attributed by Management and Stakeholders and the size of the bubbles represents the significance (magnitude * probability) of the residual positive and negative impacts (residual as it considers the actions already put in place by Pirelli to mitigate negative impacts and maximize positive ones), consolidated with respect to the assessments of Impact Materiality by Senior Management and Stakeholders.



Bubble legend (Significance of Main Impacts): The size and colour intensity of the bubbles represent the assessment of the significance of the main impacts, as a result of magnitude x probability, which determines the potentiality or actuality of the impact, according to the perspective of Impact Materiality

Significance Positive Impact	● High	● High
	● Medium	● Medium
	● Low	● Low

Sustainability Planning and the United Nations Sustainable Development Goals (SDGs)

Pirelli's sustainable development planning aims to make a tangible contribution to the global effort to achieve the 2030 Sustainable Development Goals (SDGs) presented by the United Nations in September 2015.

In methodological terms, the process of sustainability planning is characterised by specific operational steps aimed at continuous improvement in performance: evaluation of the context through benchmarks, dialogue with stakeholders, needs raised by internal functions, identification of risks and opportunities for growth, definition of projects and targets, implementation, monitoring and reporting.

The Sustainability Plan by 2025 and 2030 is fully integrated into the Company's Industrial Plan. The Plan's targets are defined in alignment with the materiality of the Company's impacts on the economy, environment, society and Human Rights (see the description of Impacts in the Impact Materiality section of this Report) and in support of the United Nations 2030 Sustainable Development Goals, as further discussed in this section.

Respect for Human Rights and the identification, prevention and mitigation of related risks and impacts along the value chain are transversal to the implementation of all the Plan's targets, see in this regard what is fully reported in the section "Respect for Human Rights" in this Report.

A central role is dedicated to human capital, the core of the company and its ability to achieve its goals. The culture of safety at work will continue to support the Zero Accident goal, with an accident frequency index ≤ 0.1 by 2025. The Plan focuses on increasingly innovative human capital management.

New marketing recruitment solutions for STEM (Science, Technology, Engineering, Mathematics) talents will be accompanied by experimentation with increasingly smart ways of working and the training of new digital skills, in an inclusive work environment capable of meeting the challenges of the future in an agile and resilient manner.

At raw material level, for new product lines, the Plan foresees the following:

- by 2025: renewable materials >40%, recycled materials⁶ >8%, fossil-derived materials <40%;
- by 2030: renewable materials >60%, recycled materials⁷ >12%, fossil-derived materials <30%.

With reference to the evolution of the product range, by 2025:

- more than 70% of new products will be in Rolling Resistance Class A/B⁸;

⁶ > 3% by 2025 and > 7% by 2030 excluding recycled metals

⁷ > 3% by 2025 and > 7% by 2030 excluding recycled metals

⁸ On all new ipcodes with Label, converting the non-European scales to the European classification.

- more than 90% of new products will be in WetGrip Class A/B;
- growth in Eco & Safety Performance revenues with a target of >66% of total car sales and >71% of High Value products only⁹.

In terms of environmental efficiency of production processes:

- with reference to CO₂ emissions, by 2025 it is planned that 100% of renewable electrical energy purchased at Group level should be renewable, as well as a 42% reduction in absolute CO₂ emissions compared to 2015 (Science Based Target approved by SBTi in 2022); by 2030 it is planned to achieve Carbon Neutrality (considering emissions both from electrical and thermal energy);
- with regard to natural resource efficiency, the following are also planned by 2025: reductions of 10% in specific energy consumption (compared to 2019) and 43% in specific water withdrawal (compared to 2015), as well as achieving 98% of waste sent for recovery (zero waste to landfill vision);

Regarding the sustainability of the supply chain:

- reduction of absolute CO₂ emissions from raw material suppliers by 8.6% by 2025 compared to 2018 (Science Based Target approved by SBTi);
- adoption of increasingly advanced models of management of the economic, social and environmental responsibility of the supply chain with particular attention to the upstream supply chain;
- implementation of the Pirelli Roadmap relating to the sustainable management of the natural rubber supply chain, in line with the dictates of Pirelli Policy and the Global Platform for Sustainable Natural Rubber (GPSNR), of which Pirelli is a founding member.

As part of its decarbonisation strategy, in addition to the SBTi targets mentioned above, Pirelli has formally expressed its commitment to the Net Zero Science Based Target.

With reference to protecting Biodiversity, the Company has adopted the No Net Loss Model and the mitigation hierarchy in managing impacts. Moreover, on the deforestation risk side of Natural Rubber, Pirelli has adopted 2019 as the cut-off year, in line with the Policy Framework of the Global Platform for Sustainable Natural Rubber.

For an extensive discussion of all the above Targets and the performance achieved, please refer to the relevant paragraphs in this Report.

⁹ High Value products are determined by rim sizes equal to or greater than 18 inches and, in addition, include all "Specialties" and "Super Specialties" products (Run Flat™, Seal Inside™, PNCSTM, Elect™, Pirelli Cyber™, Racing, Collezione) independently of rim size.

The ESG objectives are an integral part of the short-term incentive plans (with a weight of 15% of the STI premium) and long-term incentive plans (with a weight of 20% of the LTI bonus), details of which are publicly available in the Remuneration Policy available on the Company's website, in the "Remuneration and Sustainability" section of this Report, and in the dedicated section in the Corporate Governance Report included in this Annual Report.

To support the achievement of Group targets, all Pirelli commercial and industrial subsidiaries around the world have a Country Sustainability Plan.

The Plan targets in alignment with the materiality of the Company's socio-environmental impacts support the following SDGs in particular:

- 3 - Good Health and Well-being;
- 4 - Quality Education;
- 5 - Gender Equality;
- 6 - Clean Water and Sanitation;
- 7 - Affordable and Clean Energy;
- 8 - Decent Work and Economic Growth;
- 9 - Industry, Innovation and Infrastructure;
- 10 - Reduced Inequalities;
- 11 - Sustainable Cities and Communities;
- 12 - Responsible Consumption and Production;
- 13 - Climate Action
- 14 - Life Below water;
- 15 - Life on Land;
- 16 - Peace, Justice and Strong Institutions;
- 17 - Partnership for Goals.

The link between the company's impacts and the SDGs can be found in the section "Impact Materiality".

Please be aware that:

- the Pirelli Sustainability Plan 2025 with 2030 vision is published in the “Sustainability” section of the Company’s website (www.pirelli.com);
- at the end of the 2022 Annual Report, prior to the Independent Auditors’ Report, are located the Summary Tables including a correlation table between the Group’s performance/targets and the United Nations Sustainable Development Goals, on which the aforementioned performance and targets have an impact.

Stakeholder Engagement

The role of Pirelli in an economic and social context is tied to its capacity to create value through a multi-stakeholder approach, i.e. by sustainable and lasting growth that can reconcile the interests and expectations of all those with whom the Company interacts and especially;

- customers, since the Pirelli way of doing business is based on customer satisfaction;
- employees, who make up the wealth of knowledge and driving force of the Group;
- shareholders, investors and the financial community;
- suppliers, with which it shares a responsible approach to business;
- competitors, because improved customer service and market position depend on fair competition;
- the environment;
- institutions, government and non-government bodies;
- local communities, starting with those in the various Countries where the Group operates on a stable basis, while being aware of its responsibilities as a Corporate Global Citizen.

The interactions that take place between Stakeholders are analysed in detail in order to manage relations with them effectively in accordance with the AA1000 Model adopted by the Company and with a view to creating lasting, shared value.

Dialogue, interaction and involvement are calibrated to meet the needs for consultation with the various types of stakeholder and include meetings, interviews, surveys, joint analyses, roadshows and focus groups. Local feedback received from Stakeholders contributed to the corporate evaluation of the priorities for action, influencing the materiality matrix and the development strategy set out in the Sustainability Plan.

To the stakeholders mentioned, sections are dedicated within this Report, to which reference is made for further qualitative and quantitative study.

In the course of 2022, engagement and dialogue activities with stakeholders also continued through digital channels, compatible with the periods of attention to COVID-19 risk.

Main Policies

The Sustainable Management Model throughout the value chain is reflected in the main Group Policies, published on Pirelli's website in multiple languages and communicated to employees in their local language.

The Policies define the principles and general rules of conduct that inspire all activities carried out at Group level on specific topics: by their very nature they therefore apply to all Group personnel and to all those who work for or on behalf of Pirelli. In many cases, the Policies are also, or specifically addressed, to the Pirelli supply chain and/or more generally to all stakeholders (e.g. the Whistleblowing Policy).

Specifically, as at year-end 2022, the body of the Main Group Policies on sustainable management consisted of the following documents:

- Pirelli's Values and Code of Ethics
- the "Global Human Rights" Policy
- the "Health, Safety and Environment" Policy
- the "Diversity, Equity & Inclusion" Policy
- the "Product Stewardship" Policy
- the "Global Quality" Policy
- the "Supplier Code of Conduct"
- the "Green Sourcing" Policy
- the "Sustainable Natural Rubber Management Policy"
- The "Group Code of Conduct"
- The "Anti-Corruption" Programme
- the "Global Antitrust and Fair Competition" Policy
- the "Antitrust" Programme

- the “Institutional Relations - Corporate Lobbying” Policy;
- the “Global Tax” Policy
- the “Global Personal Data Protection” Privacy Policy
- the “Intellectual Property” Policy
- the “Pirelli Social Media” Policy
- the “Global Information Security” Policy
- the “Whistleblowing” Policy – Complaint Procedure

In addition to the Policies listed above, Pirelli has adopted a number of Group documents known as “Corporate Policies” that regulate aspects of Corporate Governance, e.g. the rules on market abuse, the procedure for transactions with related parties, the procedure on information flows to Directors and Statutory Auditors, the policy on engagement with shareholders and financial market stakeholders (issued in 2022), etc. These documents are published in the Governance Section of Pirelli’s website. Further details are available in the section “Report on Corporate Governance and Ownership Structure of Pirelli & C. S.p.A.” in this Annual Report.

The Policies and updates of existing Policies are approved by the Executive Vice-Chairman & CEO or by the Board of Directors of Pirelli & C. S.p.A. (or Board Committees).

All the Policies are published on the Pirelli website, in several foreign languages.

Whenever a new Policy or its update is published, prompt communication is made to every employee with a company e-mail address, attaching the relevant documentation. The Policies are made available to the internal community in the appropriate section on the Company intranet.

Depending on the circumstances and the type of Policy in question, further initiatives may be undertaken with the aim of strengthening communication such as the publication of news on the company intranet or posters on the notice boards of the Group’s plants and offices. Training aimed at policies implementation consider the materiality of impacts linked to the specific roles of the different functions, with the aim of maximizing effectiveness. Lastly, each new employee during the hiring phase is provided with a copy of the most relevant Policies in force (by e-mail or hard copy), for his or her knowledge and acceptance.

The contents of the aforementioned Policies and the related methods for implementation are addressed in the sections of this Report that deal with the related issues.

The commitments in the field of Human Rights, without prejudice to the policies expressly dedicated to this, are transversal to all the Group’s Policies and this by virtue of the Management Model adopted by the Company. Pirelli in fact bases its activities on the respect and protection of universally affirmed human rights, in line with the international standards adopted (in particular those of the United Nations) and with the provisions of the laws and regulations of the individual countries in

which it operates. For an extensive discussion of human rights management activities, risk assessment, results and consequent actions, please refer to the paragraph “Respect for Human Rights” in this Report.

Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations

With regard to the administrative liability of companies and bodies provided for by Legislative Decree 231/2001 (hereinafter also the “Decree”), Pirelli has adopted an Organisation and Management Model (hereinafter also Model 231) structured in a General Section, which includes a review of the regulations contained in the Decree, of the crimes relevant to the Italian companies of the Group and the procedures for adopting and implementing the Model, and in a Special Section, which indicates the corporate processes and the corresponding sensitive activities for the Group’s Italian companies pursuant to the Decree, as well as the principles and internal control plans to supervise these activities.

In 2022, given the continuation of the public health emergency situation declared in 2020 until the month of May, the specific periodic monitoring information flows to the Supervisory Board relating to the company’s management of the Coronavirus emergency were maintained, which were reported first separately and then together with the information flows pursuant to Legislative Decree 231/01.

During the year, training and communication activities on the current Organisational Model were completed for the entire population of the Group’s Italian companies.

The process of communicating and implementing the Group’s Anti-Corruption Programme in the main countries where Pirelli operates also continued. The Programme, available in twenty-three different languages on the Pirelli website, is the corporate benchmark for the prevention of corruptive practices and represents a collection of principles and rules aimed at preventing or reducing the risk of corruption. In the document, the Pirelli principles already set out in the Code of Ethics and the Code of Conduct, including zero tolerance of “*any type of corruption in any form or manner, in any jurisdiction, not even where activities of this kind are in practice admitted, tolerated or not judicially pursued*” are restated. Among the provisions of the Group Anti-Corruption programme is an explicit prohibition in respect of recipients of the Code of Ethics from offering gifts and other utilities that might meet conditions of a breach of rules, or which are in conflict with the Code of Ethics, or may, if made public, constitute detriment even only to the image of Pirelli. Additionally, “Pirelli defends and protects its corporate assets, and shall procure the means for preventing acts of embezzlement, theft, and fraud against the Group” and “condemns the pursuit of personal interest and/or that of third parties to the detriment of social interests”.

As part of the Anti-Corruption Programme implementation process, mandatory country-specific training courses have been made available through an e-learning platform. In addition, a Group-wide anti-corruption training course was prepared for the Purchasing Department to raise awareness of the issue so as to make it easier for employees to identify potential critical situations and activate the procedures set out in the internal rules.

The activity aimed at analysing the profiles of corruption risk continued through the assessment of conformity with local regulations in force in the Countries where the Company is present, the verification of the adequacy of the corporate oversight and, where necessary, the updating of the risk analysis.

Finally, specific procedures have been defined to formalise the roles and responsibilities and operating procedures of the third-party due diligence process through the analysis of the activities, conducted in the main Countries, of gathering and verifying information of ethical, legal and reputational nature relating to counterparties and aimed at identifying potential Compliance risks in advance.

During 2022 the certifying body performed audits of the ISO 37001 Anti-Corruption Management System of Pirelli & C. S.p.A. and Pirelli Tyre S.p.A., and of the Affiliates in Russia, Brazil and Spain.

Referring to the contributions made to the External Community, Pirelli has for many years adopted internal procedures defining the roles and responsibilities of the involved functions and the operational process of planning, achieving, monitoring and control of results of the initiatives supported. Pirelli procedure specifies that it may not promote initiatives for the benefit of beneficiaries in respect of whom there is direct or indirect evidence of failure to abide by human rights, workers' rights, environmental rights or business ethics. "Pirelli Values and Code of Ethics" set forth in their turn that the Company *"does not provide contributions, advantages, or other benefits to political parties or trade union organisations, or to their representatives or candidates, this without prejudice to its compliance with any relevant legislation"*.

Concerning institutional relations of the Group, and especially activities of corporate lobbying, Pirelli has adopted a Corporate Lobbying Policy for ensuring this is done in abidance with principles ratified by the Code of Ethics and the Group Anti-Corruption Programme and in line with International Corporate Governance Network principles and in all cases in compliance with laws and regulations current in countries where Pirelli operates.

In terms of prevention and control, the audits carried out by Internal Audit Function at Group subsidiaries include monitoring of crime risks, among which corruption and fraud figure. In this regard, it should be noted that, with reference to 2022, on the basis of the reports received through the whistleblowing reporting channel, one case of fraud to the detriment of the Company was ascertained, while, as at 31 December 2022, 4 cases were in the process of being verified and investigated.

There were no cases of public legal action against the company regarding corruption practices.

Additionally, during the course of 2022 the Functional Segregation model was also implemented (so-called Segregation of Duties), aimed at strengthening the system of internal controls and preventing the committing of fraud.

Also in 2022, Pirelli supported the activities of Transparency International, to which it subscribes as supporter in educational area projects, aimed at promoting an active role of civic and moral education in strengthening civil society against crime and corruption, believing that it is only through proactive and firm actions of value promotion that a general improvement in the quality of life can be achieved.

In relation to the central role assumed by the topic Trade & Sanctions during the course of 2022 following the conflict between Russia and Ukraine, the tools necessary for the strengthening and consolidation of the internal control system related to these issues have been updated/implemented

and, in particular, specific controls in relation to countries, counterparties and product codes. These screening operations guarantee a meticulous control that is calibrated on the basis of the monitoring of regulatory developments on a global level, which in turn constitutes the fundamental point of attention for a structured control activity.

With regard to the issue of Privacy, there was a continuous update and comparison with the individual Regions in relation to any new regulations with which they had to comply. The subject of this activity were the most relevant issues in the area of data protection, including, by way of example, retention periods, data transfer, DPA, DPIA and requests for personal data management by Users themselves.

During 2022, Pirelli was not involved in any proceedings or significant investigations for alleged violation of privacy regulations.

On the subject of Antitrust and in line with the provisions of its *Global Antitrust and Fair Competition Policy*, Pirelli operates in accordance with fair and proper competition for the purpose of Company and at the same time, market development. In this context, Pirelli constantly updates the Group's Antitrust Programme in line with international best practices.

Throughout 2022, Pirelli continued to implement the Antitrust Programme in the various Countries in which it operates: online training activities were carried out, as well as continuous business assistance to facilitate the management of antitrust issues in the daily conduct of business activities or relationships with other operators.

During 2022, Pirelli was not involved in any antitrust proceedings or significant investigations as participant in anti-competitive conduct.

In addition to the above and with reference to compliance with laws and regulations, it should be noted that also in 2022:

- no significant instances of non-compliance with laws and regulations were registered
- no significant penalties were levied and/or paid relating to non-compliance with laws and regulations

For reporting on the contents of present paragraph in the years 2020 and 2021, reference is made to the Annual Reports 2020 and 2021.

Information and Cyber Security

Information is an asset, which has significant value for Pirelli due to its competitive and innovative value. Hence Pirelli is inherently responsible to provide appropriate levels of protection to data and information against loss, damage, theft or malware threats.

Due to the increase in cyber-attacks at global level and the desire of Pirelli Group to ensure proper protection of data and assets, the Group is focused on pursuing the following objectives:

1. to support corporate strategy by making information security an enabling factor for its business;
2. to safeguard the Group's assets as regards their financial, physical, intellectual property and reputation;
3. to comply with laws and regulations on information security wherever Pirelli operates;
4. to guarantee the following information characteristics:
 - "Confidentiality", understood as the ability to make available or disclose information only to those individuals, entities or processes authorised to access it (according to the minimum privilege principle);
 - "Integrity", meaning the ability to safeguard the accuracy and completeness of the information over time;
 - "Availability", meaning the ability to make information accessible and usable at a time and in a manner required by an authorised entity;
5. to protect data and confidential information of Pirelli, its employees, subsidiaries, third parties and business partners, including customers;
6. to respond proactively and effectively to the increase in cyber threats.

The Information Security Committee was established in 2021 with the aim of assisting top management in the management of Information and Cyber Security risks.

Specifically, the Information Security Committee is responsible for:

- approving the risk management strategy and Information Security objectives for the Organisation;
- assessing the alignment of the Information Security strategy and related initiatives with the Organisation's overall objectives;
- ensuring compliance with internal and external Information Security regulations;
- ensuring the assignment of roles, responsibilities and resources for Information Security initiatives;
- evaluating, at least annually, the results with respect to the strategies and objectives defined in the field of Information Security, defining actions and initiatives for continuous improvement, considering any changes in the scenario of internal and external risks.

As at 31 December 2022, the Information Security Committee consists of:

- Deputy CEO (as Board Member responsible for Information and Cyber Security);
- Head of Finance and Services;
- Head of Information Security (Executive Manager responsible for Information and Cyber Security management);
- Representatives of the main functions of the Organisation impacted by Information and Cyber Security issues.

The Information and Cyber Security function reports hierarchically to the Finance and Services function (also responsible for the Enterprise Risk Management areas) and functionally to the Chief Digital Officer.

In addition, the function reports periodically on the status of risks, significant events and updates on Information Security strategy to the following committees:

- Operational Risk Committee;
- Board Committee Audit, Risks, Sustainability and Corporate Governance Committee.

Where opportune induction meetings are also held for members of the Board of Directors and Control Bodies.

Focus: Reporting Procedure - Whistleblowing Policy

The Group Reporting Procedure, or Whistleblowing Policy, supports the Group' internal compliance and control systems. It is aimed at both employees and external stakeholders; it is internally accessible through intranet and company bulletin boards in the local language and externally through the Pirelli website, where it is published in 23 different languages in order to facilitate accessibility.

The Procedure governs the manner of reporting breaches, suspected breaches and inducement to breaches in the matter of law and regulations, principles ratified by the Code of Ethics, including reports relating to equal opportunities, discrimination and mobbing, in addition to all that is dealt with in the aforementioned Group Policies, internal auditing principles, corporate policies, rules and procedures, and any other behaviour involving commission or omission of acts that might directly or indirectly lead to economic-equity detriment, or even one of image, for the Group and/or its companies.

The reporting channel is also expressly referred to by the Sustainability Clauses included in each supply order/contract, in the Pirelli Supplier Code of Conduct, as well as in the text of the different Group policies published on the Company's website.

Reports may be made also in an anonymous form and protection of utmost confidentiality is at all times restated, as too is zero tolerance in respect of acts of reprisal of any kind against whoever makes a report or is the subject of the report.

Reports may concern directors, statutory auditors, management, employees of the Company and, in general, anyone operating in Italy or abroad for Pirelli or engaging in business relations with the Group, including partners, customers, suppliers, consultants, collaborators, auditing companies, institutions and public entities.

The e-mail box ethics@pirelli.com is made available to anyone wishing to proceed with an alert, which is valid for all Group subsidiaries, as well as for the External Community, and is centrally managed by the Group Internal Audit function which, in the Pirelli organisation, has a functional reporting to the Audit, Risk, Sustainability and Corporate Governance Committee, made up of only independent directors, and to the Board of Statutory Auditors of Pirelli & C. S.p.A.

Internal Audit Management has the task of analysing all reports received, even involving corporate functions felt to be competent for the activities necessary of verification, in addition to scheduling specific action plans. In the event of a report being found to be grounded, the adoption of fitting disciplinary and/or legal actions for the protection of the Company is foreseen.

In respect of reports received in the years 2022, 2021 and 2020, below is a summary table followed by an in-depth analysis of those pertaining to 2022¹⁰.

¹⁰ The data reported are related only to the consolidated perimeter of the Consumer business. Furthermore, with regard to the 6 reports that were still in progress at the reporting date of the 2020 Annual Report, following the conclusion of the verification activities in 8 cases no objective evidence was found to consider the facts alleged to be true, while in 3 cases the partial veracity of the reports was confirmed and the company intervened with specific plans aimed at removing the causes and/or improving the internal control system.

	2022	2021	2020
Total Reports	90	59	50
Of which anonymous	30	35	17
Of which filed closed for being absolutely generic.	13	12	3
Of which founded	26	12	20
Countries of origin of the verified reports	Brazil, Germany, Italy, Mexico, Romania, Sweden, UK	Argentina, Brazil and Romania	Argentina, Brazil and UK
Matter alleged in the reports ascertained	Violation of the Code of Ethics and/or company procedures, fraud against the Company or third parties, discrimination.	Violation of the Code of Ethics and/or company procedures.	Violation of the Code of Ethics and/or company procedures, fraud against the Company or third parties, claims by employees, discrimination.
Outcome of cases investigated	Review and integration of processes where deemed fitting, orders by the functions concerned and the Human Resources Department.	Review and integration of processes where deemed fitting, orders by the functions concerned and the Human Resources Department.	Review and integration of processes where deemed fitting, orders by the functions concerned and the Human Resources Department.

During the course of 2022 the Whistleblowing procedure was activated 90 times. In particular:

- these 90 reports came from 11 different countries (Argentina, Brazil, China, Germany, Italy, Mexico, Romania, Russia, Sweden, UK and USA);
- 89% of the reports (80 cases) were forwarded using the email address ethics@pirelli.com provided, while 11% (10 cases) by sending a letter to management which dealt with informing Internal Audit Department as per corporate rules;
- 67% of the reports (60 cases) were signed whereas the remaining 33% (30 cases) were received in anonymous form;
- among the signed notifications, 8 were activated by external stakeholders, of which 5 were related to breaches of the Code of Ethics and/or company procedures, 3 cases attributable to fraud to the detriment of the Company or third parties. It is objectively impossible to confirm that there were, in absolute terms, no further reports from external stakeholders received as a number of reports were, as specified, anonymous.

Of the 90 reports received during the 2022 year, at the beginning of 2023, 17 were found to be at the verification and in-depth investigation stage, whereas 73 were found to have been concluded.

With regard to the 73 reports for which the audits were concluded, specific activities of verification involving, where necessary, the corporate functions concerned, were conducted, and based on the analyses carried out and the documentation made available during the assessment, it emerged that:

- in 47 cases, objective corroborating evidence was detected such as to hold the facts contended in the reports received to be true;
- in the remaining 26 cases, the substantial truthfulness of the facts attributed was found and in particular:
 - o 1 case involved discrimination;
 - o 6 cases involved fraud against the company or third parties;
 - o 19 cases concerned violations of the Code of Ethics and/or company procedures.

No reports were received of alleged violations of ILO Core Labour Standards, with specific reference to forced labour, child labour, freedom of association and bargaining.

The Company has activated for all cases, intervening with disciplinary sanctions (calls and dismissals) and with actions aimed at removing the causes of complaints and/or aimed at improving the internal control system.

In 2022, there is a 53% increase in reports compared to 2021 (equal to 31 reports).

The Internal Audit Department periodically reported the reports received and the progress of the analyses carried out to the competent corporate bodies of Pirelli & C. S.p.A..

GRIEVANCE MECHANISM - NATURAL RUBBER

In addition to the Global Pirelli Complaint Procedure, since 2022 Pirelli has made available to its stakeholders a grievance procedure for reporting violations of the Policy on Sustainable Natural Rubber Management throughout the entire supply chain.

The Procedure has been published on the company's website (Sustainable Natural Rubber Section) and can be found at the bottom of the Policy on Sustainable Management of Natural Rubber.

Reports, including anonymous ones, are sent to the e-mail address grievance.naturalrubber@pirelli.com and are handled according to the procedure in terms of confidentiality, non-retaliation, response time and appeal.

No reports were received during 2022.

ECONOMIC DIMENSION

SHARING OF ADDED VALUE

The Values and Ethical Code of Pirelli ratify the commitment of the Company to operate to ensure responsible development over the long term, while being aware the connections and interactions between economic, social and environmental dimensions. This is to wed the creation of value, the progress of the company, the attention given to the Stakeholders and raising the standards of living and quality of the environment.

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

DISTRIBUTION OF ADDED VALUE (in thousands of euros)

	2022		2021		2020	
Gross Global Added Value	2,523,729		2,194,760		1,674,788	
Remuneration of personnel	(1,178,609)	46.7%	(1,101,913)	50.3%	(949,678)	56.7%
Remuneration of Public Administration	(159,734)	6.3%	(115,158)	5.2%	(14,693)	0.9%
Remuneration of borrowed capital	(201,696)	8.0%	(144,281)	6.5%	(156,502)	9.3%
Remuneration of the company¹¹	(980,166)	38.9%	(830,269)	37.5%	(548,726)	32.8%
Contributions to the external community	(3,524)	0.1%	(3,138)	0.1%	(5,189)	0.3%

The added value created in 2022 is 15% higher than in 2021. Trends in the items determining gross global added value, as shown above, are set out in the Directors’ Report on Operations and Consolidated Financial Statements and Notes to the Financial Statements section of this report, to which reference should be made for further in-depth study.

¹¹ The Company’s remuneration includes shareholder remuneration in the form of dividends approved by the parent company Pirelli & C SpA in the amount of €161,000 thousand in 2022 (€80,000 thousand in 2021)

Contributions for the benefit of the External Community

The impact of expenses for corporate initiatives in 2022 for the external community on the net result of the Group amounted to 0.8% (1% in 2021). The decrease in this ratio compared to the previous year is due to the higher net result of the group compared to the previous year.

The table below shows the expenses incurred in the last three years.

CONTRIBUTIONS FOR THE BENEFIT OF THE EXTERNAL COMMUNITY (In thousands of €)

	2022	2021	2020
Training and research	1,053	755	738
Social-cultural initiatives	1,606	1,918	1,441
Sports and solidarity	865	465	3,010
Total contributions for the benefit of the external community	3,524	3,138	5,189

For further study of the main initiatives supported by the grants indicated above and relating to the model of governance, please refer to the sections in this report devoted to corporate contributions and initiatives for the benefit of the external community.

The amounts allocated to trade associations in 2022 totalled €1,453,000.

Next is the expenditure for trade associations, which are part of the lobbying activities and also interact with policy makers.

TRADE ASSOCIATIONS (in thousands of €)

	2022	2021
USMTMA - U.S. Tyre Manufacturing Association (United States)	303	169
Assolombarda (Italy)	300	299
Unione Industriale (Italy)	143	-
ANIP - National Association of Tire Manufacturers (Brazil)	140	68
Assogomma (Italy)	110	-
ETRMA – European Tyre and Rubber Manufacturers Association (Italy)	109	73
Assonime (Italy)	100	-
wdk - Wirtschaftsverband der deutschen Kautschukindustrie e.V. (Germany)	70	70
Other ¹²	178	186
Total Trade associations	1,453	865

At the level of Associations in the United States, namely United States Tire Manufacturers Association (USTMA) and Motor and Equipment Manufacturers Association (MEMA), the share dedicated exclusively to lobbying activities in 2022 amounts to \$49,234 and \$2,869, respectively. The US Company Pirelli Tire LLC did not perform lobbying activity.

For the other Trade Associations mentioned it is not possible to indicate the share they dedicated exclusively to lobbying activities, Pirelli pays an all-inclusive membership fee.

For more details on the lobbying activities of the two trade associations in the United States and of which Pirelli is a member, USTMA and MEMA, please refer to the paragraphs “USTMA” and “MEMA” of this Report.

For more details on lobbying activities with European institutions, please refer to the paragraph “ETRMA – European Tyre and Rubber Manufacturers Association” of this Report.

In line with what is set forth in the Code of Ethics, Pirelli *“does not give contributions or other benefits to political parties and trade union organisations of workers, nor to their representatives, notwithstanding abidance by any regulations that may apply”*. Therefore, contributions in these areas are absent (zero).

Pirelli’s institutional relations are permeated by criteria of maximum transparency, legitimacy and accountability, both with respect to information disseminated in public venues and to relations

¹² Includes the membership fee for the Motor and Equipment Manufacturers Association (MEMA)

managed with institutional interlocutors in accordance with the Code of Ethics and the Institutional Relations - Corporate Lobbying Policy.

Loans and Contributions received from the Public Administration

The main contributions received by the Public Administration in 2022 are shown below.

Romania

Pirelli Tyres Romania S.r.l. received a non-repayable grant totalling €28.5 million from the Romanian state as an incentive for local investment of which €0.9 million was in 2022 (the incentives were paid from 2018). It should also be noted that in the current financial year, the company obtained approval from the Romanian state for a further contribution of up to €23.8 million as an incentive for further local investments.

Italy

With reference to the agreement signed by Pirelli Tyre S.p.A. with the MiSE (Ministry of Economic Development, now the Ministry of Enterprise and Made in Italy) in the 2019 financial year for the facilitation of three Research and Development projects up to a maximum of €6.3 million in total, in the current financial year the company received instalments of €1.5 million.

It should also be noted that in the current financial year, the company obtained approval from the Romanian state for a further contribution of up to €2.6 million as an incentive for further local investments.

Within the framework of the PNRR (National Recovery and Resilience Plan), the same company obtained a concession decree from the MUR (Ministry of Universities and Research) for the facilitation of research and development activities within the “National Centre for Sustainable Mobility - MOST” up to a maximum of €1.2 million.

Also with regard to the PNRR, Pirelli &C. obtained a concession decree from the MUR (Ministry of Universities and Research) for the facilitation of Research and Development activities within the Ecosystem for Innovation “MUSA – Multi-layered Urban Sustainability Action” up to a maximum of €0.4 million.

RELATIONS WITH INVESTORS AND THE FINANCIAL MARKET

Pirelli believes that constant dialogue with shareholders and, more generally, with key financial market stakeholders contributes to the creation of sustainable value for the Company.

In conducting such relations, the Company is inspired by international best practices, ensuring equal, transparent, timely and accurate communication, all in compliance with current legislation on market abuse. Over time, the company has developed multiple channels of communication with shareholders and stakeholders the financial market.

During 2022, this communication activity continued with meetings, roadshows and participation in industry conferences.

In accordance with Recommendation No. 3 of the Corporate Governance Code and in line with international best practices, the Board of Directors adopted the Engagement Policy in 2022; this policy governs the management of dialogue by the Board of Directors, through the Executive Vice President and CEO with shareholders and key stakeholders the financial market.

The Policy is published in the “Governance” section of corporate website.

The “Investors” section of Pirelli’s website is constantly updated with information on strategy, business model, market trends and positioning relative to competitors.

The interest of the financial community towards Pirelli is proved by the broad coverage of the stock by 20 of the leading national and international investment banks and brokers and by the company’s inclusion in the main indices, including FTSE ALL World, FTSE MIB, MSCI Small Cap. and Listed Italian Brands.

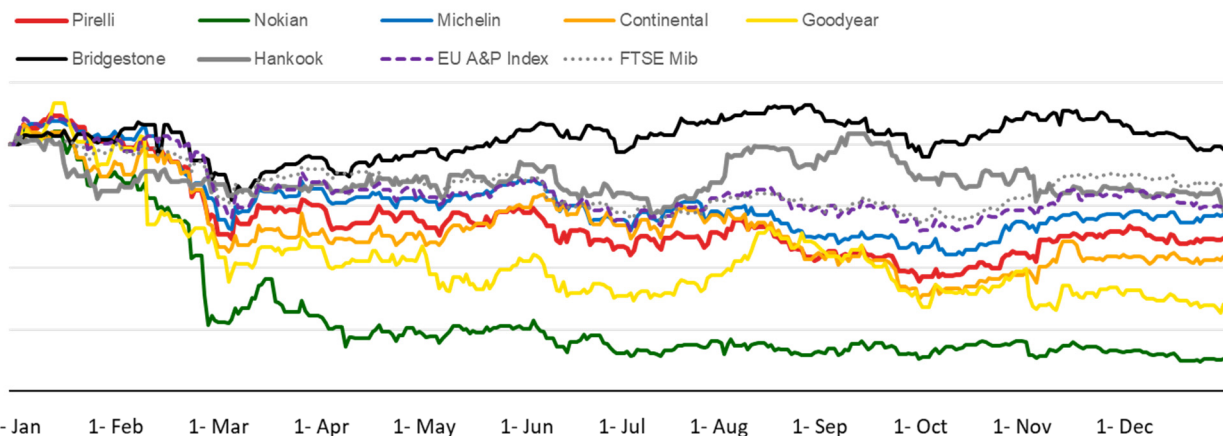
The evaluation (Target Price) and the analysts’ estimates (Consensus) are published on the company’s website in the ‘Investors’ section and periodically updated, based on publications and model updates by analysts covering the stock.

In 2022, the performance of equity markets was affected by uncertainties in the macroeconomic scenario, which were further exacerbated by the Russian-Ukrainian conflict. Cyclical sectors suffered in particular, including Auto & Parts.

Pirelli ended 2022 with a market capitalisation of €4.1 billion (average December capitalisation), down 30.8%. This compares¹³ with -70.2% Nokian, -39.7% Continental, -24.4% Michelin, -49.53% Goodyear, -17.9% Hankook, +0.2% Bridgestone.

¹³ Stock market trend 1 January - 31 December; the value is net of dividend distribution and/or other extraordinary transactions.

Below is a summary of the stock market performance since the beginning of the year:

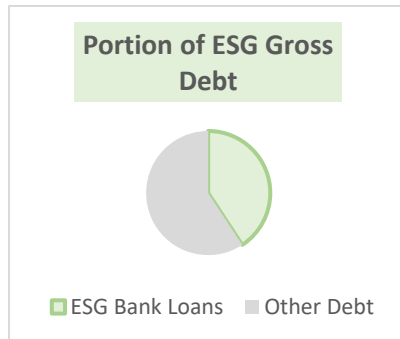


Source: Bloomberg

Focus: Sustainable Finance

As at 31 December 2022, sustainability index-linked loans accounted for almost 55% of the Group’s total gross debt (excluding leasing).

In detail, “sustainable” bank lines amount to €3.2 billion, of which €2.2 billion was utilised and €1.0 billion was available in the form of committed revolving credit facilities.



Bank Lines ESG Features							
Amount	Signing Date	Maturity Date	ESG Adjustment	Type	KPIs and ESG Features	Testing Type	Testing Period
Eur 600m	Apr 2020	Apr 2025	Margin (+/-)	Sustainable	1. Absolute Scope 1 and Scope 2 Co2 Emission 2. Water withdrawal	Yearly	2019-2024
Eur 200m	Apr 2020	Apr 2025	Margin (+/-)	Circular Economy	1. Fossil Based Materials 2. Rolling Resistance	One off	2023
Eur 400m	Dec 2021	Dec 2024	Margin (+/-)	Sustainable	1. Absolute Scope 1 and Scope 2 Co2 Emission 2. Water withdrawal	Yearly	2022-2023
Eur 1,600m	Feb 2022	Feb 2027	Margin (+/-)	Sustainable	1. Water withdrawal 2. Scope 3 absolute CO2 emissions*	Yearly	2022-2025
Eur 400m	Jun 2022	Jan 2024	Margin (+/-)	Sustainable	1. Scope 3 absolute CO2 emissions*	One off	2022

The Group’s first “sustainable” banking line dates back to the first quarter of 2020. This is a five-year line for a total of €800 million divided into two tranches; a first tranche of €600 million with sustainability targets and a second tranche of €200 million geared to circular economy targets.

In 2021, Pirelli confirmed its commitment and contribution to a sustainable economy with a three-year €400 million bilateral loan, parameterised on the Group’s environmental sustainability targets (CO₂ emissions and sustainable water management).

Over the past 12 months, Pirelli has refinanced its main bank financing line by introducing parameters linked to environmental sustainability objectives. The transaction, totalling €1.6 billion with a five-year term, saw the participation of 16 national and international lending banks, once again demonstrating the banking community’s sensibility and support for the Pirelli Group’s sustainability strategy.

In June, Pirelli finally signed a €400 million club deal maturing in January 2024, again showing its commitment to reducing CO₂ emissions from raw material purchases (Scope 3).

In all of the above cases, the achievement of sustainability goals allows economic benefits for the Group through a reduction in the interest margin applied. Conversely, failure to achieve sustainability goals results in an economic penalty for the Group, which is therefore also economically incentivised to achieve them.

The Pirelli Group, first company in the tyre industry, also adopted a Sustainability-Linked Financing Framework in May 2022. The framework, which can be downloaded from the company’s website, specifically identifies two objectives for the Group’s sustainable finance: the reduction of GHG Scope 1 and 2 emissions and the reduction of GHG Scope 3 emissions from raw material purchases.

The framework obtained, as is market practice, a second party opinion from Sustainalytics, which rated the KPIs chosen by Pirelli as “*very strong*” because they collectively account for 87% of the Group’s total emissions (Scope 1, 2 and 3) and the targets as “*Highly Ambitious*” in the case of Scope 1 and 2 emissions and “*Ambitious*” for Scope 3. Once again, therefore, this certifies Pirelli’s validity and commitment to sustainability.

The framework covers a wide range of products, i.e. not only the more classic bank loans but also bond issues and insurance and financial risk management instruments.

Sustainability Linked Financing Framework - Main ESG Features			
Reference KPIs	Target	SDGs	Financial Products
1: Absolute Scope 1 and 2 Greenhouse gas (GHG) emission reduction	-42% in 2025 vs 2015		Sustainability Linked Instruments: Bonds, Loans, Derivatives, Guarantees and Insurance Policies
2: Absolute Scope 3 Greenhouse gas (GHG) emission from purchased raw materials reduction	-9% in 2025 vs 2015		

* from the production of raw materials purchased or acquired by the Group

The commitment to the creation of sustainable value that characterises the Company's responsible management and its economic, social and environmental performance, allow the inclusion of Pirelli in some of the most prestigious sustainability stock indexes in the world.

Following the annual review of the Dow Jones Sustainability indices by S&P Global, the company recorded the global Auto Components Sector Top Score, followed by the Sustainability Yearbook 2023 'Top 1%' award.

Pirelli was also reconfirmed as a leader in the fight against climate change by being placed on the CDP 'Climate A list' and also obtaining the maximum score of "A" in the CDP Supplier Engagement Rating Leaderboard for the management of climate issues along its supply chain, as well as being awarded the top sector rating in FTSE4GOOD and the 'ESG Top Rated' recognition by Sustainalytics.

OUR CUSTOMERS

Pirelli is the only global tyre manufacturer entirely dedicated to the Consumer market, which includes tyres for cars, motorcycles and bicycles.

The company is focused on the High Value market and is committed to developing innovative tyres and Specialties and Superspecialties for a broad product portfolio. Sales channels include:

- Original Equipment, addressed directly to the world's leading car and truck makers;
- Replacement, for the replacement of tyres on vehicles already in circulation.

In the field of Original Vehicle Equipment, Sport Utility Vehicles (SUVs) and light commercial vehicles, Pirelli can count on a Premium customer market share of around 20% globally and around 25% in Europe; in the Original Equipment Prestige segment, which represents the highest of the range, Pirelli exceeds 50%.¹⁴

Within Replacement, there are two broad types of Pirelli customers: Specialised Resellers and Distributors. Specialised Resellers are tyre specialists operating on the market in the role of independent businesses; specialised dealers constitute a fundamental point of contact between the Group and the end consumer. Particular attention is devoted to specialised dealers in terms of shared development to enhance the product offering integrated with a high-quality level of service, in compliance with Pirelli values and consumer expectations. In 2022, Pirelli can count on around 20,000 Loyal Resellers globally, with a particular concentration in Europe, Asia-Pacific and South America (over 75% of the total points of sale). The degree of affiliation varies according to the market and the very presence of Pirelli, ranging from a softer loyalty (Fidelity Club), which has as main objective for Pirelli territorial coverage and for the dealer sales support, to franchise programmes, in which through the exclusive nature of the partnership there is strong focus on business development point of sale overall, up to the maximum degree of affiliation, represented by the presence of points of sale owned by Pirelli (303 points of sale worldwide).

Starting in 2016, and in line with Pirelli's "Prestige" strategy, a new retail concept called P ZERO WORLD™ was created, with the aim of offering top-class services aimed at satisfying the most demanding consumers. P ZERO WORLD™ offers its customers the full range of Pirelli products (Car, P ZERO™ Trofeo®, Pirelli Collection, Moto and Velo) and a series of customer oriented services such as car valet and courtesy car, all immersed in an environment that allows to fully experience Pirelli World, being able to touch the most important assets such as F1®, the Calendar and the continuous partnerships of Pirelli Design. The Network P ZERO WORLD™ by 2023 will identify nearly 100 shops among the best Pirelli customers, located in the main countries of the world. Of these, five are already active Flagship Stores (Los Angeles, Munich, Monte Carlo, Dubai and Melbourne), while the remainder are authorised dealers, with about 15 new openings planned for 2023.

¹⁴ Pirelli internal estimate

Distributors are partners who are fundamental to guaranteeing continuity in the supply of tyres to other specialised and non-specialised resellers. They do so by offering local delivery and distribution services throughout the entire territory. With this in mind, Pirelli is activating several programmes of close cooperation with the most important market distributors worldwide.

Customer Focus

Customer focus is a central element of the Group “Values” and “Ethical Code” and the “Quality” Policy and “Product Stewardship” Policy of Pirelli. These documents outline the company positioning and are therefore communicated to all employees in the local language and are available in many languages on the Pirelli website.

Among the essential elements of the Pirelli approach, the following are highlighted:

- consideration of the impact of its actions and behaviour on the customer;
- exploitation of every opportunity offered by doing business to satisfy the customer’s needs;
- anticipation of customer needs;
- safety, reliability, high performance of products and services offered, in accordance with local regulations and more developed national and international standards applicable, as well as excellence of production systems and processes;
- information to customers and end users to guarantee an adequate understanding of the environmental impacts and safety features of Pirelli products, as well as of the safest ways of using the product.

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

Transparency, Information and Customer Training

In the context of advertising communication, Pirelli has defined a traceable and transparent process for decisions relating to advertising campaigns and related media planning, both in the case of promotional activities managed centrally and locally with central supervision.

In terms of production of advertising campaigns and media planning, Pirelli uses specific auditing and certification structures that place the Company at the highest levels in terms of transparency and traceability in its advertising investment strategies.

The Pirelli Group endorses the IAB (Interactive Advertising Bureau) and is associated with the UPA (Associated Advertising Users), among other things dedicating ongoing commitment to support the

Advertising Code of Corporate Governance of the association. Through the UPA, Pirelli is a member of the WFA (World Federation of Advertisers), which commits participating firms to pursue honest, truthful and fair competition and communication in compliance with the code of conduct and self-regulation which they adopt. Consumer protection is also guaranteed by the choice of suppliers in the communication sector (creative agencies, media centres, production companies) that in turn belong to business and professional associations governed by ethical codes regarding communication.

Pirelli provides information to customer-distributors and end customers on a continual basis. This information concerns both the product and related initiatives, and is disseminated in a variety of ways, including digital channels, and this is complemented by information distributed in hard copy format, as well as the range of offline and online training activities.

With 50 Car websites (in 29 languages), 20 Moto websites (in 13 languages) and 6 Cycling websites (in 5 languages), Pirelli online represents a fundamental point of contact with the customer in the tyre purchase process. These product websites, located not only by language, but also for content, offer and promotional activities, have the objective of informing and guiding the consumer, in all countries where Pirelli markets its products, to the points of sale where to buy the tyres or to purchase online on our partner e-commerce platforms. In 2022, these websites attracted 14 million unique users, for a total of 19 million sessions and around 48 million page views.

A further digital touchpoint that brings the consumer to the point of sale is represented by the Retail sites: present in 9 countries, have intercepted in 2022 2.1 million users (for a total of 5.7 million page views) and generated over 160,000 appointment bookings, more than 69,000 calls to the dealer and more than 20,000 contact requests via e-mail.

In 2022, Pirelli also continued to inform its customers by means of a Direct E-mail Marketing (DEM) programme, whose main objective is to provide an additional means of communication, training and ongoing contact. These DEMs are intended to inform trade customers of the main news on products, the Company and the courses available to become Pirelli Product Experts.

In addition, during 2022, information about the introduction of new products was carried out on digital channels: the new Scorpion family and Elect technology were presented to customers with digital events that allowed Pirelli to convey its technological innovation in a new, fast and effective way.

The year 2022 saw the gradual resumption of open-door events after the COVID health emergency years. In this context, some of the most important car manufacturers in the Prestige world presented their new models to the media and public through static and dynamic launch events, in which Pirelli participated as a partner. Highlights include the media launch of the McLaren Artura in Marbella, the dynamic launch of the Lamborghini Urus Performante in Vallelunga, the static launches of the Pagani Utopia in Milan and the Porsche 911 Dakar at the Los Angeles Auto Show. Through partnerships with car manufacturers, Pirelli has also been present at some of the world's major automotive events, such as the "Goodwood Festival of Speed" and "Monterey Car Week". Finally, the Pirelli P Zero calendar™ Experience 2022 gave rise to six events between Abu Dhabi, Silverstone, Mugello, Hockenheim, Donington and Red Bull Ring, with over 650 participants in total.

Pirelli continues its commitment alongside the sports most in line with the prestige and high-performance positioning that characterise the Company and its products: this is the case with the renewal in 2022 of the partnership started in 2018 with Luna Rossa, which will take part in the 37th America's Cup in 2024 in Barcelona. Added to this was the sponsorship of sailor Ambrogio Beccaria and his boat Alla Grande Pirelli, which took second place in the solo ocean race Route du Rhum 2022. In addition, Pirelli has consolidated its sponsorship of FC Internazionale Milano, of which it has become Global Tyre Partner from the 2021-2022 season after 26 years on the Nerazzurri jersey; as well as the renewed partnership with the Italian Winter Sports Federation and the Alpine Skiing World Cup (Cortina d'Ampezzo stage, January 2022).

Customer training on the product was also intense in 2022 in all markets, continuing to be mainly virtual delivery. During the year, almost 4,400 dealers from more than 30 major markets participated in online training courses on Pirelli products, technology and tyre sales.

In order to support the product trainers, Pirelli continues to develop a library of technical content developed for classroom courses and the TYRE CAMPUS™ tool, which aims to concretely demonstrate the characteristics of Pirelli tyres, the raw materials used for their manufacturing and the benefits of the different treads. With these tools, Pirelli trainers around the world can have concrete and innovative support that allows customers to personally understand and verify the key characteristics and advanced technology of Pirelli products. In 2022, the TYRE-CAMPUS™ online training site covered over 30 markets in 17 different languages. More than 16,000 active users have registered on the training platform to date. Training on the product is provided in an engaging and customisable way on the various types of distribution channel, with more paths linked to the individual product families. Users are not only involved by a modern and intuitive environment, they are also involved by obtaining a '*Product Expert*' certificate that can be downloaded from the site once they have completed all the training courses assigned during the year.

Listening and exchanging ideas with the Customer as a source of Continuous Improvement

Customer relationships are managed by Pirelli principally through two channels:

- the local sales organisation, which has direct contact with the customer network and which, thanks to advanced information management systems, is able to process and respond to all information requirements of the interlocutor on-site;
- the Pirelli Contact Centres, more than 20 worldwide with more than 130 employees, performing information support and order management (inbound), telemarketing and teleselling (outbound).

In 2022, the overall fan base of Pirelli's social media channels increased by more than 1 million followers compared to the previous year. Facebook remained the largest channel, with 2.6 million followers. Also on Twitter, the Pirelli accounts reached more than 544,000 people, over 17% more than in 2021. A very important step forward was taken on Instagram, where Pirelli channels reached more than 1.9 million followers. There are about 30,000 followers of Pirelli on the main online video platform, YouTube, where 46 million views are recorded, and about 648,000 followers on LinkedIn. Finally, Pirelli opened a new profile on the Tik Tok platform in November 2022, which has reached 17,500 followers.

Regarding the site www.pirelli.com, Pirelli's digital magazine, about 290 articles were published in 2022 - 67% of which on product and motorsport issues and 33% related to brand and company dimensions - collecting more than 5.7 million visits (of which about 58% attracted through social networks) and more than 5 million unique users. Among the publications there is no shortage of content on sustainability issues, including the 'Thinking Ahead' column and articles supporting the three-year project in which Pirelli, BMW Group and the NGO BirdLife International are involved in protecting the rainforest on the island of Sumatra.

As for the Motorcycle world, the Pirelli and Metzeler brands boast a structured and widespread presence on the main social networks; the Pirelli brand, in addition to the Facebook channel (with more than 1 million fans connected to the Global Page that includes 18 local pages) is present on Instagram with almost 190,000 followers. Also important to the business is the DIABLO™ Super Biker mobile application, which has been further revamped and improved in terms of graphics, usability and functionality offered to motorcyclists. The Metzeler brand, in addition to its international and geo-localised website in 21 countries around the world, which in 2022 attracted 1.1 million unique users, a total of 1.5 million sessions and 4.8 million page views, is also present on Facebook with a Global Page that has more than 440,000 fans and includes 17 local pages in as many countries. As with the Pirelli brand, Metzeler has had active Instagram, Twitter and YouTube profiles for years. The CRM (Customer Relationship Management) project, in turn, has a priority position given the passion for the Pirelli product by the registered motorcyclist community: over 510,000 for Pirelli Moto and around 90,000 for Metzeler.

Pirelli Cycling, in turn, also talks to its consumers through a dedicated website. Immediately active in Instagram, Pirelli Cycling bases its communication on digital activation in line with the propensities of its target consumer.

Also in 2022 direct customer listening activities were carried out both through the Brand Tracking¹⁵ survey in Pirelli's Top Market (Italy, Germany, United Kingdom, China and United States) and through surveys to consumers with whom Pirelli has a direct and constant dialogue thanks to structured CRM activities. The ongoing changes made to this study over the years have made it possible to refine and improve the precision of business insights into the brand role, image profile and characteristics of the different touchpoints that influence the end customer's purchase decision.

In terms of performance indicators, Pirelli considers Top of Mind, Brand Awareness and Brand Consideration. With reference to the Target Premium 18" Up represented by owners of Premium cars that can fit tyres of 18" and over, the analysis carried out in 2022 saw Pirelli positioned among the main tyre brands: in second place for Top of Mind, Brand Awareness and Brand Consideration in the UK, in first place for Top of Mind and Brand Awareness and in second place for Brand Consideration in Italy, in second place for Brand Awareness and in third place for Top of Mind and Brand Consideration in Germany. Outside Europe, Pirelli ranks fifth for Top of Mind, Brand Awareness and Brand Consideration in the USA, while in China it ranks third for Brand Consideration, fifth for Brand Awareness and sixth for Top of Mind.

Product Safety, Performance and Eco-Sustainability

Pirelli's Eco&Safety strategy places safety for people and technological solutions in support of the environment among the essential values of the Company's product offering and commitment. In 2022, the Company confirmed its continued focus on the development and marketing of tyres and technologies that aim to increase safety and enhance the potential of cars in tandem with attention to the environment.

In 2022, Pirelli marketed several product lines. Several replacement products were introduced for the European market, leading to the complete renewal of the SCORPION family, dedicated to the SUV world: SCORPION, SCORPION ALL SEASON SF2 and SCORPION WINTER 2.

SCORPION is the ultimate summer product for modern SUVs and CUVs developed to combine safety and driving pleasure with a focus on performance in the wet, mileage and reduced rolling resistance. SCORPION, available in all Pirelli technologies (Run Flat, NCS, Elect, Seal Inside) represents Pirelli's offering within the original equipment counting on a portfolio of about 100 type approvals already in 2022.

Scorpion All Season SF2 is the product for those who want to always meet winter regulations and not worry about seasonal tyre changes, and is available in 34 sizes between 17 and 21 inches. The

¹⁵ Source: Kantar Brand Tracking July 2022

M+S symbol accompanied by the 3PMSF marking (Three-Peak-Mountain with Snowflake) indicate the excellent performance even in winter conditions and certified by the tests required by European regulations, which guarantee compliance with the traffic regulations in force in several European countries during winter. Safety also confirmed in the excellent wet braking performance, with 100% of the replacement range in class A on the European label.

Pirelli's European offering has also been renewed for the Winter segment, with the introduction of the new Scorpion Winter 2, the latest product introduced in the SCORPION family, intended for modern SUV vehicles with a range of over 50 items. The product offers high snow performance, excellent mileage as well as reliable and safe performance in winter conditions guaranteed by the TÜV performance mark certification. The product is also equipped with Seal Inside and ELECT technologies; and labelled class B-C for rolling resistance values and 100% class A for wet grip.

With the renewal of the range, Pirelli has focused its efforts strongly on products with the best rolling resistance values; in Europe, Pirelli's portfolio in class A/B is represented by 27% of the range (Pricat October 2022 data), up from the previous year (2021 - 23%), showing the highest growth (vs. January 2021) compared to the main reference players.

This major investment in products with excellent environmental performance has not been at the expense of safety (Wet Grip); in Europe, Pirelli's A/B class portfolio is represented by 86% of the range, an improvement over the previous year (2021- 85%) and confirming Pirelli as the leader in the segment.

Starting in Q4 2022, the new products CINTURATO WEATHERACTIVE and SCORPION WEATHERACTIVE were introduced in North America. These tyres perfectly combine the specific characteristics of Pirelli allseason tyres for the American market with those of winter tyres. The result is a tyre that can be used all year round, even in mild winter conditions. Pirelli WEATHERACTIVE tyres offer confidence in both snow and wet/dry conditions, providing year-round peace of mind without the hassle of changing tyres when the seasons change. The difference between ALL SEASON and WEATHERACTIVE tyres is simple: the latter offer greater safety and better performance in extreme conditions such as snow and ice, certified by the Three-Peak Mountain Snowflake (3PMS) rating.

The new 39-strong range is available in the CINTURATO (for passenger cars) and SCORPION (for SUVs, CUVs and pick-ups) families. With excellent wet performance and outstanding snow traction, these new directional tyres offer peace of mind in all weather conditions. A compound that works over a wider temperature range is backed by a 60,000-mile tread wear guarantee.

The LATAM region introduced the new Powergy, Pirelli's product line for summer applications: the smart choice for the consumer looking for the quality of a premium brand, the safety of a product in Wet Grip class A/B, and at the same time attention to efficiency (Rolling Resistance class B/C). In fact, the product offers excellent levels of safety and sustainability, offering the consumer reduced fuel consumption in total safety in the wet, improving on the performance of the previous product.

The line renewal also involved the APAC region with the introduction of the two new products Cinturato Rosso and Powergy to support Pirelli's multi-channel and multi-country strategy. The product lines are dedicated to CUVs, SUVs and medium-large sedans and represent the choice for the consumer looking for safety and green performance. The products were developed with a high focus on dry and wet safety, mileage and high acoustic comfort. High wet braking performance (class A) and low rolling resistance (mainly class B range) lead to low environmental impact without compromising on performance and safety.

In terms of results in tests conducted by the European press, several satisfying milestones were achieved (12 podiums and 3 victories in total).

In particular, among the Summer tyres, the Cinturato P7 was on the podium twice, finishing first and second respectively in tests conducted by *Al Volante* and *Teknikens Varld*, which recognised the product's excellent performance in terms of manoeuvrability and wet performance, while maintaining excellent Rolling Resistance values.

The P-Zero was on the podium twice (*Auto Motor und Sport* and *EVO*), demonstrating its manoeuvrability and extremely precise, snappy and sporty driving response as well as safety in the wet.

The P Zero Trofeo R came second in two tests (*Auto Bild Sportscars* and *Auto Motor und Sport*), being praised for its high road handling and excellent braking performance.

Among the Winter tyres, the new Cinturato Winter 2 stood out for its excellent press results. In fact, the product was on the podium three times, ranking test winner twice (*Auto Bild* and *Tyre Seeker*). High wet handling, aquaplaning resistance as well as product durability and fuel efficiency contributed to this important result.

The Winter Ice Zero FR was on the podium twice (*Teknikens Varld* and *Za Rulem*), which recognised its excellent performance in terms of grip in extreme winter conditions and comfort.

Finally, Ice Zero 2, a studded product specifically for extreme winter conditions, took up a place on the podium in the *Teknikens Varld* test.

Equally noteworthy results were achieved by Pirelli products for the NAFTA market.

In the Grand Touring All Season segment test carried out by *Tire Rack*, the P7 AS Plus 3 took first place, thanks to its excellent handling qualities.

Scorpion Weatheractive, the new product for the North American all weather tyre market, has been reviewed by *Tire Rack*, receiving an excellent rating; in particular, the site praises its versatility and excellent performance in all road conditions.

In this regard, it is worth mentioning that most Pirelli products are at the top of the consumer satisfaction rankings published by Tire Rack:

- Scorpion Zero All Season Plus in 1st place in the Street/Sport Truck All Season category;
- Scorpion Zero All Season in 4th place in the same category;
- Scorpion AS Plus 3 ranked 1st in the Crossover/SUV Touring All Season category;
- Scorpion Winter ranked 1st in the Performance Winter/Snow category;
- P7 AS Plus 3 in 3rd place in the Grand Touring All Season category.

The focus on the evolution of mobility and the environment is also expressed in the ELECT-labelled tyre offering, which distinguishes all tyres developed specifically, together with car manufacturers, for electric vehicles. The marking represents the clear identification of a tyre built through technological solutions and material packages capable of enhancing the technical peculiarities of electric cars, particularly in terms of:

- low rolling resistance, to increase the life of the car battery;
- low acoustic emissions, for greater driving comfort, in line with the silence of electric traction;
- greater resistance of the carcass to better support the weight increase of the car given by the batteries and at the same time guaranteeing better handling;
- greater resistance of the tread compound to support the higher torque generated by the electric motor, ensuring the necessary road holding.

Pirelli's growing role within the electric segment and strategic development partner is also made even clearer by the achievement of more than 220 (pure BEV) type approvals on 18 different carmakers, including numerous activities within the OE BEV APAC world, which is experiencing strong expansion and represents an element of diversification of Pirelli's presence in original equipment. Pirelli's strong OE investment has been reflected in a strong increase in OE sales with ELECT technology: in 2022, ELECT sales in the OE channel accounted for 13% of the channel total (vs. 5% in 2021); 100% of the OE channel's ELECT sales are 18" up and account for 17% of the OE channel's 18" up sales. In the replacement channel, thanks to Pirelli's pull-through strategy, ELECT sales doubled to 2% of the replacement total by 2021.

Particularly suitable for electric vehicles, but not only, is the PNCS™ technology, a decisive innovation for the reduction of interior noise generated by tyre rolling as a result of stress between the road surface and the tread pattern. Benefits have been recognised by car manufacturers such as Volkswagen, Jeep, Alpina, Karma, Great Wall, Enovate, Jaguar-Land Rover, BMW, Audi, Volvo, Polestar, Mercedes, Ford, Tesla, Lucid, Porsche, Bentley, McLaren, Aston Martin and Rolls Royce, with 340 approvals. PNCS™ technology in the OE channel accounts for 14% of the total (vs 9% in 2021) and 19% of the 18" up (vs 13% in 2021). At the spare parts end there is a continuous sales

growth driven by the pull through strategy of +35% vs. 2021 and accounting for 6.5% of the total 18” up spare parts.

High Value Approach to the Mobility of the Future

Pirelli closely monitors the evolution of mobility and its main trends such as digitalisation, electrification, servitisation, mobility sharing and automated driving, elements that were already present before the health emergency and are expected to evolve strongly in the coming years. In fact, the health emergency has highlighted the importance of personal health and safety, and we expect a recovery geared towards greater sustainability for people and the planet, in which technologies can play a key role in making the mobility of the future safer, more accessible, efficient and with less environmental impact.

The mobility of the future cannot be separated from digitalisation, and in this area Pirelli is present with the Cyber™ TYRE project. Tyre 'sensorisation' is an integral part of the Group's strategy that makes technological innovation a distinctive and key element in responding to the major themes that will transform the concept of mobility: autonomous driving, electric, sharing and 5G connectivity.

The development of Cyber Tyre technology in 2021 saw the market launch of the first car with tyres natively integrated with the vehicle's electronic systems. An integration project that lasted several years, involving the R&D teams of Pirelli and McLaren, paving the way for new developments and innovations. The new McLaren Artura, with Cyber Tyre technology as standard, is equipped with an advanced tyre monitoring system that can check tyre conditions in real time and provide timely indications for increased safety and performance, both on the road and on the track.

As early as 2022, new iconic models of future mobility have been equipped with Cyber Tyre sensorised tyres, providing useful information that enables vehicles to improve performance and performance.

Applying the market demand for mobility in the form of a service (Tyre As A Service) to tyres, Pirelli introduced in April 2022 PIRELLI Care, a new way of purchasing tyres and car care services via app with monthly payment. PIRELLI Care offers several modular plans, which can be purchased via web platform or app, and allows them to be further customised with the type of service desired.

The PIRELLI Care offer is constantly evolving and, as early as September 2022, basic services such as puncture protection or roadside assistance, provided in partnership with Europ Assistance, were joined by the possibility of recharging electric and plug-in hybrid cars at the network of stations managed by Enel X Way spread throughout Italy. Thanks to the collaboration between Pirelli and Enel X Way, Enel's new global business line dedicated to electric mobility, users can now view the map of Enel X Way's more than 16,000 recharge points directly on the PIRELLI Care app to book a stop and fill up their electric vehicle.

The mobility of the future also partly consists of a return to the past, where bicycles, now electrified, play an important role, especially in urban mobility. This is why, since 2017, Pirelli has returned to the world of bicycle tyres (consider that the first Pirelli tyre at the end of the 19th century was a bicycle tyre), in which it is present with several product lines: P ZERO™ for high-performance racing bicycles, designed for users devoted to maximum performance; CINTURATO™ for Endurance and Gravel bicycles, where the more playful component of exploration and sporting activity understood

as well-being and lifestyle takes precedence over pure performance; SCORPION™, the line dedicated to the off-road world of Mountain Biking, with all its variants from Cross Country to E-MTB; and finally the Angel™ Urban line of tyres, ideal for all situations, urban and otherwise, of commuting by pushbike.

A complete range of products developed by R&D Pirelli also in collaboration with the best international professional teams in each category, to achieve maximum performance.

Added to this is the start-up of bicycle tyre production at the Pirelli plant in Bollate, which thus becomes the only factory to produce 'Made in Italy' bicycle tyres on an industrial scale. The historic facility, a few kilometres from Milan and inaugurated by Pirelli in 1962, has undergone a process of modernisation and reorganisation to house the production of Pirelli Cycling's high-end lines.

In the field of micro-mobility, Pirelli, with its CYCL-e around™ project, aims to bring innovation to urban mobility to provide a concrete response to the needs of increasingly smart citizens and workers. A turnkey service including a fleet of top-of-the-range e-bikes, an app for managing bookings by end users, routine maintenance of the bikes and marketing and communication support to promote them within private partner communities. The year 2022 saw further growth in activities in the hotel and corporate channel in Italy. Among the partners joining the service in 2022 are chains such as Relais&Chateaux, the Horizons group for the hotel channel; Terna S.p.A., Aon, Electrolux are just some of the new partner companies.

Quality and Product Certification

ISO 9001: since 1970, the Group has had its own Quality Management System introduced gradually at all Plants and, since 1993, Pirelli has obtained certification of its quality system under the ISO 9001 standard. The transition process of its Plants and the Headquarters to certification according to the new ISO 9001: 2015 ended in September 2018. In 2020, following the Covid-19 pandemic situation, the IAF (International Association Forum) admitted the possibility of implementing remote audits and extending the validity of expiring certificates. Pirelli ensured that surveillance and recertification audits were carried out remotely and in the field, where possible, in accordance with IAF rules and in compliance with the rules for the preservation of personnel health, established by the country and the company itself. In 2021, due to the continuation of the pandemic situation, the Company continued to carry out surveillance audits in accordance with the procedures laid down by the relevant third-party bodies, guaranteeing the continuity of the certifications obtained. In 2022, following the re-establishment of the general conditions of normality and in accordance with the procedures laid down by the appointed third-party bodies, the Company resumed carrying out surveillance audits in presence, guaranteeing the continuity of the certifications achieved.

IATF 16949:2016: since 1999 the Group has obtained the certification of its Quality Management System according to the automotive scheme and subsequent evolutions. Following the evolution of ISO 9001:2015 and the new IATF 16949:2016 (Automotive Scheme became private), Pirelli achieved the Quality Management System certification in 100% of its eligible Plants as at 31

December 2018. In 2020, due to the pandemic situation, the International Automotive Task Force allowed remote audits from 30 October 2020. Once again, Pirelli ensured that surveillance and recertification audits were carried out in the field, and then remotely, in accordance with IATF rules and in compliance with the rules for the preservation of personnel health, established by the country and the company itself. In 2021, due to the continuation of the pandemic situation, the Company continued to carry out surveillance audits in accordance with the procedures laid down by the relevant third-party bodies, guaranteeing the continuity of the certifications obtained. In 2022, following the re-establishment of the general conditions of normality and in accordance with the procedures laid down by the appointed third-party bodies, the Company resumed carrying out surveillance audits in presence, guaranteeing the continuity of the certifications achieved.

ISO/IEC 17025: since 1993 the Materials and Experimentation Laboratory of the Pirelli Tyre S.p.A. and since 1996 the Experimentation Laboratory of Pirelli Pneus (Latin America) hold the Quality Management System, and have been accredited under the ISO/IEC 17025 standard. This system is maintained in accordance with the standard in force and the ability of the laboratories to perform accredited tests is evaluated annually. In accordance with the transition rules to the ISO/ IEC 17025:2017 standard, in 2019 Pirelli Tyre S.p.A.'s Laboratory successfully achieved accreditation to the new version. In 2020, the Laboratory carried out its annual surveillance audit remotely, in 2021 and 2022 in hybrid mode, as stipulated by the Accreditation Body Accredia.

Laboratories participate in proficiency tests organised by the International Standard Organisation, the European Tyre and Rim Technical Organisation (ETRTO) or international circuits organised by car manufacturers. Specifically in regard to car tyres, the focus on quality is confirmed by Pirelli's supremacy in numerous product tests. It is also guaranteed by its collaboration on product development and experimentation with the most prestigious partners (auto manufacturers, specialised magazines, driving schools, etc.).

The Product Certifications, which allow the marketing of the same in the various markets in accordance with the regulations laid down by the different Countries, are coordinated and, for some markets managed, directly by the Quality Function. The prevailing certifications, obtained in the Pirelli Group, cover the markets of Europe, North America, South America, China, the Gulf States, India, Taiwan, Indonesia, South Korea, Argentina and Australia (the latter only 'on demand', as it considers both the DOT - Department of Transportation - marking and the UNECE certificate valid), and involve all Pirelli plants. These Certifications periodically require factory audits by ministerial bodies from the countries concerned or bodies delegated by them, with the aim of verifying product compliance at the Pirelli production sites.

In 2022, on-site audits resumed, and only a few Government and/or Type Approval Authorities (e.g. for the markets in China and India) conducted remote audits for the purpose of production conformity verification.

Some certifications have been issued by third-party certification bodies with delays (e.g. India, Indonesia) without any impact on business activities.

Compliance

Also in 2022:

- there were no significant cases of non-compliance with laws and regulations related to products;
- no significant penalties were applied and/or paid for non-compliance with laws and regulations related to products.

For details of activities and performance with respect to customers in the years 2020 and 2021, please refer to the paragraph “Our Clients” in the respective Annual Reports.

OUR SUPPLIERS

Supply Chain Sustainable Management System

The Supply Chain Management Model adopted by Pirelli fully meets the requirements dictated by the international guidelines for sustainable procurement ISO 20400 - “*Sustainable Procurement Guidance*”, as attested by a third party (SGS Italia S.p.A.) in 2018 and again in 2021 following an in-depth assessment of the Pirelli Procurement Model, the related corporate policies and strategies and the internal processes applied to implement sustainability requirements in purchasing dynamics and management of suppliers’ ethical performance. The assurance on full compliance with the guidelines of ISO 20400 is flanked and complemented by the certification of compliance obtained by the Company with respect to the guidelines on social responsibility dictated by ISO 26000, issued by the auditor of this Report.

The Group’s relations with suppliers are based on fairness, impartiality and respect for equal opportunities towards all those involved in the purchasing processes as prescribed by the Group Values and Code of Ethics and in line with the OECD Guidelines on Duty of Care.

The mission of Pirelli’s Purchasing Department is to promote best practices and to purchase services and goods for the effective and efficient operation of the Company and to ensure the best supply base in line with the following priorities: best market value, quality, on-time delivery, speed, innovation, compliance with local and international regulations and internal procedures.

The sustainable management of the supply chain at Executive level is headed by the Group **Procurement Director**, who works in constant coordination with the Sustainability Department.

Sustainable management of the supply chain is addressed in the “Global Health, Safety and Environment” Policy, the “Global Human Rights” Policy, the “Quality” Policy, the “Product stewardship” Policy, the Group’s “Sustainable Natural Rubber Management” Policy, the “Green Sourcing” Policy, the “Social Responsibility for Occupational Health, Safety and Rights, and Environment” Policy, published in several languages on the Company’s website so that they are fully accessible to the general public. The Policies are in turn the source of the details of what Pirelli requires of its Suppliers, expressed in the **Pirelli Suppliers’ Code of Conduct**, also published on the Company’s website, both among the Policies and in the “Suppliers Area”. In all the documents mentioned, with reference to the specific social and environmental issues addressed by the individual Policies, Pirelli undertakes to establish and maintain the procedures necessary to evaluate and select its suppliers on the basis of their level of social and environmental responsibility, and to require its suppliers to implement a similar management model in order to extend responsible management in the supply chain as far as possible to its origin.

Policies and purchasing practices are subject to continuous monitoring so that there is alignment with the Code of Conduct and there are no conflicts with ESG expectations and objectives.

Training is dedicated to Procurement Department and relevant buyers, as well as Internal Stakeholders, on ESG management and processes, duly included in the Purchasing Training Academy operated by Pirelli.

The Pirelli Suppliers' Code of Conduct forms an integral part of the Contractual Terms and Conditions of Purchase applied by Pirelli to all its Suppliers, and its principles acceptance is envisaged since the qualification phase of the potential supplier.

The Code details what is required of Pirelli's suppliers in the following fields:

- Human and Labour Rights, on employment contracts, working hours, prohibition of child labour, prohibition of forced labour and modern slavery, passport management, health and safety, non-discrimination, pay equity, freedom of association and collective bargaining, rights of indigenous peoples and prevention of land conflicts, privacy, conflict minerals, and internal security rules;
- Environment, on the protection of biodiversity and natural resources, circular economy, waste management, reduction of greenhouse gas emissions, water saving, elimination of single-use plastics;
- Materials, sustainable chemistry, hazardous materials management, governance to ensure there are no violations in conflict minerals and with the intention of reducing them;
- Business Ethics, with reference to the topics of fraud prevention and illegal acts, corruption and abuse of office, fair competition and anti-trust, conflicts of interest, compliance with export controls and sanction provisions, data protection and privacy, confidentiality, intellectual property and adequacy of processes and records;
- Due Diligence of the supply chain till upstream;
- Whistleblowing procedure – Complaint Procedure.

Please refer to the text of the Pirelli Suppliers' Code of Conduct for an exhaustive reading of the specific requirements to suppliers for each of the above elements and areas.

The social, environmental and business ethics responsibilities of a Pirelli supplier are assessed together with the economic and product or service quality to be supplied, right from the selection as potential supplier stage, as detailed below.

The analysis of ESG (Environment, Social, Governance) performance continues with the qualification phase of the potential supplier pre-analysed (and audited on-site by a third party for all cases of potential suppliers of raw materials and high value-added goods) in the assessment phase, to then be "contractualised" through the Sustainability and Business Ethics Clauses included in each contract/purchase order (and of which the Pirelli Suppliers' Code of Conduct is an integral part).

Verification of the ESG compliance of those who become part of Pirelli's panel of suppliers is therefore carried out through periodic on-site third-party audits.

The aforementioned Management Model and the related documentation are available on the institutional Pirelli website, in the "Suppliers Area" section (<https://corporate.pirelli.com/corporate/en>

ww/supplierarea/index-en-ww), devoted to the world of supply and accessible to current and potential Pirelli suppliers, as well as anyone with an interest in knowing the approach and procedures adopted by the Company in the areas of purchases of good and service around the world.

The detailed process follows.

The ESG Elements in the Procurement Process

Pirelli uses the same approach to assessing ESG performance throughout the entire process of interactions with a supplier, although in different ways among them, consistently with the intensity of the interactions characterising the specific procedural stages.

During a first **scouting phase**, and thus assessment of potential suppliers of goods or services, a buyer, who has been adequately trained, is able to gain a first impression of the abidance or otherwise by the requirements of the product and ESG by the potential supplier. This makes it possible to eliminate potential future suppliers that are clearly in possible violation of Pirelli expectations.

Screening phase goes on with the on boarding. Pirelli asks all potential suppliers who gain access during the **on-boarding phase (pre-qualification and qualification)** to fill in a questionnaire through which the supplier can view and simultaneously accept Pirelli's requests in terms of economic, social, environmental and business ethics responsibilities. The approach considers country, sector and commodity specific economic and ESG risks (for example, the specific risks related to natural rubber from the different countries). Among the questions asked of the potential supplier, for example in the area of Human and labour Rights, is the request to certify that its company: checks workers' ages before hiring them and it ascertains that all of its employees satisfy the minimum legal working age; uses workers provided with a written labour contract and who work on a voluntary basis exclusively; abides by workers' rights of freedom of association and participation in trade-union activities; pays wages that meet the minimum legal standards; manages disciplinary practices, if any, abiding by the law; abides by and applies legislative/contract provisions in the matter of work schedules, overtime and rest periods. Further questions are aimed at identifying potential integrity and corruption risks in advance. The EcoVadis is also used to extensively investigate the supplier's sustainability profile, from management systems to environmental performance, human and labour rights, ethics and sustainable procurement. Raw material suppliers are also required to complete the specific additional module for emission reduction management.

Business relevance, country, sector and commodity specific risks consideration are also at the origin of the on-site audit approach to potential suppliers of raw materials and high value added parts. Indeed for all potential new suppliers and/or facilities of raw material and high value added parts, which by their nature can become development/long-term partners for the Company, and which are also granted much of the spending of purchases, while often coming from countries and sectors presenting specific ESG risks, which characterise our definition of Significant Suppliers, Pirelli conducts a **third-party preliminary on-site audit during the qualification phase** to verify the level

of compliance of the potential supplier with respect to the principal national and international regulations on Work, Environment and Business Ethics. Loss prevention information is also analysed as a key element to prevent future cases of business interruption. The non-acceptance of the audit and/or not entering into a reinstatement plan of any non-compliance shall block the qualification of the supplier. At the same time, suppliers with a good ESG performance are preferred.

Of particular importance are the preventive evaluation of new raw materials and process aids with a view to safeguarding the health of workers and the environment. These assessments are conducted before the materials in question can be used extensively by the Group's operating units and are carried out on the basis of appropriate technical documentation (the so-called '*Safety Data Sheet*'), taking into consideration not only the requirements of the most restrictive European regulations on the management of hazardous substances (see, for example, the 'REACH' and 'CLP' Regulations), but also by virtue of the highest international technical standards and the most up-to-date scientific knowledge (specific UN databases, etc.). Furthermore, independently of and in addition to the requirements of the laws in force, Pirelli asks suppliers of raw materials and process aids used by the Group to quantify the residual impurities contained.

Finally, of note are the well-established monitoring activities of producers and suppliers of raw materials with regard to compliance with the requirements of Regulation (EU) 2017/821 (as amended by Regulation (EU) 2020/1588) concerning so-called 'conflict minerals' (to which a section is devoted below). The process of managing 'conflict minerals' activities starts out from the qualification phase of potential new suppliers associated with the issue and continues throughout the duration of the supply as fully described in the dedicated section within this Report.

With regard to **the contractual stage**, for more than a decade the Sustainability and Business Ethics Clauses (including anti-corruption) have been included systematically by Pirelli in contracts and orders for the purchase of goods and/or services and/or works, both with private suppliers and with the Public Administration (or institutes/enterprises under public control) or NGOs, worldwide.

In particular, the clauses require all suppliers to accept the principles of the Pirelli Suppliers' Code of Conduct, the contents of which, as mentioned above, govern Pirelli's requirements in terms of human and labour rights, the environment, decarbonisation, biodiversity, sustainable management of materials and conflict minerals, business ethics and the obligation of due diligence on the supply chain, up to upstream, as well as Pirelli's right to carry out audits and subject to termination in the event of violation. The clause, published in the "Suppliers Area" within the "General Terms and Conditions of Purchase", reads:

- *The Supplier declares to have read and understood the Pirelli Suppliers' Code of Conduct, published and accessible at [Supplier_CoC_EN.pdf \(amazonaws.com\)](#), which sets out the principles by which Pirelli conducts its business and relations with third parties.*
- *In light of the above, the Supplier undertakes, in connection with the performance of each Contract(s) and/or Order(s), to manage its business in compliance with the Pirelli Suppliers' Code of Conduct.*

- *Pirelli has the right to verify, throughout the duration of the Contract, directly or through third parties, the Supplier's compliance with the Pirelli Suppliers' Code of Conduct, subject to confidentiality and reasonable notice.*
- *In case of breach by the Supplier of the obligations set forth in the Pirelli Suppliers' Code of Conduct, or in case of refusal by the Supplier to implement an action plan required by Pirelli or in case of failure to implement an action plan agreed with Pirelli in relation to the Pirelli Suppliers' Code of Conduct, Pirelli may suspend with immediate effect performance of the Contract and/or Order, without prejudice to its right to terminate the Contract(s) and/or Order(s) pursuant to Article 6.2 and exercise any other remedy provided by law.*
- *The Supplier is entitled to report to ethics@pirelli.com any violation or suspected violation of the Pirelli Suppliers' Code of Conduct and/or of any applicable legislation; reports may be made anonymously, but must contain a description of the facts constituting even a suspected violation of the provisions contained in the Pirelli Suppliers' Code of Conduct, including information on the time and place of the facts represented, and the persons involved. Pirelli will not tolerate threats or retaliation of any kind against the whistleblower or anyone who has collaborated in the activities of verifying the validity of the report, and reserves the right to take all appropriate action against anyone who carries out or threatens to carry out such acts of retaliation. Pirelli guarantees the anonymity of the whistleblower in compliance with the law.*

In addition, always in line with the consideration of business relevance, country, sector and commodity specific risks:

- Suppliers that can be associated with Conflict Minerals risk are required to sign a further dedicated clause, which is set out later in this Report in the Conflict Minerals Policy section and to which reference should be made for further details on the management of the issue. Specific sustainability clauses are applied to Natural Rubber Suppliers, which implement the requirements of the Policy on Sustainable Management of Natural Rubber, without prejudice to Pirelli's right to audit and terminate the contract (as provided for in the Policy).

Finally, with reference to the **Reports** received by the Group's Whistleblowing channel available to Suppliers, it should be noted that in 2022, three reports signed and sent by Suppliers were received, in relation to violations of the code of ethics and/or company procedures, one of which was found to be well-founded. It remains objectively impossible to confirm that the total number of reports from Suppliers corresponds only to the three mentioned above, since some reports were anonymous, as specified in the section: "Focus: Group Whistleblowing Procedure", to which reference should be made for more details on Whistleblowing received and handled in 2022. With reference to the Grievance Procedure for reporting violations of the Policy on Sustainable Natural Rubber Management, no reports were received during 2022.

Focus: ESG On-Site Audits

The Pirelli management model has been characterised by third-party on-site audits since 2009. Compared to self-assessment or remote assessments, this approach allows for a very high level of reliability of the audit results, as they are carried out on-site and in person by a specialised third party.

Not only that, the on-site audit is also a capacity building activity for the supplier while analysing the compliance of its business with local and international legislation on the environment, human and labour rights, and business ethics, with the opportunity to draw up a remedy plan with the advice provided by the auditor.

The on-site audit is carried out already in the pre-qualification phase for all potential new suppliers and/or plants of raw materials and high value-added goods, which by their nature can become development/long-term partners for the Company, and to which a large part of the procurement spending is also allocated, usually located in development countries, thus constituting significant suppliers that can entail ESG risk.

In addition, every year Pirelli conducts an on-site third-party ESG audit campaign at active suppliers' sites to cover all product and geographic areas of purchase.

The annual Audit Campaign covers suppliers considered critical and significant based on the results of economic materiality and ESG risk criteria of the country, sector and commodity.

The parameters considered in assessing critical and significant suppliers, are multiple:

- the supplier is bound to Pirelli by multi-year contracts;
- the replacement of the supplier and/or related product may be complex;
- the supplier holds a high percentage of Pirelli's purchase for the specific product category;
- the economic burden of the purchase is significant;
- the supplier plays a relevant role in terms of impact on innovation;
- the supplier operates in a Country, sector and/or supplies a commodity, good or service considered to be at risk under environmental, human rights and/or employment terms;
- the supplier has not yet undergone an ESG audit by Pirelli or special critical issues have been detected in previous audits;
- there is information, a perception or doubt concerning possible violations by the supplier in the matter of social, environmental and/or business ethics responsibilities.

The ESG risk assessment is performed annually with the engagement of Purchasing Managers in consultation with the relevant departments, involving Enterprise Risk Management and Sustainability Managers.

From the above assessment, and in particular from the last three criteria identified above, comes the selection of high-risk ESG significant suppliers to be audited on-site during the annual campaign (in addition to the mandatory on-site audit at the selection stage for potential raw material suppliers).

Each on-site audit has an average duration of two days in the field and includes a factory visit, interviews with workers, management and trade union representatives.

The external auditors carry out the audits on respect for Human and Labour Rights, compliance with environmental regulations, the level of sustainable management of the supply chain by the supplier, and the codes of conduct and policies adopted and implemented, following a checklist of parameters derived from the SA8000® standard (a reference tool officially adopted by the Group for managing social responsibility since 2004), from the Pirelli Suppliers' Code of Conduct (in turn consistent with the areas of social, environmental and governance sustainability dictated by the United Nations Global Compact and underlying OECD and ILO regulations) and from the Pirelli Policies "Global Health, Safety and Environment", "Global Human Rights", "Diversity, Equity and Inclusion", and "Sustainable Natural Rubber Management". Since 2019, KPIs related to loss prevention issues have been added. For natural rubber suppliers, the on-site Audit checklist is enriched with additional and specific parameters, deriving from Pirelli's Policy for the Sustainable Management of Natural Rubber and in line with the expectations of the Global Platform for Sustainable Natural Rubber (a specific section is dedicated to the topic of Natural Rubber Sustainability below).

On the basis of audit findings, and where non-conformities are found, the supplier signs off a corrective action plan suggested by the independent auditor, to be implemented within specific deadlines. The actual return from non-compliance within the prescribed time limit is then verified through follow-up activities followed by the third-party auditor who reports to Pirelli. In the event of refusal by the Supplier to implement an action plan requested by Pirelli or failure to implement an agreed action plan, Pirelli may suspend with immediate effect the execution of the Contract and/or the Order, and/or terminate the contractual relationship.

The results of the on-site ESG Audit together with the additional evaluations carried out during the on-boarding of the supplier are integrated into the annual Vendor Rating process whereby a rating is given to the supplier that sums up ESG performance, the qualitative level of supplies, the quality of the commercial relationship and the technical-scientific collaboration.

In the case of local restrictions due to Pandemic (Covid-19), in order to guarantee the continuity of auditing activities Pirelli's third-party auditors use the verification methodology in accordance with ISO/IEC 17021-1: 2015 (and relative guidance), IAF MD4: 2018, IAF MD 5: 2019 and IAF ID 12: 2015.

Below is the number of third-party ESG audits performed in the last three years:

Year	Audit Number
2020	71 ¹⁶
2021	93 ¹⁷
2022	82 ¹⁸

In the year 2022, on-site audits involved Pirelli suppliers of all product categories operating in Argentina, Brazil, China, Germany, Indonesia, Italy, Mexico, United Kingdom, Romania, United States, Turkey, Malaysia, Thailand, France, Cameroon, Côte d'Ivoire, Austria, Hungary, Taiwan.

The results of audits carried out during the 2022 annual campaign show 43% of audited suppliers without any non-conformity, an improvement of +11% vs. 2021, and 57% of the audited suppliers with at least one non-conformity found.

The non-conformities registered in 2022 are substantially linked to the processes of health and safety management, the use of overtime and the correct implementation of environmental management systems. Suppliers where non-conformities have been found have signed a remedial plan to be implemented within specific deadlines, which, as per the Procedure, entails follow-up by the third-party Auditor to evidence and confirm that remedial action has been taken.

The results of the on-site ESG Audit together with the additional evaluations carried out during the on-boarding of the supplier are integrated into the annual Vendor Rating process whereby a rating is given to the supplier that sums up ESG performance, the qualitative level of supplies, the quality of the commercial relationship and the technical-scientific collaboration.

Finally, the Group Internal Audit Department verifies the adequacy of the management and oversight of the ESG audit process on suppliers by the responsible functions.

Materiality of ESG Impacts on the Supply Chain

Occupational health and safety, human rights and labour rights are material issues and monitored in all categories of purchases, with a higher risk of negative impact in the case of raw materials suppliers operating in countries considered to be more at risk than others from the point of view of compliance with national and international labour legislation. With specific reference to the issue of Human Rights and the results of the risk assessment on the supply chain, please refer to the section “Respect for Human Rights” within this Report.

¹⁶ Of which 6 on potential new suppliers of raw materials.

¹⁷ Of which 18 on potential new suppliers of raw materials.

¹⁸ Of which 29 on potential new suppliers of raw materials.

Considering the life cycle of the Pirelli product (which is specified in the “Environmental Dimension” chapter of this report), the environmental impacts of the supply chain are found prevalently in the category of raw materials, in terms of direct emissions by the supplier but also of indirect emissions accounted for by Pirelli.

With reference to the water footprint along the life cycle of Pirelli products, the impacts are prevalent again in the area of raw materials and specifically in the area of natural rubber processing, a material on which particular attention is also paid in terms of preventing the risk of deforestation and protecting biodiversity, as detailed in the next section.

Pirelli mitigates the risks mentioned through the Management Model adopted and up to now described, which is completed with the engagement and capacity building activities of the suppliers as referred to below.

Sustainability of the Natural Rubber Supply Chain

With global demand for natural rubber expected to increase, sustainable management of the related supply chain is essential to preserve forests, biodiversity and to enable sustainable development for local communities and economies. The economic, social and environmental sustainability of the natural rubber supply chain is among the priorities of Pirelli, with the full awareness that the origins of its rubber supply chain impact in forestry terms.

The natural rubber supply chain - from upstream to downstream - includes producers/growers, traders, processing plants, distribution companies and manufacturing facilities. Pirelli is at the end of the chain, as a tyre manufacturer that does not own its own plantations or natural rubber processing plants. Pirelli intends to play an active role in the aforementioned context, contributing to the efforts that are globally dedicated to the sustainable management of natural rubber.

In October 2017, Pirelli issued its Policy on Sustainable Management of Natural Rubber, after a long process based on consultation with key Stakeholders and companies that have longstanding experience in terms of sustainable procurement of materials.

Pirelli’s Policy is aligned with the Policy Framework of the Global Platform for Sustainable Natural Rubber (GPSNR), of which Pirelli is also a founding member and upon which a focus is followed.

As stated in the Policy, Pirelli undertakes to promote, develop and implement the sustainable and responsible sourcing and use of natural rubber throughout its value chain. In particular, the Policy emphasises the positioning of the Company and what is required of the natural rubber suppliers in terms of:

- defence of Human Rights and promotion of decent working conditions;
- promotion of the development of local communities and prevention of conflicts related to land ownership;

- protection of ecosystems, flora and fauna;
- no to deforestation, no to the exploitation of the peat bogs, no to the use of the fire, and adoption of the “High Conservation Value (HCV)” and “High Carbon Stock (HCS)” methodologies;
- efficient use of resources;
- ethics and anti-corruption;
- traceability and mapping of socio-environmental risks along the supply chain;
- clear indication of the governance model envisaged by the Policy, and consideration of the risks identified in the definition of the purchasing strategies;
- encouragement of its suppliers and sub-suppliers to the adoption of solid certification systems, internationally recognised and verified by third parties, at all levels of the supply chain;
- promotion, support for the Company’s active participation in cooperation initiatives at sector level and among Stakeholders that play a significant role in the value chain, in the belief that, in addition to the individual commitment of companies, a shared effort can accelerate and strengthen the path towards a sustainable development of the global natural rubber supply chain;
- activities aimed at the implementation of the Policy;
- commitment to reporting on the results achieved;
- provision of a dedicated grievance mechanism that allows stakeholders to address any grievances and initiate remedial action.

In terms of the Company’s commitment to non-deforestation, it should be noted that the date and cut-off year for the non-deforestation target is 1 April 2019, as stated in the Policy and in line with the dictates of the GPSNR Platform.

The Company also released the Implementation Manual for the Pirelli Policy on Sustainable Management of Natural Rubber. The aim of the manual is to facilitate the understanding of the principles, commitments and values expressed in the Policy, as well as provide guidance for its implementation in the supply chain. As already happened for the preparation of the Policy, also the process of preparation of the Manual has foreseen the involvement and the consultation of the main Stakeholders concerned, both locally, with the main actors of the supply chain (processors, retailers, small plantation owners), and globally, all with the support of the NGO Earthworm Foundation.

At the same time, Pirelli has defined and published its own Business Plan, updating it periodically. The Plan up to 2025 is published on the company website together with the performance KPIs in the Sustainable Natural Rubber Management Policy area within the Sustainability section, to which you are referred (<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-sustainable-natural-rubber-policy>).

All KPIs planned for 2022 were achieved or exceeded, particularly at the end of 2022:

- 99% of the volume of natural rubber purchased comes from suppliers audited on-site by a third party on the implementation of the Pirelli Sustainable Natural Rubber Policy;
- 73% of the purchased natural rubber volumes come from suppliers who are members of the Global Platform for Sustainable Natural Rubber (to which the following section is dedicated);
- 98% of the volumes purchased come from Suppliers that have implemented a roadmap of activities in line with Pirelli's Sustainable Natural Rubber Policy;
- All volumes come from a known Tier 1 source;
- 98% of the volumes purchased come from natural rubber suppliers trained in both the Policy and Pirelli's Implementation Manual for Sustainable Natural Rubber Management.

The Policy, the Implementation Manual and the 2021-2025 Business Plan are published on the Group website, in the Sustainable Natural Rubber Management Policy area within the Sustainability section.

Pirelli's long-standing support of local producers continued in 2022 together with the Indonesian supplier Kirana Megatara: 80 scholarships were given to children of local farmers and 90 farmers were trained on the correct ways to extract natural rubber, so as to protect natural resources and maximise yields while preserving and prolonging the life of rubber trees.

Pirelli is committed to increasing the **transparency and traceability** of the natural rubber supply chain, and to this end it explores both individually and at the sector level the tools that are being developed on the market with a view to best meeting Stakeholders' expectations and at the same time intervening to support the sustainable development of the chain from upstream to downstream. A significant result, also in terms of innovation, was obtained by Pirelli in 2021, with the production of the first tyre line, at the world level, certified by the Forest Stewardship Council (FSC) for natural rubber and rayon; FSC forest management certification confirms that plantations are managed in such a way as to preserve biological diversity and bring benefits to the lives of local communities and workers, while ensuring economic sustainability.

Pirelli in partnership with BMW and Birdlife International launched a multi-year project called "Living Rubber" in 2021, which aims to promote long-term sustainable and deforestation-free natural rubber production in Indonesia.

Pirelli aims to preserve 2,700 hectares of rainforest in Hutan Harapan (Sumatra Island) from deforestation, as well as protecting the indigenous community and protecting endangered animal species. The different activities are implemented in coherence with the "Desired State" of the Global Platform for Sustainable Natural Rubber (GPSNR).

More precisely, the Project sets precise performance KPIs with respect to economic development for natural rubber farming families, community rights, collaboration with institutions, healthy ecosystems and resilient agro-ecosystems for an ecologically sustainable supply chain.

In October 2022 (a delegation from BirdLife International, Pirelli and BMW held meetings with the community on a variety of topics such as literacy, women's participation in local community development, quality rubber cultivation, cooperative development, forest protection and biodiversity conservation. The visit provided the opportunity to discuss in detail a number of field results that led to further refinements of the project.

For details on the Project please refer to the “Sustainable Natural Rubber” section of the company website.

For years Pirelli, together with Kirana Megatara (Pirelli's supplier in Indonesia) has been providing scholarships for the children of farmers in Indonesia.

This was followed by an in-depth look at activities within the Global Platform for Sustainable Natural Rubber (GPSNR).

Together For the Sustainability of Natural Rubber - The GPSNR Platform

The Pirelli Policy on the Sustainable Management of Natural Rubber states in Section VIII that: *“Pirelli believes that the global challenge of natural rubber sustainability requires engagement, cooperation, dialogue and partnership among all involved actors. In addition to engaging with its suppliers, Pirelli fosters and supports active cooperation at industry level and among stakeholders playing a material role in the natural rubber value chain, with the conviction that in addition to corporations' individual engagement, a shared effort can result in stronger and faster progress towards sustainable development of the global natural rubber supply chain. Pirelli cooperates with national and international governmental, non-governmental, industry-wide and academic initiatives to develop global sustainable natural rubber policies and principles.”*

In line with the stated approach, in 2017 Pirelli played a proactive role in the creation of the Global Platform for Sustainable Natural Rubber - GPSNR, together with tyre manufacturers which are also part of the Tyre Industry Project Group, within the World Business Council for Sustainable Development. The development of the Platform benefited from the contribution, ideas and suggestions of the main categories of Stakeholders involved in the value chain, such as rubber producers, processors, automobile manufacturers, and from the fundamental contribution deriving from the experience of major international NGOs.

The Platform, launched in Singapore in October 2018 with the participation of the first “founding members”, including Pirelli, is independent, based on multi-stakeholder dialogue and aims to support the sustainable development of the natural rubber business globally, for the benefit of the entire value chain through shared tools and initiatives based on respect for human and labour rights,

prevention of land grabbing, respect for biodiversity and increased plant productivity, especially those of small owners. The first GPSNR General Assembly was held in March 2019.

In 2021, the General Assembly stipulated, *inter alia*, that from 2022 onwards, members must annually provide the status of implementation of the GPSNR Policy (status provided by Pirelli to GPSNR)

Also in 2022, Pirelli actively participated in several working groups launched by the platform, specifically:

- the “Smallholder Representation Working Group”, which Pirelli co-chairs, has identified a geographically diverse group of farmers capable of effectively representing the interests of smallholders within the platform and identified three representatives to sit on the Executive Committee.
- work continues to support the smallholder community on the platform, with the aim of extending the geographical presence covered and achieving the new targets set;
- the “Capacity Building Working Group”, which Pirelli co-chairs, in 2022 has continued its activities aimed at developing a capacity building strategy in favour of smallholders and industrial plantations, identifying potential sources of financing;
- the “Traceability and Transparency Working Group” which aims to identify an appropriate tool to improve the large-scale traceability, and therefore transparency, of the complex natural rubber supply chain. During 2021, the group focused on mapping the traceability systems offered by the market, with a specific focus on those already used in the world of natural rubber. The work will continue in 2022, with the aim of defining the general characteristics that the traceability tool must have in order to meet the level of transparency required by the GPSNR platform; Pirelli participated until the working group completed its task in early 2022 and the working group was closed. The traceability and transparency work was transferred to the Risk sub-working group, of which Pirelli is a member, set up to identify and manage risks to support the development of GPSNR.
- Pirelli in 2022 also participated in the “Shared Responsibility working group”, which aims to define the principles and framework for implementing shared responsibility within the platform. The work will continue in 2023, including a first trial of the Traceability Working Group and the start of a two-year capacity-building project for 5,000 farmers, which Pirelli is sponsoring.

The “Green Sourcing” Policy

Since 2012 Pirelli has had a “Green Sourcing” Policy with the aim of stimulating and incentivising an environmental conscience along the entire supply chain and encouraging choices that might reduce the impact on the environment of provisioning activity by Pirelli of goods and services. The system

for implementing the Green Sourcing Policy was defined in 2013, both within Pirelli and in relationships with suppliers. It is organised as follows:

- Pirelli Green Sourcing Manual, an internal document containing operating guidelines, intended to guide the activities of the Pirelli functions involved in the Green Sourcing process;
- Pirelli Green Purchasing Guidelines, a document intended for Pirelli suppliers as part of the Contract for supply and based on the Green Sourcing Manual containing the KPIs (Key Performance Indicators) for assessing the Green Performance of these suppliers.

The Pirelli Green Sourcing Manual defines four areas of Green Sourcing: Materials, Capex, Opex and Logistics. Interdepartmental working groups, comprised of Purchasing, R&D, HSE and Sustainability analysed the Green Sourcing process associated with the merchandise categories falling within the four areas mentioned above. Green Engineering Guidelines were also defined for the Materials and Capex areas, where the design component (what is conceived in-house) is material to the Pirelli core business.

For the Opex and Logistic areas characterised by goods categories in respect of which the design component is not equally significant, Green Operating Guidelines have in any event been defined by referring to internationally recognised best practices.

So, the Green Sourcing Manual is a unique document that contains:

- the general part on Green Sourcing issues;
- the Green Engineering Guidelines (Materials, Capex);
- the Green Operating Guidelines (Opex, Logistics).

On the basis of the Guidelines of the Green Sourcing Manual, the Pirelli Green Purchasing Guidelines were published on the website www.pirelli.com, so making them available both to Pirelli suppliers and to other Stakeholders.

Decarbonisation

In implementing the decarbonisation strategy adopted by the company, Pirelli's current Industrial Plan includes a target to reduce emissions attributable to its own supply chain activities, which is an integral part of the group target validated by the Science Based Targets initiative (SBTi). In detail, the target is to reduce absolute CO₂ emissions related to the purchase of raw materials (Scope 3) by 8.6% by 2025 compared to 2018 values. The 2025 target was reached at the end of 2022, which is why Pirelli is preparing to submit a further reduction target to SBTi.

In addition, in June 2022, Pirelli expressed to SBTi its commitment to the Net Zero standard to formalise, within two years, a long-term target to reduce value chain emissions by around 90% by 2050 at the latest.

To meet these objectives, Pirelli is engaged in capacity building and engagement campaigns with its Suppliers in order to identify possible actions to reduce emissions, starting from their materiality in terms of spending and emission impacts.

For more details on performance and targets regarding Scope 3 emissions, SBTi targets and 2022 performance, please refer to the section “Greenhouse Gas Emissions Management and Carbon Action Plan” within this report. Please refer instead to the Group Footprint infographic, in the section “Environmental Footprint and Strategy of the Pirelli Group” for the representation of the Scope 3 impacts of the various life cycle phases.

Policy on Conflict Minerals

Conflict minerals are normally defined as any mineral mined, refined or traded under conditions of armed conflict and human rights violations, mainly in the Democratic Republic of the Congo, but also in any conflict-affected or high-risk area.

The concept of Conflict Minerals was introduced by Section 1502 of the Dodd-Frank Act, a United States federal law, in 2010. “Conflict minerals” means gold, columbite-tantalite (coltan) cassiterite, wolframite and their derivatives like tantalum, tin and tungsten that come from (or are extracted in) the Democratic Republic of Congo and/or bordering Countries. Such minerals are commonly called “3TG” (Tungsten, Tin, Tantalum, Gold).

The objective of the Conflict Mineral Rules is to discourage the use of minerals whose sale might finance violent conflicts in Central Africa where serious violations of human rights have been recorded for many years. Under Conflict Mineral Rules, listed companies in the United States are required to perform reasonable due diligence in tracing the provenance of these materials and reporting the findings to the SEC and publishing them on their website, with the first report to be published by 31 May 2014 (relating to 2013) and subsequently updated each year.

In turn, the European Institutions in May 2017 approved the 2017/821 Regulation (subsequently amended by Regulation (EU) 2020/1588), which “establishes duties in terms of due diligence in the supply chain for EU importers of tin, tantalum and tungsten, their minerals, and gold, originating in conflict zones or at high risk”. The new provisions came into force in January 2021.

In addition to the Conflict Minerals Policy, Pirelli expresses its position on the management of the issue in a section dedicated to it in its Global Human Rights Policy, where it is stated that the Company *“requires its suppliers to ensure the commitment to carry out proper due diligence as part of its supply chain in order to certify that products and materials provided to Pirelli are “conflict free” along the entire supply chain (i.e. that they do not come from mines or foundries operating in conflict zones identified as such by the applicable legislation on “conflict minerals” unless they are certified as “conflict free”). Pirelli reserves the right to discontinue the relationship with suppliers in case of clear evidence of supply of minerals from conflict and in any event in the case of violation of Human Rights”*.

The above is further set out in the Pirelli Suppliers' Code of Conduct, which is in turn an integral part of the General Terms and Conditions of Purchase.

The objective is not to purchase goods or services containing *Minerals from Conflict Zones* as evident from the clause Pirelli asks Suppliers to sign, which reads:

The Supplier represents and warrants that the Goods and Services supplied or to be supplied to Pirelli under the Contract and/or the Orders do not contain and shall not contain for the entire duration of the supply any Conflict Zone Minerals.

The Supplier undertakes:

(i) provide Pirelli with a comprehensive description of the procedures and tools that have been implemented to ensure that the Goods and Services and the parties involved in the supply of the different components of the Goods and Services do not contain Conflict Minerals;

(ii) to maintain an active due diligence programme to identify and track all Minerals from Conflict Zones in its supply chain based on Organisation for Economic Cooperation and Development (OECD) and Responsible Minerals Initiative (RMI) procedures and tools;

(iii) to supply 3TG Minerals, Cobalt and Natural Mica from smelters that have been classified as "Conformant" (as described in <https://www.responsiblemineralsinitiative.org/responsibleminerals-assurance-process/> and <https://www.responsiblemineralsinitiative.org/smeltersrefiners-lists/>);

(iv) to complete, for each type of Good and Service provided under the Contract or Orders, the latest version of the "Conflict Minerals Reporting Template" (CMRT), downloadable at <https://www.responsiblemineralsinitiative.org/reportingtemplates/cmrt/>, and the "Extended Minerals Reporting Template" (EMRT), downloadable at <https://www.responsiblemineralsinitiative.org/reportingtemplates/emrt/>, and to send the same by e-mail to conflictminerals@pirelli.com;

(v) to send the documents referred to in (iv) updated annually (always) or in the event of any change in the composition and/or parts/components and/or production process of the Goods and/or Services supplied, and/or any change in the list of foundries and/or the "Conformant" classification status referred to in (iii).

In the event of breach by the Supplier of any of its obligations under this clause 1.15, Pirelli may suspend performance of the Contract and/or Order with immediate effect, without prejudice to its right to terminate the Contract(s) and/or Order(s) and exercise any remedy provided by law.

The Global Human Rights Policy, the Pirelli Suppliers' Code of Conduct and the General Terms and Conditions of Purchase are available on the Company's website.

Over the years, Pirelli has progressively strengthened its management model, firstly by extending its scope from the so-called "3TG" minerals (tin, tantalum and tungsten, their ores, and gold) to include,

on a voluntary basis, first Cobalt (from 2019) and, from 2022, also Natural Mica, both of which are of increasing importance.

The issue of conflict minerals is integrated in the annual Vendor Rating process already mentioned in a previous section.

The increasing focus on Cobalt, used in the Lithium-ion batteries that are an integral part of electric vehicles, mobile phones and laptops, is motivated by three main reasons: the growing worldwide demand for this mineral, the fact that its extraction is concentrated in the Democratic Republic of Congo, which holds about 50% of the world's reserves¹⁹, and the existence of numerous reports associating Cobalt mining with the risk of negative social (e.g. child labour, human rights violations) and environmental impacts.

Similarly with regard to Natural Mica (used on a large scale in cosmetics and paints), numerous reports indicate that the extraction and processing of the mineral, concentrated in India and Madagascar and heavily linked to often artisanal and low-scale manual processes, is often associated with illegal activities, child labour and dangerous and unhealthy working conditions.

In relation to the aforementioned conflict minerals, it is useful to point out that the materiality of the subject for Pirelli products is decidedly small: e.g., the volume of minerals (3TG) used by Pirelli Tyre in a year weighs, in fact, less than one tonne, a quantity less than one millionth of the volume of raw materials used annually by the Company and which is equally distributed among most tyres produced. To give an example, a tyre weighing 10 kg contains about 10 mg (milligrams) equivalent of tin, in the extremely low concentration of 1 ppm (one part per million).

Despite the negligible amount of these minerals in relation to the volume of raw materials used, their presence inside tyres is of significant technical importance, contributing to their safety and performance.

With a view to sourcing only minerals that are 'conflict free', Pirelli conducts a comprehensive survey of its supply chain every year to identify the origin of minerals all the way to the mines or smelters, in order to identify the existence of any 'conflict minerals'. To this end, the Company refers to the procedures and tools indicated by the Organisation for Economic Co-operation and Development (OECD) and the Responsible Minerals Initiative (RMI); in particular, Pirelli asks all suppliers associated with 3TG minerals to complete the Conflict Minerals Reporting Template (CMRT) and those associated with Cobalt or Natural Mica to complete the Extended Minerals Reporting Template (EMRT).

The suppliers surveyed in 2022 cover 100% of the "conflict minerals" risk associated with the tyres produced by the Group. 100% of the suppliers involved have already provided precise indications as to the source of the materials in question, listing all foundries as required by the procedure. The investigation led to no evidence of critical issues in the supply chain related to 3TG, Natural Mica

¹⁹ Data updated to 2014.

and Cobalt. Particularly with regard to cobalt, targeted supplier awareness actions conducted in 2021-22 provided even more precise indications of their sources of supply.

Engagement of Suppliers

Pirelli believes that activities involving suppliers are essential from the viewpoint of creating environmental and social value, and that are inseparably tied to the creation of shared economic value. There are many activities operated by the Company to that effect.

R&D Partnerships

Pirelli has established several partnerships with strategic suppliers and universities for the development of innovative materials with low environmental impact (materials described in the sections dedicated to environmental management of products of this Report). As part of the development of new nanofillers, for example, pursued since the early 2000s through research contracts with universities and collaborations with suppliers, Pirelli has begun to industrially introduce materials of mineral origin in partial replacement of precipitated silica and carbon black. Compared to the production processes of the replaced raw materials, the above-mentioned innovations ensured water savings as well as a reduction in CO₂ emissions of more than 75%, saving about 39,000 m³ of water and about 700 tonnes of CO₂ respectively.

These innovations provide economic benefits related directly to the material for about €181,000 a year, although the real sustainable business driver is the performance that the product acquires, thus becoming more competitive.

CDP Supply Chain

For years Pirelli has participated in the Climate Change, Forest and Water Security programmes promoted by the CDP (formerly the Carbon Disclosure Project). Implementing its Green Sourcing Policy since 2014 Pirelli has in its turn decided to extend the request for CDP assessment to its own key suppliers at a Group level, identified in accordance with criteria of environmental and economic materiality. In 2022, the selection concerned the suppliers with the most impact on the Carbon Footprint of the Group in the Raw Materials, Logistics and Energy categories.

The CDP Supply Chain supports Pirelli in monitoring Scope 3 emissions from its supply chain and ensures adequate awareness of suppliers in matters relating to climate change so as to identify and activate all possible opportunities for reducing emissions of climate-altering gases. In 2022, the set of emission reduction actions implemented by Pirelli suppliers made it possible to avoid overall the emission of approximately 30 million tonnes of CO₂ equivalent into the atmosphere, combined with estimated economic savings of US\$1 billion.

The first company among tyre manufacturers to globally introduce CDP Supply Chain in its supply chain, Pirelli sets a target of achieving a 90% response rate for raw material suppliers by 2023. The response rate recorded in 2022 was 82%, in line with the performance of recent years: 88% in 2021, 84% in 2020, 81% in 2019, 74% in 2018.

In addition, it should be noted that the Company is included in the Supplier Engagement Rating Leaderboard 2022 published by CDP, having obtained a score of A on an assessment of the management of climate issues along its supply chain.

Engagement and Training of Suppliers on Sustainability Matters

Since 2012, Pirelli has been providing training on environmental, social and business ethics issues to its suppliers, identifying each year the applicable pool of participants based on strategic issues, spending value and operations by suppliers in Countries considered at risk.

In 2022, training activities and capacity building continued in the area of natural rubber sustainability, involving a number of partner suppliers and their supply chain. Also, continued the programme of distributing infographics to facilitate the continuous cascading along the entire supply chain of our sustainable natural rubber management policy. In 2021-2022, the programme covered about 90% of our suppliers.

A capacity building plan is also underway in the field of decarbonisation in favour of suppliers of raw materials with the greatest impact in terms of CO₂ emissions, aimed at supporting them in fully understanding Pirelli's expectations and defining low-carbon development plans.

During 2023, training courses in the field of Human Rights are also planned, in line with the materiality resulting from the risk assessment carried out in 2022, see the chapter "Human Rights Risk Assessment".

Supplier Award

The Pirelli Supplier Award, which is assigned each year to suppliers of excellence, aims to constantly improve relations with parties from the standpoint of shared development.

The 2022 edition of the Supplier Award was held at Pirelli Bicocca, in the presence of Pirelli's Vice President and CEO and the Company's Chief Procurement Officer, who honoured nine suppliers operating internationally, in particular in China, Italy, Japan, France, Germany, the United States, Turkey and the United Kingdom, who distinguished themselves for quality, innovation, service level, performance and sustainability.

For Sustainability, the award was given to a supplier of bio-chemicals for its traceability achievements over the entire supply chain.

The presence of the prestigious ‘Sustainability’ award confirmed the importance of ‘responsibility’ strategies and the resulting tangible benefits along the entire value chain.

Trend of Purchases

The following tables show the value of purchases made by Pirelli and the percentage of the relative suppliers divided by geographical area. These figures show that the value of purchases is slightly higher in OECD areas²⁰ with respect to non-OECD areas, as well as the number of suppliers.

69% of suppliers (up compared to 63% in 2021) work locally with respect to the Pirelli subsidiaries provided, according to a local for local supply logic and excluding raw material suppliers as they generally operate where Pirelli does not have its own facilities.

VALUE OF PURCHASES BY GEOGRAPHIC AREA				
		2022	2021	2020
OECD COUNTRIES	Europe	44.8%	49.8%	49.1%
	North America	6.9%	6.8%	8.0%
	Others	5.8%	5.6%	4.6%
NON-OECD COUNTRIES	Latin America	18.7%	11.4%	12.1%
	Asia	16.3%	17.5%	17.3%
	Africa	0.3%	0.5%	0.5%
	Others	7.2%	8.4%	8.4%

NUMBER OF SUPPLIERS BY GEOGRAPHIC AREA				
		2022	2021	2020
OECD COUNTRIES	Europe	54.2%	53.9%	55.2%
	North America	4.4%	4.5%	4.8%
	Others	5.9%	4.8%	4.5%
NON-OECD COUNTRIES	Latin America	17.9%	18.9%	19.7%
	Asia	8.3%	9.1%	6.9%
	Africa	0.6%	0.2%	0.2%
	Others	8.8%	8.6%	8.7%

The following table shows the breakdown in percentage of the value of Pirelli purchases by type. With a weight equal to 44% of the total, the purchase category which is decidedly more relevant and significant, as in previous years, is that of raw materials.

²⁰ For the complete list of OECD countries, see the official website <http://www.oecd.org/about/membersandpartners/>.

VALUE OF PURCHASES BY TYPE			
	2022	2021	2020
Raw Materials²¹	44%	45%	49%
Consumable Materials²²	11%	11%	8%
Services²³	43%	39%	40%
Capital goods²⁴	2%	5%	3%

With reference to the percentage of Pirelli suppliers by type and in the table below, it is noted that suppliers of consumables and services represent about 97% of the total number of suppliers, despite the weight on the total value of purchases being lower, for example, than that of raw material purchases which, on the other hand, show a substantial concentration on only a few operators.

NUMBER OF SUPPLIERS BY TYPE			
	2022	2021	2020
Raw Materials²⁵	1%	2%	2%
Consumable Materials	33%	37%	36%
Services	64%	58%	59%
Capital goods	2%	3%	3%

The following table represents the percentage composition in the value of the mix of raw materials purchased by Pirelli in the three-year period 2020-2022.

MIX OF RAW MATERIALS²⁶ PURCHASED (VALUE)			
	2022	2021	2020
Natural Rubber	14%	14%	13%
Synthetic Rubber	27%	25%	26%
Carbon black	11%	11%	10%
Chemicals	23%	23%	23%
Textile	15%	16%	18%
Steel	10%	11%	10%

²¹ Purchased to produce and package the organization's primary products and services

²² Indirect materials, auxiliary materials.

²³ Energy, logistics services, shared services, ICT, R&D, marketing, trademarks and patents.

²⁴ Machinery, civil works, moulds.

²⁵ Purchased to produce and package the organization's primary products and services

²⁶ Purchased to produce and package the organization's primary products and services

Targets

- CDP Supply Chain: increase in the response rate of suppliers of Raw Materials from 82% in 2022 to 90% in 2023;
- Natural Rubber supply chain Sustainability: implementation of the 2022-2025 roadmap published on the Sustainable Natural Rubber section of the website www.pirelli.com;
- decarbonisation of the raw materials supply chain in line with the SBTi Scope 3 target;
- training on Human Rights to suppliers identified on the basis of the match between business risk and country risk in light of the results of the Risk Assessment (see section on Human Rights Governance for more on risk assessment).

ENVIRONMENTAL DIMENSION

The Pirelli Group considers protection of the environment and biodiversity as fundamental values in the exercise and development of its activities.

The Pirelli approach to environmental management is set forth in accordance with the United Nations Global Compact, of which Pirelli has been an active member since 2004, and the “Rio Declaration on Environment and Development”.

The Pirelli Values and Ethical Code states that *“key consideration in investment and business decisions is environmental sustainability, with the Group supporting eco-compatible growth, not least through the adoption of special technologies and production methods (where this is operationally feasible and economically viable) that allow for the reduction of the environmental impact of Group operations, in some cases even below statutory limits”*.

The environmental management model adopted is detailed in the Group’s Policies on “Health, Safety and Environment”, “Product Stewardship”, “Quality”, “Green Sourcing”, based on which Pirelli undertakes to:

- govern its activities with regard to the protection of the environment, in full compliance with the applicable international, national and local regulations and all the voluntary commitments signed, as well as in line with the highest international management standards;
- pursue the protection of the environment and biodiversity through the continuous identification, assessment, prevention and mitigation of environmental risks along the value chain;
- minimise impacts on biodiversity, ecosystems and the related ecosystem services of its business units, following the principle of “*No net loss of biodiversity*” through the “mitigation hierarchy” (i.e.: avoid, minimise, restore and compensate);
- minimise its operations in protected areas and/or sites which are relevant for biodiversity and/or of special interest/value, and ensure that the choice of any new production sites is made with respect of protected areas, ensuring the preservation of biodiversity, ecosystem services and the prevention of deforestation;
- develop products and production processes in compliance with the principles of the circular economy, translated into the “5Rs” approach (Re-think - Refuse - Reduce - Reuse - Recycle), in order to pursue climate change mitigation and progressive decarbonisation along the value chain, the responsible use and reduction of natural resource consumption (“*Resources Stewardship*”) and minimize pollutant emissions;
- assess and reduce the environmental impact of its products and services throughout their entire life cycle, as well as of products and services purchased;
- develop and implement emergency management programmes designed to prevent harm to the environment in the event of accidents;

- define, monitor and communicate to its Stakeholders specific goals for the continuous improvement of occupational health and safety and environmental performance associated with its processes, products and services throughout their life cycle;
- monitor the environmental impacts of its suppliers by requesting them to adopt the same management model along the supply chain;
- support customers and end-consumers in understanding the environmental impacts of its products, informing them of the safest use and disposal methods, facilitating recycling or reuse wherever possible;
- empower, train and motivate its employees on how to work in a safe and environmentally-friendly manner, involving all levels of the organisation in a continuous training and information programme, designed to promote a culture of occupational health and safety and respect for the environment, as well as to ensure that the company's responsibilities and procedures in these areas are appropriately updated, communicated and understood;
- collaborate actively at a national and international level with institutional, academic, non-governmental, industry bodies concerned with the regulation, study and sustainable management of environmental issues;
- require, through contractual clauses and the Pirelli Suppliers' Code of Conduct, that its suppliers implement a management model at their sites and along their supply chain with regard to occupational health and safety, care of the environment, protection of biodiversity and ecosystems, prevention of deforestation, conservation and responsible use of natural resources, in accordance with international standards and the laws and regulations of the countries where they operate. For further details, please refer to the section "Our Suppliers", which also dedicates an in-depth report to the issue of sustainable management of Natural Rubber.

Pirelli has implemented integrated, structured, dynamic management systems focused on continuous improvement, based on best practices and relevant recognised international standards.

In terms of Governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Control, Risks, Sustainability and Corporate Governance Committee, approves the environmental management objectives and targets integrated in the Industrial Plan, which include, for example, those pertaining to climate change, decarbonisation of the value chain, reduction of product and process environmental impacts, and biodiversity. In turn, Pirelli's Top Management, supported by the Health, Safety and Environment department as well as other departments variously involved (by way of non-limiting example R&D, Sustainability, Purchasing, Quality, Manufacturing, Enterprise Risk Management functions) has a strategic role in the full implementation of Pirelli's Environmental Management Model and related strategic goals, ensuring the involvement of all personnel and of those who collaborate with Pirelli, so that they express behaviour coherent with the values contained therein.

Pirelli makes available to all its Stakeholders a channel (the “Whistleblowing Policy - Reporting Procedure”, published on Pirelli’s website) dedicated to reporting, even anonymously, any situations that constitute or may constitute a risk for safeguarding the environment.

No reports concerning environmental issues were received during 2022.

Joining the Task Force on Climate-Related Financial Disclosures (TCFD)

In September 2018 Pirelli formally joined the Task Force on Climate-Related Financial Disclosures (TCFD) set up by the Financial Stability Board²⁷. In supporting the initiative, Pirelli is committing to the voluntary disclosure of transparent reporting and the disclosure of all relevant information on risks and opportunities related to climate change, as indicated in the TCFD recommendations. To this end, Pirelli publicly reports this information both within this report and through the CDP Climate Change programme where, in 2022, it was again confirmed as one of the leading companies by being placed on the A-list.

Specifically, the four thematic areas and their eleven recommendations identified by the TCFD, since the Pirelli financial statements are integrated, are addressed as follows.

GOVERNANCE (concerning risks and opportunities related to climate change).

a) Board of Directors' oversight

Pirelli's Board of Directors, supported in its activities by the Board Committee Audit, Risk, Sustainability and Corporate Governance (to which the results of the Climate Change and Water Stress Risk Assessment are brought), approves the decarbonisation and climate change objectives and targets integrated in the Company's Industrial Plan and discusses its performance at least annually, as well as approves the contents of the Pirelli's Annual Report, including the consolidated Non-Financial Statement and all climate-related data contained therein. Within the Board of Directors, the position of CEO and Executive Vice President is delegated to sustainability topics, including those pertaining to environmental management and related climate change and decarbonisation targets. In this role, the CEO is entrusted with the task of overseeing matters related to the company's operations and implementing the guidelines defined by the Board of Directors, with the support of the Audit, Risk, Sustainability and Corporate Governance Committee.

b) Role of management

The strategic evolution of Group Sustainability, including issues relating to Climate Change and Decarbonisation, is entrusted to the Sustainability Strategic Committee, a body appointed in 2004, chaired by the CEO and composed of the Company's Top Management representing all the organisational and functional responsibilities, which holds ordinary meetings at least twice a year. As from 2021, the Operational Sustainability Committee has also been set up, chaired by the Deputy CEO and consisting of the Company's Top Management, with responsibility for the strategic and

²⁷ The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) - the body that monitors the global financial system - with the goal of developing a set of recommendations on the reporting of Climate Change risks. The aim is to guide and encourage companies to align the information disclosed with investors' expectations and needs. In June 2017, the Task Force published 11 recommendations in the areas of Governance, Strategy, Risk Management, Metrics and Targets.

operational management of the Group's sustainability matters, including, among others, human rights, health and safety, climate change and decarbonisation.

The organisational structure is thus made up of a Sustainability and Future Mobility Department, reporting to the Company's Deputy CEO, in which the Director of Sustainability and Future Mobility operates with the responsibility of overseeing at Group level climate change and decarbonization related topics and proposing associated targets to the Sustainability Strategic Committee. Reporting to the Director, in the Sustainability and Future Mobility Department work the Decarbonization Officer, the Product Stewardship Officer, the Group Sustainability and Diversity Officer, and the Future Mobility Officer. The Sustainability and Future Mobility Department is supported by:

- a Sustainability Working Group made up of sustainability representatives within the various central company departments in order to guarantee constant monitoring and coordination of strategic programmes with an impact on the competence of the specific departments;
- Country Sustainability Managers overseeing activities covering all Group affiliates. The role of the Country Sustainability Manager is currently held by Country CEOs, who are supported by their direct subordinates in operational management of Country plans.

STRATEGY (actual and potential impacts of risks and opportunities related to climate change on business, strategy and financial planning).

With a view to long-term management, Pirelli monitors the Carbon Footprint and Water Footprint of its entire organisation and is committed to the progressive reduction of the related impacts on resources, climate and ecosystems. As extensively described in the section "The Environmental Strategy of the Pirelli Group" of this report, the Company has adopted a control and monitoring system that allows the qualitative and quantitative identification of the materiality of environmental impacts along the life cycle of the product on the basis of which the company defines the response strategy.

In addition, Pirelli periodically performs sensitivity analyses and risk assessments for the Group and its value chain with respect to transition scenarios towards a low-carbon economy and climate scenarios²⁸, in order to have a constantly updated picture of potential risks and opportunities linked to climate change and water stress, which are of interest to the business, with the relative quantification of potential financial impacts. For further details, please refer to the section "Emerging Risks Related to Climate Change and Water Stress" within the "Directors' Report on Operations" of this report, and to Pirelli's public responses to the CDP Climate Change questionnaire²⁹.

²⁸ The Group's latest Climate Change and Water Stress Risk Assessment considered the IPCC - Intergovernmental Panel on Climate Change - climate scenarios (RCP 2.6, RCP 4.5, RCP 7.0 and RCP 8.5) and the IEA - International Energy Agency - energy transition scenarios (STEPS, APS and NZE-2050) for the analysis.

²⁹ <https://www.cdp.net/en/responses>

a) Climate-related risks and opportunities (short, medium and long term)

In line with the results of the last Group Climate Change and Water Stress Risk Assessment, in the short- to medium-term (2022-2030), there are no significant impacts from physical and transitional risks on the production activities of Pirelli's factories and those of its suppliers, or on the markets in which the Group operates. On the other hand, elements of uncertainty remain in the long term (>2030-2050), when Pirelli's plants could be subject to a series of risks of both a physical nature (extreme weather events with potential impacts on plant production continuity) and regulatory nature (possible effects on operating costs). On the contrary, there are opportunities for growth in the sales of Pirelli Eco & Safety Performance³⁰ products, which identify car tyres characterised by rolling resistance and wet grip belonging to the A, B, C values of European labelling, which is used as an internal metric to classify all the products Pirelli produces not only in Europe but worldwide.

b) Impacts of climate-related risks and opportunities

As discussed in the section "Emerging Risks Related to Climate Change and Water Stress" within the "Directors' Report on Operations" of this report, to which reference should be made, in relation to internal metrics of potential financial impact, no risks with a significant impact in the short-medium term were identified concerning the production processes of the Group's plants and those of its suppliers (upstream value chain), or the markets in which the Group operates (downstream value chain).

c) Resilience of the strategy

The results of the scenario analyses, carried out as part of the Climate Change and Water Stress Risk Assessment, were evaluated for the definition of climate-related targets, constituting the company's Climate Transition Plan, as part of the sustainable development strategy to 2022, 2025, 2030 published in the current Industrial Plan. At process level, should be highlighted the targets of reducing energy consumption and absolute CO₂ emissions, 100% procurement of electricity from renewable sources by 2025 and the Group carbon neutrality by 2030. In particular, the absolute CO₂ emission reduction targets were developed in accordance with the guidelines of the Science Based Targets initiative (SBTi), which validated them in May 2022³¹, judging them to be consistent with the actions needed to keep global warming within 1.5°C. They cover both the production process (Scope 1 and 2 emissions) and the reduction of emissions in the supply chain (Scope 3). Furthermore, in June 2022, Pirelli expressed to SBTi its commitment to the Corporate Net Zero standard³², pledging

³⁰ Eco & Safety Performance products identify car tyres that Pirelli produces not only in Europe but throughout the world and whose rolling resistance and wet grip performance fall within the A, B, C values of European labelling.

³¹ Pirelli's previous emission targets, also validated in 2020 by SBTi in line with the "well below 2°C" scenario, had already been reached by the end of 2021, four years ahead of the original deadline.

³² SBTi's Corporate Net Zero Standard is the framework that the Science Based Targets initiative has developed for companies to set consistent targets to achieve net zero emissions by 2050.

to formalise, within two years, a long-term target to reduce emissions from its value chain by around 90% by 2050 at the latest. At product level, among the many Eco & Safety performance targets, in terms of climate impact there is the goal to have, by 2025, more than 70% of new car products, (i.e. new labelled lpcode considered at group level) classified A or B for rolling resistance, according to the highest European labelling standards, and more than 90% classified A or B for 'wet grip'. With regard to the business strategy based on the development of the Eco & Safety Performance product line, this is designed to give Pirelli a competitive advantage over its competitors in the face of growing market demand for low-emission goods and services. Following the positive trend that has seen the Eco & Safety Performance tyre revenue out of the Group's total revenue grow from 5% in 2009 to 67% in 2022, the 2025 Pirelli's target of 66% has been achieved three years ahead of schedule.

RISK MANAGEMENT (identification, assessment and management of risks related to climate change).

a) Identification and assessment processes

The process adopted by Pirelli to identify and assess the possible financial impacts, in terms of risks and opportunities, related to climate change is based on the Group's Climate Change and Water Stress Risk Assessment, which is updated on a bi-annual basis by the Sustainability and Future Mobility Department in collaboration with Enterprise Risk Management and other relevant corporate functions (Operations, Purchasing, Environmental Governance, Compliance, among others). The analysis assesses the evolution of possible physical, regulatory, technological, reputational and market risks that may affect the company and its value chain, both upstream and downstream, with respect to transition scenarios towards a low-carbon economy and climate scenarios³³ with short to medium and long-term time horizons. For the conclusions of the analysis, please refer to the section "Emerging Risks Related to Climate Change and Water Stress" within the "Directors' Report on Operations" of this report, and to Pirelli's public responses to the CDP Climate Change questionnaire³⁴.

b) Management processes

The most material risks identified through the Climate Change and Water Stress Risk Assessment are weighed and classified against internal metrics of potential financial impact: for each risk or

³³ The Group's latest Climate Change and Water Stress Risk Assessment considered the IPCC - Intergovernmental Panel on Climate Change - climate scenarios (RCP 2.6, RCP 4.5, RCP 7.0 and RCP 8.5) and the IEA - International Energy Agency - energy transition scenarios (STEPS, APS and NZE-2050) for the analysis.

³⁴ <https://www.cdp.net/en/responses>

opportunity that has been recognised as material, a risk mitigation plan is prepared, or an internal discussion is initiated to capture the maximum benefit from the opportunity.

c) Integration into overall risk management

The process of identifying, assessing and managing risks related to climate change is fully integrated into Pirelli's risk governance model, as described in detail in the "Risk Factors and Uncertainty" section included in the "Directors' Report" of this report.

METRICS AND TARGETS (metrics and targets used to assess and manage risks and opportunities related to climate change, where information is material).

a) Metrics used

Pirelli reports its impacts and performance related to climate change according to the metrics defined by the GRI Sustainability Reporting Standards and the Sustainability Accounting Standard Board (SASB). See at the end of this Annual Report the table "GRI content Index" (GRI Standard Disclosure 305: Emissions) and "SASB content Index".

b) GHG Emissions

Pirelli monitors and reports its direct (Scope 1) and indirect (Scope 2 and Scope 3) climate-altering gas emissions as described in the "Greenhouse Gas Emissions Management and Carbon Action Plan" section of this report, and the relative values are subject to specific limited audit activity by an independent company in accordance with ISAE 3000.

c) Targets

Pirelli reports its environmental and product targets that are most linked to the company Climate Transition Plan, within the Industrial Plan, in this chapter "Environmental Dimension" and in the "Sustainability Planning and the United Nations Sustainable Development Goals (SDGs)" and "Our Suppliers" ("Targets" section) of this report.

Biodiversity

Pirelli pays the utmost attention to ensuring that corporate activities do not interfere with the biodiversity characteristic of the value chain in which the Company operates.

As specified in Pirelli's Health, Safety and Environment Policy, published on the company website, Pirelli is committed to minimizing impacts on biodiversity, ecosystems and related ecosystem services.

In terms of Governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Control, Risks, Sustainability and Corporate Governance Committee, approves the environmental management objectives and targets integrated into the Industrial Plan, including those relating to biodiversity. In turn, Pirelli's Top Management also plays a strategic role in the full implementation of Pirelli's Environmental Management Model and related strategic objectives on this matter.

Biodiversity, such as climate change, is subject to risk assessments in line with the company's Enterprise Risk Management methodology, both with reference to Pirelli's sites and the supply chain.

Pirelli applies the "No net loss of biodiversity" model through the "mitigation hierarchy" (i.e. avoid, minimize, restore and compensate). Since this Model is in place, it is not possible to indicate a target year within which to implement it.

Pirelli pays attention to minimize its operations in protected areas and/or in sites relevant to biodiversity and/or of particular interest/value and ensures that the choice of each new production site takes place in compliance with protected areas, guaranteeing the preservation of biodiversity, ecosystem services and the prevention of deforestation. "Biodiversity relevant sites" identify sites that contain globally, regionally or nationally relevant biodiversity ("Critical Biodiversity") and therefore include protected areas/habitats/species, species classified as "critically threatened", "threatened" or "vulnerable" on the IUCN Red List, endemic species, internationally recognized areas, as World Heritage Sites, Ramsar wetlands, Man and Biosphere by UNESCO.

With reference to Non-Deforestation, as specified in Pirelli's Policy for the Sustainable Management of Natural Rubber published on the Pirelli website, the Company has set the 1 April 2019 as a cut-off date or the date beyond which natural rubber from deforested areas or areas with deteriorated "High Carbon Value" is considered not to comply with the Company Policy. In other words, the target year for rubber deforestation free is 2019, and this is in line with the Policy Framework of the Global Platform for Sustainable Natural Rubber), a multi-stakeholder platform of which Pirelli is one of the founding members.

In addition to GPSNR, Pirelli actively collaborates with third parties to support Biodiversity.

In August 2022, an agreement was signed in Mexico with local government institutions for the conservation of biodiversity and the reforestation of the "Cuenca de la Esperanza" protected natural area in the Guanajuato region. With this initiative, in addition to the environmental protection of flora and fauna, an area that is also an important water resource for the population of the capital of Guanajuato and Silao, the city where the Pirelli plant is located, is preserved.

Particularly relevant to diversity impact objectives is the three-year “Living Rubber” project, which Pirelli launched in 2021 in partnership with BMW and Birdlife International with the aim of preserving 2,700 hectares of rainforest in the Hutan Harapan area of Indonesia from deforestation and protecting several endangered animal species. The forest in Hutan Harapan is one of the last remaining rainforest areas in Sumatra and has 1,300 species of flora and 620 species of fauna, including the Sumatran tiger, Sumatran elephant and a variety of tropical birds. The forest conservation objective goes hand in hand with the development of initiatives to protect the eco-dependent indigenous community by training them in best agro-forestry practices. The initiatives are aligned with the Indonesian government’s programme to reduce poverty and improve the quality of life of communities, as well as to implement sustainable forest management.

For a detailed description of the 2022 activities related to the sustainable management of natural rubber and roadmap to 2025, please refer to the reporting in the sections ‘Sustainability of the natural rubber supply chain’ and ‘Together for natural rubber sustainability - the GPSNR platform’, within the chapter ‘Our Suppliers’ of this Report.

In support of biodiversity and ecosystem services, there are also the Group’s decarbonisation targets (Scopes 1, 2 and 3), validated by SBTi in line with the 1.5°C Scenario, SBTi’s Net Zero commitment and water withdrawal reduction targets, discussed in the following paragraphs and to which reference should be made for further information.

Pirelli requires its suppliers to implement a management model at their sites and along their supply chain to protect biodiversity and ecosystems with conservation and responsible use of natural resources, in compliance with international standards and the laws and regulations of the countries where they operate. More specifically, through the Pirelli Suppliers’ Code of Conduct and the Sustainable Natural Rubber Management Policy - which are an integral part of purchasing contract clauses - Pirelli requires its suppliers to:

- actively contribute to the protection of natural ecosystems, relevant biodiversity and ecosystem services, to prevent the overexploitation of natural resources;
- promote ecosystem restoration, stop any contribution to deforestation, forest degradation and/or conversion and act in line with the internationally recognised “High Conservation Value” (HCV) and “High Carbon Stock” (HCS) approaches;
- identify, trace, monitor and, upon request, also share with Pirelli their use of natural resources (e.g. raw materials, freshwater, fossil and renewable fuels, etc.), analysing their material impact, their level of influence, the actions to be implemented and the objectives to be pursued to reduce natural resources use and consumption;
- adopting the hierarchical model of mitigation (avoid, minimise, restore and compensate) to protect and enhance biodiversity for all activities in areas containing critical biodiversity.

Currently, on Pirelli’s entire footprint, two sites - both non-productive - are located within protected areas of high value for biological diversity: the Vizzola Ticino test field (Italy) and the Elias Fausto test field (Brazil). The Vizzola site hosts the tyre test track, has an area of 0.37 square kilometres and

is inserted in the Lombardy area of the Ticino Park, MAB area³⁵ of UNESCO, characterised by the presence of 23 species included in the IUCN Red List (International Union for the Conservation of Nature) of which: 17 are classified as “of least concern (LC)”, 1 as “near threatened (NT)”, 3 as “vulnerable (V)”, 1 as “endangered (EN)” and 1 as “Critically Endangered (CR)”.

To ensure the utmost protection of the natural environment in which the Vizzola test track is located, Pirelli has implemented an ISO 14001 certified Environmental Management System in accordance with the Parco del Ticino. Environmental impact on biodiversity in the area are not significant; however, several interventions were carried out, both directly by the Company and by the Park Authority, to mitigate and improve the interactions of Pirelli’s activities with the natural environment, as stipulated in the agreement signed in 2001. In 2016, a campaign to monitor air quality was also carried out, which highlighted the substantial negligence of the impacts of the activity compared to the context in which the test field is inserted.

The Elias Fausto (Brazil) site is the new Brazilian test site, has an area of 1.59 square kilometres, and is located in a predominantly sugar cane cultivation area where there are two watercourses (the Itapocu and Tietê Rivers) with permanent protection areas. There are 162 species on the IUCN Red List in the area; of these: 1 is classified as “vulnerable” (V), 2 as “near threatened” (NT), 158 as “of least concern” (LC) and 1 as “data deficient” (DD). In order to maximise the environmental protection of the area, Pirelli manages environmental issues, monitors and implements measures to conserve fauna and water resources, including the planting of native essences, and the control of noise levels in accordance with the environmental impact study carried out prior to the construction of the project, according to which the environmental impact of the activities on the region’s biodiversity is not significant.

The Pirelli Group Environmental Strategy and Footprint

Monitoring and management of environmental issues has always played a key role in the business strategy at Pirelli. With a view to long-term management of impacts, Pirelli each year monitors the Carbon Footprint and Water Footprint of its entire organisation and is committed to the progressive reduction of the related impacts on resources, climate and ecosystems.

The Group has adopted a control and monitoring system that allows the identification of the materiality of environmental impacts throughout the product life cycle. The infographic on the following pages shows the Pirelli approach to environmental management and the specific multi-year targets defined by the Industrial Plan, whose performance is reported in the present report.

The graph can be read either horizontally, following the stages of life of a tyre one by one, or vertically, thus being able to appreciate the objectives of reducing the impacts that the Company has defined for each of the different stages of life, which will be explored later in this chapter.

³⁵ Man and Biosphere is a group of biosphere reserves in many countries in the world protected by UNESCO with the aim of promoting socio-economic development and conservation of ecosystems and biological diversity.

At the methodological level, the phases of the life cycle were analysed following the Life Cycle Assessment methodology as defined by the ISO 14040 family rules, the latter approach being able to corroborate in the most objective way possible the results and the strategic decisions connected to it, integrated with the indications of the “Product Category Rule³⁶” for tyres developed by the Tire Industry Project Group of the World Business Council for Sustainable Development. This approach is based on the identification and quantification of all input and output flows of the various life cycle phases (resources, raw materials, emissions, waste), which are subsequently translated into environmental impact potentials using dedicated models. This method therefore makes it possible to consolidate the effects of a very large number of factors into a few synthetic quantitative parameters (for example, of all the types of emissions or waste that are generated in the production processes of the raw materials used).

The four main indicators used to summarise the quantitative impacts in terms of Carbon Footprint and Water Footprint are:

- Primary Energy Demand (PED), calculated in GJ of energy, refers to the quantity of renewable or non-renewable energy that is taken directly from the hydrosphere, the atmosphere or the geosphere.
- Global Warming Potential (GWP), calculated in tonnes of CO₂ equivalent, concerns the effect on the climate of anthropic activities (the greenhouse effect potential of the gas considered is assessed in relation to CO₂, considering a residence time in the atmosphere of 100 years).
- Water Depletion (WD), calculated in cubic metres of water and based on the Swiss model for ecological scarcity, represents the volume of water used, compared to the availability of water resources locally, with the aim of giving greater weight to the volumes of water taken from areas characterised by a greater scarcity of this resource.
- Eutrophication Potential (EP), calculated in kilograms of phosphate equivalent, which represents the enrichment of nutrients in a given ecosystem, whether aquatic or terrestrial: air pollution, emissions into water and agricultural fertilisers all contribute to eutrophication. The result in aquatic systems is accelerated growth of algae, which does not allow sunlight to penetrate the surface of the water basins. This reduces photosynthesis and thus reduces the production of oxygen. Low concentrations of oxygen may cause the alteration of the aquatic ecosystem with potential effects in terms of biodiversity.

The reporting of the emission impacts complies with the provisions of the GHG Protocol (Corporate Accounting and Reporting Standard) and the GRI Sustainability Reporting Standards. To determine the Carbon Footprint and Water Footprint, Pirelli’s calculation model respectively follows the standards ISO-TS 14067 and ISO 14046.

³⁶ Set of specific rules, requirements and guidelines for the development of environmental declarations, for one or more product categories, defined according to ISO 14025.

If the product life phases are considered according to the GHG Protocol standard (Corporate Value Chain - Scope 3 - Accounting and Reporting Standard) and as reflected in the criteria of the Science Based Targets initiative, the emissions of the use phase of the tyre are assessed as “indirect” and already included in the accounting of the use phase of the vehicle, of which the tyre is a component (with indirect impact on the energy consumption of the vehicle during use). These emissions, therefore, do not fall within the emission perimeter that tyre makers must consider for value chain reduction targets, which, instead, includes: Scope 1 and 2 emissions, generated by the group’s production activities, and Scope 3 emissions mainly related to the supply chain, logistics and product end-of-life. The Use Phase of the tyre, as mentioned, is part of the Vehicle Use Phase and therefore part of the Scope 3 emissions for Motor Vehicle Manufacturer Customers.

As mentioned below, Pirelli has both emission reduction targets approved by the Science Based Targets initiative, to cover its own Scope 1, 2 and 3 emissions, and targets on the rolling resistance of its products, thus contributing to the reduction of indirect Scope 3 emissions in the use phase, the benefit of which is in terms of the reduction of Scope 3 emissions borne by vehicle manufacturers.

In the lower part of the infographic, the actions and targets adopted by Pirelli are indicated in order to reduce the environmental impacts in the various phases of the life cycle according to the current Industrial Plan.

As regards the quantitative representation of Pirelli’s Carbon Footprint, please refer to the section “Greenhouse Gas Emissions Management and Carbon Action Plan” where the emissions of the various life cycle phases are detailed by scope. Meanwhile, for a representation of the impact materiality in percentage terms of Pirelli’s Water Footprint, on the various phases of the life cycle, please refer to the section “Water Management”.

RAW MATERIALS	MANUFACTURE	DISTRIBUTION	USE	END-OF-LIFE
DRIVERS OF THE CARBON AND WATER FOOTPRINT				
Suppliers	Pirelli	Suppliers	Customers	Waste Recovery Players
Production and transport of raw materials: the impact is due to the consumption of resources on the part of the production sites of suppliers.	Tyre manufacturing: at Pirelli factories the impact mainly derives from the consumption of electricity and natural gas	Consumption and related production of fuel used by trucks and ships of logistics providers, which deliver Pirelli tyres worldwide	Consumption and related production of the fuel used by customers' vehicles in the portion allocated to rolling resistance of the tyres.	End-of-life tyre management: old tyres are prepared by specialised companies to be reused either as energy or as regenerated raw material
GHG DISTRIBUTION IN SCOPE				
--> Scope 3	--> Scope 1 + 2 + 3	--> Scope 3	--> Scope 3 - indirect (in charge to vehicle manufacturers)	--> Scope 3

RESPONSE STRATEGY				
<input type="checkbox"/> RAW MATERIAL INNOVATION <ul style="list-style-type: none"> Research and development of raw materials with a low environmental impact Progressive introduction of new materials from renewable and/or recycled sources Biomaterials, such as high performance silica from renewable sources, biofillers such as lignin and plasticisers/resins of plant origin Natural rubber: search for sustainable alternative sources Functionalised Polymers: research on innovative polymers that guarantee reduced environmental impact, improved driving safety and improved production efficiency <p><u>Targets</u></p> <ul style="list-style-type: none"> reduction of CO₂ emissions from raw material suppliers by 8.6% by 2025 compared to 2018 (target approved by SBTi*); <p><i>for selected product lines:</i></p> <ul style="list-style-type: none"> by 2025: >40% renewable materials, >8% recycled materials*** and <40% fossil-derived materials. by 2030: >60% renewable materials, >12% recycled materials*** and <30% fossil-derived materials. <input type="checkbox"/> GREEN PURCHASING GUIDELINES/GREEN SOURCING POLICY <input type="checkbox"/> CDP SUPPLY CHAIN <input type="checkbox"/> THIRD-PARTY AUDITS OF CRITICAL SUPPLIERS	<input type="checkbox"/> PROCESS EFFICIENCY <p><u>Target 2025:</u></p> <ul style="list-style-type: none"> 100% renewable electricity sourcing Absolute CO₂ emissions -42% vs 2015 (target approved by SBTi*) Specific water withdrawal -43% vs. 2015 Specific energy consumption -10% vs. 2019 Waste sent for recovery 98% <p><u>Target 2030:</u></p> <ul style="list-style-type: none"> Group Carbon Neutrality (emissions from electric and thermal energy); <input type="checkbox"/> ISO 14001 IN ALL FACTORIES <input type="checkbox"/> SCRAP REDUCTION PROGRAMME	<input type="checkbox"/> GREEN SOURCING POLICY <ul style="list-style-type: none"> Green Logistics procedure Engagement to reduce Supply chain Carbon & Water Footprint 	<input type="checkbox"/> PRODUCT INNOVATION <p><u>Target 2025:</u></p> <ul style="list-style-type: none"> Rolling Resistance A/B ≥ 70% of new car products (new labelled IP Codes) Wet Grip A/B ≥ 90% of new car products (new labelled IP Codes) <input type="checkbox"/> ECO & SAFETY PERFORMANCE REVENUES <p><u>Target 2025:</u></p> <ul style="list-style-type: none"> ≥ 66% of Group car tyre sales and ≥ 71% of High Value products** <input type="checkbox"/> CYBER™ TECHNOLOGIES	<input type="checkbox"/> PRESENCE ON THE MAIN INTERNATIONAL WORKING GROUPS (WBCSD, ETRMA) to spread the culture of recovery <input type="checkbox"/> REGENERATED RAW MATERIALS Research projects in order to improve the quality of regenerated materials, with the aim of increasing their percentage portion of the new compounds

* Science Based Targets initiative; ** High Value products are determined by rims equal to or greater than 18 inches and, in addition, include all “Specialties” products (RUN FLAT™, SEAL INSIDE™, PNCS™, Elect™, Pirelli Cyber™, Racing, Collezione) regardless of rim size; *** > 3% by 2025 and > 7% by 2030 excluding recycled metals.

Pirelli's approach to the Circular Economy: the 5 Rs

As part of Pirelli's 'Eco & Safety Design' strategy, a decisive role is played by the continuous focus on the definition and implementation of increasingly circular solutions.

It is in this context that Pirelli has developed its own approach to the Circular Economy, which is based on rethinking (Rethink) the way products, processes and services are developed, with the goal of achieving ever-higher performance, continuously reducing environmental impacts and protecting the health and safety of people.

Rethink is supported by the other four commitments of Pirelli's 5R approach:

- **Refuse:** avoiding processes, products, services and materials that are redundant, while at the same time promoting an increase in the safety of the products used, through the replacement of those that are not considered suitable, as a preventive measure and even going beyond legislative requirements. The elimination of single-use plastics within the Group is also part of this commitment.
- **Reduce:** reducing the use of resources, especially non-renewable resources, both in terms of energy carriers and natural resources, and of raw materials, with the aim of reducing the Group's Environmental Footprint, also with a view to decarbonisation. Reducing also means developing tyres with increasingly less rolling resistance that can help reduce vehicle consumption, as well as production processes that use fewer resources and generate less and more easily recyclable waste. Pirelli has expressed numerous public objectives in support of its reduction commitment, which include all 2025 targets for process efficiency in factories (-43% on specific water withdrawal compared to 2015; -10% on specific energy consumption compared to 2019 and -42% of absolute CO₂ emissions compared to 2015, as approved by the SBTi in line with the 1.5°C scenario), the performance of new car products in terms of Rolling Resistance ($\geq 70\%$ A/B labelling classification by 2025) and the SBTi validated target for the reduction of CO₂ emissions of its raw material suppliers (-8.6% by 2025 compared to 2018) of its raw material suppliers, in addition to the Net Zero Science Based Target commitment expressed in 2022.
- **Reuse:** maximising the reuse of resources and products, consistent with the quality and safety levels required for tyres, with the aim of preventing waste generation and unnecessary consumption of resources, especially non-renewable resources. This commitment is reflected, for example, in the design of tyres with an increasing content of renewable or recycled raw materials, with targets that envisage that selected product lines to use over 40% renewable materials by 2025 (over 60% by 2030), over 8% recycled materials³⁷ (over 12% by 2030) and to reduce the use of fossil-derived raw materials to less than 40% (less than 30% by 2030).
- **Recycle:** recycling the waste derived from production processes, promoting as far as possible, and compatibly with the contexts in which it operates, the recovery of materials and favouring the recovery of end-of-life tyres, also through research and development actions aimed at

³⁷ > 3% by 2025 and > 7% by 2030 excluding recycled metals.

maximising the quality of materials deriving from the recovery of end-of-life tyres (ELTs) both for “closed loop” applications and for use in other phases of the value chain through the promotion of industrial ecosystems. This commitment is reflected, for example, in the group’s 2025 target to send at least 98% of the waste produced for recovery.

The main examples of the application of these commitments along all stages of the tyre life cycle and their performance in 2022 are reported in the following sections.

Product: Research and Development of Raw Materials

The Research and Development of innovative materials is essential in order to design and manufacture “*Eco and Safe*” tyres which are increasingly sustainable and which guarantee lower environmental impacts throughout their life cycle while ensuring greater driving safety.

In terms of raw materials, for the selected product lines, the current Industrial Plan envisages an increasing use of materials from renewable and recycled sources, with the aim of using more than 40% renewable materials³⁸ by 2025 (more than 60% by 2030), more than 8% recycled materials³⁹ (more than 12% by 2030) and reducing the use of fossil-derived raw materials to less than 40% (less than 30% by 2030).

In 2022, the R&D effort on innovative renewable and recycled materials was significant. With reference to Pirelli tyres on the market in 2022, the highest share of renewable and recycled materials in a single product reached 38% (30% renewable + 8% recycled), compared to 33% (28% renewable + 5% recycled) in 2021.

The volume of raw materials used for tyre production in 2022 was approximately 843,000 tonnes, of which 3.3% is recycled material and 19.6% is renewable material.

Also in the course of 2022, new product lines were validated and industrialised, scheduled to start production next year, with an even higher content of renewable and recycled materials (including silica from rice husks, bio-resins, bio-attributed polymers and natural rubber to replace synthetic rubber).

In this context, Pirelli’s Research & Development focuses, among others, on:

- high-dispersion silica for wet grip, rolling resistance and durability;
- new technologies applied to the development of polymers, fillers and plasticisers for improving the wear rate of tyres;
- materials of biological origin, such as silica from renewable sources, biofillers such as lignin and sepiolite, and plasticisers/resins of plant origin;
- textile reinforcements with fibres from renewable and/or recycled sources;
- nanofillers for more stable compounds, lighter structures and highly impermeable liners;
- new silica surfactants to guarantee performance stability and processability.

³⁸ Pirelli aligns with the OECD, which defines “Renewable Natural Resources” as those natural resources that, after their use, can return to the levels of original stocks through natural processes of growth or regeneration

³⁹ > 3% by 2025 and > 7% by 2030 excluding recycled metals.

Pirelli has activated several Joint Development Agreements with leading suppliers for the study of new polymers, silicas, plasticisers and resins that are able to further improve the characteristics of tyres for rolling resistance, low temperature performance, mileage and road grip.

The Joint Labs agreement (2021-2024) between Pirelli and the Politecnico of Milan, aimed at research and training in the tyre industry, covers nanotechnology, the development of new synthetic polymers, new biopolymers and new bifunctional chemicals (e.g. serinol-pyrrole for improving polymer-charge interaction with reduced emission of volatile organic compounds - VOCs).

In the field of biomaterials, in addition to the introduction of resins and plasticisers from natural origin, Pirelli has focused on silica deriving from the rice husk, i.e. the outer shell of rice grain. The husk is by weight 20% of the raw rice grain and is the main waste of this crop, because, in many areas of the world, it is not used but burned in the open air. Thanks to a partnership with various producers, Pirelli is evaluating the diversified supply of high-performance silica from processes that start precisely from rice husks used as feedstocks, contributing to the industrial application of a circular economy model concerning waste materials. The combustion of the carbon part of the husk also allows a reduction of more than 90% of the amount of CO₂ emitted per kilogram of silica, compared to the conventional process that instead uses fossil energy sources. During 2022, the use in normal production of silica from rice husks was increased, involving plants in China and Europe, reaching a volume scale-up of about 5% of total silica consumption (up from 1% last year), with the aim of reaching 10% during 2023.

Specific projects for the development of new materials from renewable sources, mainly focused on the use of waste feedstocks, are the subject of the framework agreement between Pirelli, CORIMAV (Consortium for Materials Research) Advanced) and Bicocca University.

In the context of the new nano-fillers, Pirelli has started to introduce materials of mineral origin, such as sepiolite, in a partial substitution of precipitated silica and carbon black. The innovations mentioned provide a water saving, and a reduction of emissions of CO₂ in excess of 75% compared to the production processes of the raw materials replaced.

Also with a view to the circular economy, it should be noted that in 2022, on the basis of proprietary patents, Pirelli has continued the development of tyres using recycled PET, resins from renewable sources, lignin and, in collaboration with the Politecnico of Milan, pyrroles from materials obtained from renewable lignocellulosic biomass. Lignin, an environmentally friendly additive of natural origin derived from waste from the cellulose production process, is already used in a compound for cycling products.

Pirelli Research and Development constantly monitors the growing opportunities for the use (in increasing proportions) of materials from recycling. The development of innovative technologies for the production of materials from recycled end-of-life tyre (ELT), such as powder obtained by fine grinding of the tyre or carbon black obtained by tyre pyrolysis, allows them to be used in increasing proportions without compromising performance or safety, unlike the technologies of the past.

Some materials in use in compound formulations (such as synthetic polymers, carbon-black and synthetic oils) can in turn be produced by feeding the synthesis process with certain proportions of feedstock from recycled materials (recycled polystyrene, oil from pyrolysis of ELTs): during 2022, Pirelli expanded its collaboration with partners aimed at developing, validating and applying of these technologies in new materials.

There is constant research into material efficiency, which makes it possible to reduce the volumes purchased, as well as the weight of the finished product, with a significant positive environmental impact throughout the entire life cycle of the material and the product.

Research is also continuing aimed at diversifying the potential supply sources of natural rubber, to reduce pressure on biodiversity in producer Countries and allow the Company to manage the potential scarcity of raw materials with greater flexibility. At the same time, partnerships are being strengthened with suppliers of FSC-certified (Forest Stewardship Council) natural rubber. The sustainable management of the natural rubber, so-called conflict minerals and the cobalt and mica chain are specifically discussed in the “Our Suppliers” section of this report.

Further information on Pirelli’s Research & Development activities can be found in the section “Our Suppliers” (“R&D Partnership” section) of this report and in the Directors’ Report on Operations (“Research and Development Activities” section).

Product: Eco & Safety Performance Targets

In line with its position in the Premium and Prestige segments, Pirelli develops and introduces increasingly sophisticated products on the market, responding to a macroeconomic scenario in constant and rapid evolution.

Pirelli's 'Eco & Safety performance' strategy aims to maximise environmental performance while keeping safety at the centre, without compromise.

The significant corporate investment in research and development on materials, compounds, structures and tread patterns allows Pirelli products to achieve extremely high performance in terms of braking in dry and wet conditions and, at the same time, improved environmental performance such as:

- less rolling resistance – lower CO₂ emissions;
- less noise – reduced noise pollution;
- increased mileage – lengthening of tyre life and reduced exploitation of resources.

The targets to improve the environmental performances adopted by Pirelli for its products are objective, measurable and they consider the level of materiality of the impacts along the life cycle of the product with a perspective of the maximum effectiveness of the action. In particular, it was seen that the tyre rolling resistance, linked to the phase of vehicle use, is one of the factors responsible for environmental impacts over the entire product life cycle. In this regard, Pirelli is constantly striving to reduce the rolling resistance of its car products, which, at the end of 2022, was 13.6% lower than the 2015 value (in 2021 the reduction was 10.3% and in 2020 9%), calculated as the weighted average of all car tyres.

In addition, Pirelli has set a target for 2025 to have over 70% of new car products, i.e. new Ipcode labelled products considered at group level, classified A or B for rolling resistance, according to the highest European labelling standards for energy efficiency, and more than 90% classified A or B for "wet grip". In 2022, the new IP-labelled tyres placed on the market by Pirelli worldwide will have 50% A or B Rolling Resistance and 93% A or B Wet Grip labels, according to the European classification, including ice grip (which is indicated by the presence of the ICE pictogram).

For an overview of product performance targets, please refer to the "Sustainability Planning and the UN Sustainable Development Goals (SDG)" section of this report.

Eco & Safety Performance⁴⁰ products include the CINTURATO P7™ Blue, with which solution Pirelli was the first manufacturer in the world present on the market with a tyre that, in some measurements, boasts the double A in the European labelling scale. This product is available, depending on the measurements, both in double A class and in B class of rolling resistance while always maintaining

⁴⁰ Eco & Safety Performance products identify the tyres that Pirelli produces throughout the world and that fall under rolling resistance and wet grip classes A, B, C according to the labelling parameters set by European legislation.

A class for wet grip. On average, the CINTURATO™ P7™ Blue guarantees 23% less rolling resistance than the Pirelli reference (rolling resistance class C), combined with lower fuel consumption and a reduction in the atmospheric emissions associated with it. A vehicle with CINTURATO™ P7™ tyres that runs 15,000 km a year consumes 5.1% less fuel (equivalent to 52 litres), reduces greenhouse gas emissions by 123.5 kilograms of CO₂ and has a braking distance in the wet 9% lower than the Pirelli benchmark (class B of wet grip) in the same segment. Comparative tests by TÜV SÜD show that at a speed of 80 km/h on a wet surface, the CINTURATO™ P7™ Blue tyre reduces braking by 2.6 metres compared to a B labelled tyre.

In the course of 2022, more than 300 new technical approvals were obtained with the leading Prestige and Premium car manufacturers, mainly focusing on rims larger than 19 inches and Specialties⁴¹. In addition, the renewal of the product range continued with the introduction of new lines, with a particular focus on electric cars and plug-in hybrids.

At the R&D level, the introduction of virtual processes using artificial intelligence enabled a 30% reduction in development time, in terms of design and industrialisation of innovative materials. These processes also allow the reduction of material prototypes by 20%, resulting in savings in raw materials.

Also noteworthy are the results achieved in the reduction of the tyre wear rate, with improvements of up to 33% for the new product lines compared to their predecessors.

In particular, the Pirelli Scorpion range, which is dedicated to SUVs, shows improvements over the previous generation in the various performance indices on the European labelling system. In terms of wet performance, 100% of the sizes in the new range belong to European labelling classes A or B, with over 80% in class A. In terms of rolling resistance, the Scorpion range has over 60% of sizes in class A or B, a sign of a special efficiency that translates into environmental awareness and a contribution to autonomy for electrified vehicles. The level achieved is already very close to the target of 70% for all class A and B rolling resistance products that Pirelli has set for 2025. Excellent results were also achieved in terms of quietness, with 100% of the products in the Scorpion range in noise class A or B. In addition to meeting higher levels of comfort, safety and performance, some sizes of the Scorpion family are optimised for use with electrified SUVs: around 30% of the range is equipped with Elect technology, a solution specially developed for electric and plug-in hybrid vehicles. This makes Scorpion the Pirelli product range with the highest number of green car approvals. The three new versions of the Scorpion range have been designed by Pirelli following the “Eco-Safety Design” approach that uses innovative materials and tools, including virtualisation inherited from motorsport experience, to achieve high sustainability and safety performance. The adoption of this method has resulted in improved braking reliability, dry and wet grip and stability, all to the benefit of safety, but also performance that limits environmental impact such as optimised fuel consumption, reduced noise and increased tyre durability. To achieve these results, the range has been substantially redesigned, through research and development work that has intervened on the composition of the compounds, tread patterns and the structure, which has been reinforced and equipped with new

⁴¹ Auto tyres which meet specific customer needs: Run Flat™, Seal Inside™, PNCS™, Elect™, Pirelli Cyber™, Racing, Collezione, regardless of rim size;

materials. Updating the range enabled Pirelli to obtain the Performance Mark for the Scorpion, an award given by the TÜV SÜD certifying body to tyres that are among the best on the market in different driving situations. In addition, with a view to optimising the supply chain, production of the entire Scorpion range is based in factories in the European Union.

In October 2022, the new Pirelli Cinturato Winter 2 was judged the best winter tyre by the magazine Auto Bild. For the Winter Supertest, the magazine selected 56 tyres in the 215/55 R17 size and tested the top 20 in snowy, wet and dry conditions, in all typical safety manoeuvres such as handling, braking and aquaplaning, while also testing efficiency parameters such as durability and rolling resistance. The main innovation of the Pirelli Cinturato Winter 2 is the 3D-structured siping designed by Pirelli: as the tread wears down, the sipes change shape from linear to sinusoidal, guaranteeing grip on dry, wet and snowy ground throughout the tyre's life.

With reference to products developed for electric and hybrid vehicles, the Pirelli tyres that equip the new Ford Mustang Mach-E GT Performance Edition, the most powerful and high-performance version of the US carmaker's first all-electric SUV, feature the Elect marking. Thanks to specific technical characteristics of the compound and structure, Pirelli Elect-branded tyres offer several advantages: low rolling resistance to increase battery autonomy, low rolling noise to ensure optimum driving comfort, immediate grip for the transmission stresses at start-up, and a structure suitable for supporting the weight of the battery-powered vehicle.

Pirelli also supplies P Zero Elect tyres as original equipment to the new BMW iX, a 100% electric SUV, for the xDrive50 and M60 versions. The special profile of the tyre, which has better aerodynamics than the standard P Zero, also contributes to the mileage. In fact, thanks to a modification of the outer profile, the P Zero Elect features a less prominent tyre bead that reduces aerodynamic turbulence, further improving the tyre's efficiency. Added to this are the innovative inscriptions on the tyre cheek made in the so-called Sunk mode, hollowed out and not embossed.

In 2022, Polestar also chose Pirelli P Zero for the Polestar 2 BST edition 270. Pirelli has responded to the car's needs with a P Zero Elect with a high load index and HL marking on the sidewall, which indicates that the tyre is able to support the car in the best possible way and guarantee a high level of comfort even when it is subjected to significant stresses, such as when driving in a sporty manner. Specifically, the HL-marked P Zero can support a ground weight that is more than 20% greater than the weight supported by a standard tyre and 9% greater than an XL tyre of the same size.

By the end of 2022, Pirelli is the tyre manufacturer with the largest share of type approvals for electric and plug-in hybrid cars.

In March 2022, the Pirelli Elect technology package received an award in Spain as the Best Technological Innovation during the third edition of Los Premios 'Hevea' de la Industria del Neumático, an event organised by Europneus magazine to recognise the work done by companies in the tyre and car parts sectors. These prizes are awarded through the voting of almost 12,000 automotive-related professionals, from tyre production and the various car components, to the management of the relevant service departments.

In addition to equipping the new models put on the market by car manufacturers, the increasing popularity of electric cars and their year-round use has made the development of tyres for different seasons indispensable. In the electric winter range, where demand is recent but growing fast, Pirelli Elect can already equip 65% of Premium and Prestige models (in the latter case, the share exceeds 80%).

In 2022, the activities of the Pirelli Sottozero Test Centre in Swedish Lapland were extended to the summer period as well, a choice dictated by the growing need for development, particularly of all-season and winter products, on dry and wet roads. Although development methodologies are increasingly reliant on simulation and virtual reality, performance validation through physical testing remains a cornerstone of Pirelli's development strategy, and as a result, proving ground activity is growing. The variety of testing facilities at the Pirelli Sottozero Centre makes it possible to develop tyres for every type of car and now also for all seasons. In addition, thanks to the charging infrastructure available in the area and the type of tests that can be conducted, the proving ground also lends itself to the development of tyres for plug-in hybrid and electric cars. Among the latest manufacturers to use the area for tests with Pirelli winter tyres was also Croatia's Rimac, which tested new winter solutions for its Nevera electric hypercar.

The focus on environmental sustainability is also fully integrated into the company's **motorsport** business model. In fact, Pirelli is the first and only tyre manufacturer in the world to have been awarded the three stars of the Environmental Accreditation Programme promoted by the FIA (International Automobile Federation), in recognition of its commitment to sustainability in motorsport and achieved thanks to a supply chain completely managed according to environmental and social sustainability criteria. Among the measures Pirelli has taken to achieve this in F1[®] are the use of 100% certified renewable electricity in Motorsport factories as early as 2021, an increase in the use of renewable materials, the elimination of single-use plastics from track activities and a supply chain fully managed according to environmental and social sustainability criteria. In addition, Pirelli's motorsport activity has passed a series of rigorous audits that take into account several elements to reduce environmental impact, starting with carbon dioxide emissions.

An issue that was also central to the development of the new GT tyre, the P Zero DHF, thanks to the extensive use of virtual models that made it possible to reduce the production of physical prototypes. As far as motorsport logistics are concerned, Pirelli uses the latest EURO 6D truck fleet and for extra-European shipments chooses sea solutions as far as possible, which are less polluting than air transport.

With reference to the Cycling business, Pirelli also launched new product lines in 2022 (P ZERO Race 4S, P ZERO Race 150°, Scorpion Enduro and Scorpion E-MTB, Angel Urban, Cinturato Gravel RC, Cinturato Gravel S and the Scorpion Gravel for Enduro and Downhill competitions), renewing and expanding the range of products dedicated to sportsmen and women and cycling enthusiasts. In March 2022, production of cycling tyres started at the Pirelli plant in Bollate, thus becoming the only factory in Italy to produce "Made in Italy" bicycle tyres on an industrial scale. The plant specialises in the production of high-tech tyres, including all models of the P Zero Race family, in the updated version with the "Made in Italy" label, intended for both amateurs and athletes of some of

the top UCI cycling teams, all of which are already Pirelli partners and play an active role in tyre development.

Pirelli's high-tech products include the development of technologies based on the introduction of sensors inside the tyre. The Pirelli Cyber Tyre system, consisting of a sensor in each of the tyres that collects fundamental information for safe driving and software integrated into the car's electronics, was the first in the world to be fitted as original equipment on a production car, the McLaren Artura. The Pirelli Cyber Tyre system is able to detect potentially dangerous driving situations, such as loss of grip and aquaplaning, allowing the car's electronics to intervene promptly. The next step will see tyres networked, both with other vehicles and with the road infrastructure. Pirelli was the first tyre company in the world to share information about the road surface on the 5G network from smart tyres equipped with sensors, presenting in Turin the use-case "World-first 5G enhanced ADAS (Advanced Driver Assistance Systems) services". This is a continuously evolving system that will become essential as the level of autonomy of cars increases. In fact, the driver's current ability to perceive the grip conditions given by the type of road surface and weather conditions will have to be fulfilled by the tyres, and the car will be able to slow down if the asphalt is found to be slippery, adapt the electronic controls to increase safety and, with inter-vehicle connectivity, warn other self-driving cars of a potential imminent danger. This is a true tactile sense offered by the only point of contact between the car and the road: the tyres.

For further information on Cyber™ technologies, please refer to the section "High Value Approach to Future Mobility" in the chapter "Our Customers" in this report and the section "Product, Material and Production Process Innovation" in the Directors' Report on Operations.

Among the Open Innovation initiatives, the Joint Labs agreement between Pirelli, the Politecnico of Milan and the Polytechnic Foundation of Milan should be highlighted. The collaboration, which began in 2011 and will be renewed in 2021 for a further three years, focuses on research projects for the continuous technological innovation of tyres. In addition to exploring the potential of virtual environments, thanks to the static simulator installed at Pirelli's R&D centre in Milan and the dynamic simulator at the Politecnico of Milan, this new phase of the agreement (2021-2023), which envisages a total investment of more than €2 million, focuses on two research macro-strands: the area of materials, with the development of innovative solutions and the modelling of mixing processes, and the area of Product Development and Cyber, with integrated static-dynamic simulation and innovative modelling. The agreement between the Politecnico of Milan, Fondazione Politecnico and Pirelli has generated no less than 14 patent families filed and some 30 publications of articles in international scientific journals, as well as dozens of presentations at international congresses. Many topics were discussed and results achieved in the area of tyre performance, its level of safety and sustainability, thanks to the use of advanced materials identified as part of this collaboration. In particular, 15 research grants have been awarded to young graduates in the field of materials chemistry. In the last three years, for example, research has focused mainly on the production and functionalisation of carbon allotropes; the preparation of modified silicate fibres; the study of alternative sources of natural rubber; and the synthesis of innovative polymers and self-repairing materials. Attention was also paid to the tyre mechanics sector where, since 2011, 12 research contracts have been activated in the Cyber Tyre™ and F1® fields, with the study of tyre-asphalt interaction. One area of particular interest was the study of low-noise tyres, especially for new hybrid

and electric vehicles, where this component is important for driver comfort. In fact, innovative test methodologies have been applied for the indoor measurement of the acoustic field generated by the rolling tyre. The Tread Modeling Automation project, on the other hand, has studied tyre modelling and the characteristics of different summer, winter and all-season treads. In support of professional training, the second-level university master's degree "R&D Excellence Next" was also inaugurated recently, created in collaboration with the Politecnico of Milan, involving 34 young engineers newly hired by the company, with the aim of training specialised technicians.

Tyre Wear and TWRP

For many years, Pirelli has paid great attention to the theme of “Tyre and Road Wear Particles” (TRWP), the micrometric particles produced by the combined wear and tear of the road and tyre during vehicle circulation. The phenomenon of TRWP is complex, since the generation of these particles is not only linked to the combined wear of the road and tyre, but also substantially to the characteristics and conditions of use of the vehicle (weight, mass distribution, correct tyre pressure, etc.), the characteristics of the roads (material and roughness of the roads, being straight or winding, uphill or downhill, etc.), environmental conditions (dry or humid climate, hot or cold) and driving style (aggressive or relaxed, at high or moderate speeds, with sharp or progressive braking, etc.). Scientific studies (see “WBCSD” in this report) conducted so far have not shown significant risks to human health and the environment: however, the definition and implementation of effective actions for the mitigation of TRWP generation is strongly linked to the variety and number of causal factors mentioned above: it should be noted that some of them, such as driving style, road and vehicle characteristics, have more influence than the tyre considered individually.

The various causal factors extrinsic to the tyre and belonging to the sphere of influence of multiple stakeholders require combined action by all actors in order to define and implement the most effective mitigation actions. The need for multi-stakeholder engagement led to the creation of the “European TRWP Platform” launched by ETRMA, which saw, in addition to the Tyre Industry, the participation of Road Authorities, Automobile Manufacturers Association, Automobile Clubs, the waste water treatment industry, Universities and Research Centres, NGOs, European Institutions and national authorities. The platform will continue its work in 2023 and, as in the previous editions 2018-22 will be supported by CSR Europe.

In terms of tyre-specific actions, Pirelli’s commitment to TRWPs is expressed both through active participation in the Tyre Industry’s most important collaborative projects on TRWPs (see the “ETRMA” and “WBCSD” sections of this report) and through its R&D activities on materials and tyre design, aimed at continually improving tyre wear and, consequently, minimising its contribution to the issue of TRWPs. Demonstrating this commitment, the new product lines launched in 2021-22 boast a wear rate improvement of up to 33% less than the previous generation of tyres. This is accompanied by collaboration with Public Authorities and the Tyre Industry to support the development of standardised methodologies for measuring tyre wear, for example within the European Union where a dedicated activity was begun in 2022 by the “Task Force on Tyre Abrasion” (TFTA) within the UNECE World Forum for Harmonisation of Vehicle Regulations (WP.29). The objective is the technical development of a globally harmonised methodology for measuring tyre abrasion, to be realised by 2024, to support possible future regulatory activities related to the topic of tyre abrasion (see, specifically, also the “ETRMA” section of this report about the new EURO 7 regulatory proposal for the mitigation of particulate emissions into the environment).

Management of End-of-Life Tyres

In terms of materiality, the end-of-life phase of the product has a low proportion of the total impact of the tyre on the environment, in terms of the Group's Carbon and Water Footprint.

End-of-life tyres, however, represent a valuable source of resources (secondary raw materials), which are already successfully used in several sectors of the value chain (e.g. in construction, infrastructure, asphalt, manufacturing of rubber products) and with a considerable potential for developing further applications in different industrial ecosystems, aimed at increasingly exploiting their properties.

In the world, it is estimated that one billion tyres reach the end-of-life each year. On a global scale, about 60%⁴² of out-of-use tyres (ELTs) are recovered, while in Europe and the United States the recovery stands at 95%⁴³ and 71%⁴⁴.

For years, Pirelli has been engaged in the management of ELTs. The Company actively collaborates with the main reference entities at national and international level, promoting the identification and development of solutions to enhance and promote the sustainable recovery of ELTs, shared with the various stakeholders and based on the Circular Economy model. In particular, Pirelli is active in the Tyre Industry Project (TIPG) of the World Business Council for Sustainable Development (WBCSD), in the ELT working groups of ETRMA (European Tyres and Rubber Manufacturers' Association) and, at national and local level, it interacts directly with leading organisations active in the recovery and recycling of ELTs, such as the consortia established to comply with regulations on Extended Producer Responsibility.

As a member of TIPG, Pirelli has collaborated on the publication of guidelines on the management of ELTs (WBCSD "A framework for effective management systems" in 2008 and "Managing End-of-Life Tires" in 2010) and a toolkit ("End-of-life tire – ELT – management Toolkit" in 2021), taking a proactive approach to raising the awareness both within Emerging Countries and those that do not yet have a system for ELTs recovery, in order to promote their recovery according to "best practices", i.e. defined management models which have already been launched successfully.

100% of the tyres produced and sold by Pirelli can be destined for recovery activities, both in terms of material (recycling) or energy. The actual recovery/recycling rate varies depending on the markets and ELT management models in the various countries.

With regard to "closed-loop" Circular Economy applications, as already mentioned, tyres are a mixture of many valuable materials that at end-of-life allow two paths of recovery: recovery of material (such as "secondary raw materials") or energy. In the recovery of material, the reclaimed rubber is already reused by Pirelli in the compounds for new tyres, thus contributing to the reduction of the related environmental impact. In order to increase this recovery rate, research activities con

⁴² WBCSD 2019 – "Global ELT Management – A global state of knowledge on regulation, management systems, impacts of recovery and technologies"

⁴³ ETRMA 2021, 2019 data

⁴⁴ USTMA - 2019 2021 US Scrap Tyre Management Summary

In order to increase this recovery rate, research activities following our Open Innovation model are continuing, aimed at improving the quality of recovered secondary raw materials in terms of affinity with the other raw materials and the other ingredients present in our ultra-high performance compounds, as well as in the search for innovative recovery solutions (such as pyrolysis).

ENVIRONMENTAL IMPACT OF PIRELLI'S PRODUCTION SYSTEM

Environmental Management System and Factory Environmental Performance Monitoring

All the production facilities of Pirelli and the tyre testing field in Vizzola Ticino have Environmental Management Systems certified under International Standard ISO 14001. The International Standard ISO 14001 was adopted by Pirelli as a reference from 1997.

All the ISO 14001 certificates have been issued with international accreditation ANAB (ANSI-ASQ National Accreditation Board: accrediting entity of the United States).

The certification of the environmental management system according to the ISO 14001 Standard is part of Pirelli's Environmental Policy and, as such, is extended to new settlements that become part of the Group. The certification activity, together with control and maintenance of previously implemented and certified systems, is coordinated on a centralised basis by the Health, Safety and Environment Department.

In addition, as a result of the environmental certification of its motorsport tyre factory management systems, Pirelli is the first and only tyre manufacturer in the world to have been awarded three stars by the Environmental Accreditation Programme promoted by the FIA (International Automobile Federation). The three stars represent the maximum score level awarded by the programme, whose aim is to propose a series of measures that participants must implement to achieve the highest environmental standards.

The environmental performance of every tyre manufacturing site is monitored with the web-based Health, Safety and Environment Data Management (HSE-DM) system, which is processed and managed centrally by the Health, Safety and Environment Department. Pirelli has also completed the CSR-DM (Corporate Social Responsibility Data Management), an IT system for managing Group Sustainability information, which is used to consolidate the environmental and social performance of all Group subsidiaries worldwide. Both systems support consolidation of the environmental performance accounted for in this report.

Scope of Reporting

The performances reported in the following sections concern the three-year period 2020-2021-2022 and cover the same scope of the Group's consolidation, including the impacts of all the units under operational control: from industrial realities to commercial and administrative sites.

The amount of finished product used in the calculation of the specific indices indicated below, in 2022 was approximately 762,000 tonnes.

Environmental Performance Indices Trend

In 2022, the Group's production activity recorded a slight decrease in tonnes of finished product of about 1% compared to 2021 (calculated on a like-for-like basis).

Compared to the previous year, all environmental performance indices, expressed in absolute terms, on energy consumption, greenhouse gas emissions, water withdrawal and waste production improved. The same positive trend also applies to all equivalent specific indicators weighted both on tonnes of finished product and operating profit (related to EBIT Adjusted). The share of electricity from renewable sources used by Pirelli increased, while the percentage of waste sent for recovery remained stable at 97%.

The trend reported rewards the intense effort dedicated to reducing environmental impacts, also considering the special features of Pirelli production, focused on Premium and Prestige tyres whose production processes are characterised by greater energy complexity, more restrictive quality specifications, more complex processing and smaller production batches than standard tyre production processes.

Energy Management

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

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

The Industrial Plan provides for a reduction of 10% in specific energy consumption by 2025 compared to 2019 values.

In support of the achievement of this objective, during 2022 the energy efficiency plan continued at all Group plants, already initiated in recent years and characterised by actions aimed at:

- improving and accelerating the digitalisation in an *Industry 4.0* perspective of energy measurement and management systems through monitoring of consumption;

- designing a global platform aimed at generating technical indicators and continuous improvement also through the use of artificial intelligence tools;
- optimising the procurement of energy resources, direct or indirect;
- improving the quality of energy transformation;
- improving the efficiency of distribution plants;
- improving the efficiency of production plants;
- recovering energy for secondary uses;
- applying targeted maintenance plans in order to reduce energy waste.

With regard to Life Cycle Assessment, the specific consumption of the plants is mapped, whether dedicated to production or dedicated to the generation of energy carriers in order to: increase the standard reference indicators, compare similar families of machinery, evaluate in detail the energy content of the plants' different families of products and sub-products and implement actions to improve their energy performance.

In terms of compliance, every industrial facility completely fulfils the indications of law regarding energy consumption and management. The legislative situation affecting the Company includes the introduction of periodic audit mechanisms on energy management and use, as well as possible tariff incentives. In this regard, there were no critical elements or non-conformities.

The Energy Management System, certified according to ISO 50001, is being developed and has already been adopted at the Breuberg (Germany) and Izmit (Turkey) plants. In 2022, the implementation process also started for the factories in Campinas and Feira de Santana (Brazil) and is expected to be progressively extended to the Group's other plants.

Actions and investments for energy efficiency are alongside the assessment of environmental impacts to economic sustainability criteria normally applied to all Pirelli projects. The areas for technical action both concern the traditional themes applied to each industrial area, such as modernisation of thermal insulation, maintenance of distribution plants, use of technologies using inverters, implementation of optimised control systems and special projects assessed according to the needs of each manufacturing site.

During 2022, the installation of LED lighting systems at production sites continued, replacing less efficient traditional systems, reaching a coverage of close to 80% in the Group's plants. In light of the increasing inflation and instability of gas costs, great attention has been paid to projects concerning thermal consumption. In particular, the thermal insulation project with innovative vulcanisation system materials was extensively developed in order to minimise heat loss. The project will continue in 2023 with the aim of covering all the Group's production units. The implementation of projects related to efficiency in the transformation of thermal energy and the recovery of thermal waste for space heating and the improvement of steam generation performance through flue gas

recovery and combustion air preheating systems continued. Efficiency activities were also in the field for both compressed air generation, using high-efficiency compressors, and energy flows, with a focus on cold management, starting to expand the pilot projects developed in previous years. Efficiency in electricity consumption was continued through the replacement of motors with more efficient models or power modulation.

Activities also continued in the area of reducing compressed air and steam leaks on both machinery (generators and users) and distribution lines, through monitoring and periodic maintenance of the elements most at risk of malfunctioning (leak management) or through their replacement with more reliable and efficient models.

Electricity absorption measurements performed on individual plants are also continuing in order to correlate the specific consumption to production in greater detail, in order to optimise the operating conditions.

As regards the digitalisation of energy management, also in 2022 production plants have continued to be equipped with smart systems (Green Button), which modulate the energy consumption based on the state of operation of the machinery. The expansion of the real-time energy carrier measurement network and its interconnection with Building Energy Management Systems (BEMS) is also continuing, and is currently already underway at Slatina, while it is in the start-up phase for the other European plants and planned for the rest of the Group's factories.

In 2022, the energy efficiency index benefited from the actions described above, despite the negative impact of the Russian conflict on the full operation of plants in the region and in response to an increasingly dynamic automotive market. The result was achieved despite a high internal complexity of the factories aimed at coping with an increased demand for flexibility and a production mix increasingly oriented towards High-Value products, characterised by higher energy intensity in the production phase compared to standard tyres.

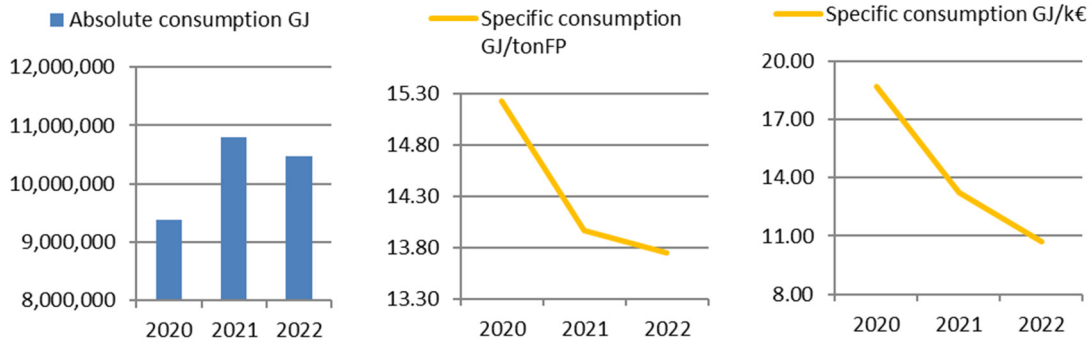
In 2022, the Group's specific energy index decreased by 1.5%, compared to the 2021 figure, and was more than 1% lower than in 2019, the year in which the 2025 reduction target is based.

In absolute terms, energy consumption decreased by 3% compared to the previous year.

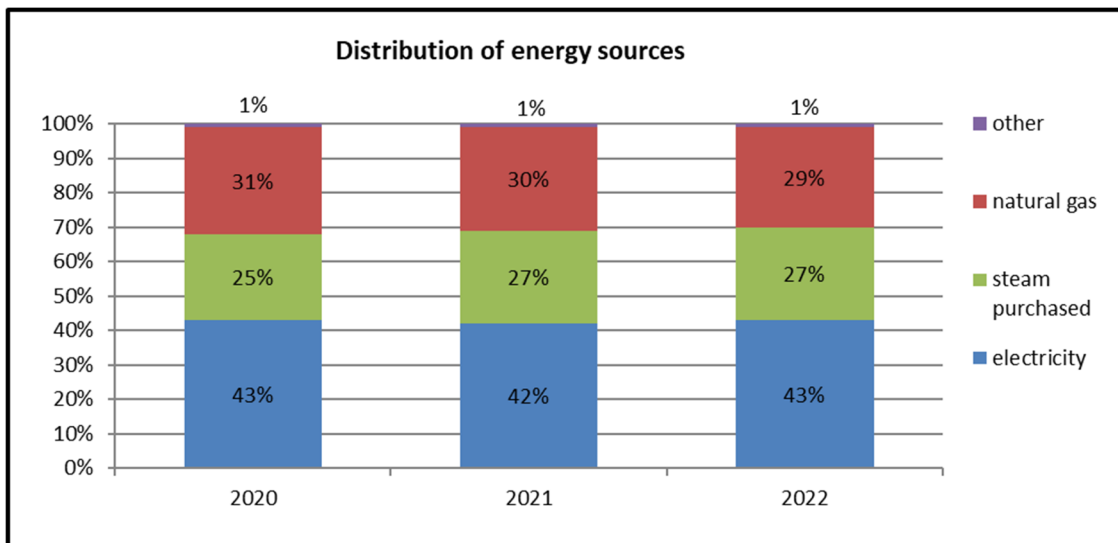
		2020	2021	2022
Absolute consumption	GJ	9,373,179	10,789,138	10,480,043
Specific consumption	GJ/tonFP	15.22	13.97	13.75
	GJ/k€	18.70	13.23	10.72

The application of energy management with a view to maximising industrial efficiency, implementing continuous improvement logics, has resulted in savings of approximately 139.566 GJ in absolute terms. This value was estimated for each factory on the basis of production volumes in the reporting year and the change in efficiencies achieved in 2022 compared to the previous year.

The absolute and specific energy consumption data reported in the following table were calculated by using direct measurements and were subsequently converted into GJ by using heating values from official IPCC sources.



The graph below highlights the “Distribution of energy sources” used in Pirelli production process: among the direct sources, all from non-renewable sources, which account for 30% of the total, are natural gas and, to a lesser extent, other liquid fuels such as oil, LPG and diesel (classified as “other”); indirect sources cover the remaining 70%, with 43% electricity (39% electricity taken from national distribution networks) and 27% steam purchased by the Group.



Of the total electricity used by the Group, more than 74%⁴⁵ derives from renewable sources (up from 62% in 2021 and 52% in 2020), while for purchased steam, the share generated from renewable sources is around 17%⁴⁶ of the total. Overall, compared to total energy consumed, the renewable

⁴⁵ This value includes both the share from direct procurement initiatives (such as the purchase of energy from the grid certified with Energy Attribute Certificates withdrawn and cancelled in favour of Pirelli or production in on-site wind or photovoltaic plants), which weighs 51%, and the contribution from national electricity distribution grids evaluated on the basis of IEA (International Energy Agency) data for the remaining 23%.

⁴⁶ Includes the supply of steam generated by biomass plants.

share calculated as above is around 37% (27% excluding the portion of the electricity mix from the grid outside the Group's control, i.e. purchased from national distribution networks).

The current Industrial Plan envisages sourcing 100% of electricity from renewable sources used on a group-wide basis by 2025.

As shown above, for all production sites in North America, Europe and Turkey, 100% of the electricity supply from the grid in 2022 was from certified renewable sources.

Management of Greenhouse Gas Emissions and Carbon Action Plan

Pirelli monitors and reports its⁴⁷ emissions of greenhouse gases through the calculation of CO₂-equivalent (CO₂e) – unit of measurement used for the emissions reported here below –, which takes into account the contribution of carbon dioxide, methane (CH₄) and nitrous oxide (N₂O). To quantify emissions, the energy consumption of all local units under operational control included in the scope of reporting are collected annually through the CSR-DM IT system.

Greenhouse gases are generated by the combustion of hydrocarbons at production sites, mainly used to operate heat generators that power Group plants, and particularly those that produce steam for vulcanisers, or by the consumption of electrical or thermal energy. The former are defined as “direct emissions”, or Scope 1 emissions, as produced within the Company's production sites, while the latter compose the so-called “indirect emissions”, or Scope 2 emissions, as they are generated in the plants that produce the energy and steam purchased and consumed by Pirelli. Scope 2 emissions are reported in two distinct ways: location-based and market-based (methodology introduced in 2015 with the guideline “GHG Protocol Scope 2 Guidance” and current reference for Pirelli's emission reduction targets).

With regard to “other indirect issues” attributable to Pirelli value chain activities, or Scope 3 emissions, in addition to the information below in this section, please refer to the section “Our Suppliers” (“CDP Supply Chain” and “Decarbonisation” sections) for further information about the specific activities of the Pirelli Suppliers. Please refer instead to the Group Footprint infographic, in the section “Environmental Footprint and Strategy of the Pirelli Group” for the representation of the Scope 3 impacts of the various life cycle phases, with respect to the perimeter of emissions pertaining to Pirelli.

⁴⁷ GHG inventory perimeter as indicated in section “Scope of Reporting”

Performance as measured by energy and greenhouse gas emissions is calculated on the basis of emission factors obtained from the following sources:

- IPCC: Guidelines for National Greenhouse Gas Inventories (2006)⁴⁸;
- Within location-based Scope 2:
 - o National emission factors⁴⁹ taken from IEA Emission factors 2022⁵⁰;
- Within market-based Scope 2:
 - o Specific emission factors of suppliers where available;
 - o Residual-mix emission factors⁵¹ taken from AIB European Residual Mixes (EU)⁵² and Green-e Residual Mix Emissions Rates (US)⁵³;
 - o Emission factors used in the context of location-based if other sources of data are not available;

and are reported according to the models proposed by:

- GHG Protocol: Corporate Accounting and Reporting Standard;
- GHG Protocol Scope 2 Guidance.

Regarding Scope 2 emissions, the national average coefficients are defined with respect to the last year available on the above reports. It should be noted that the tyre production industry is not a carbon-intensive industry; in fact, it falls within the European Emission Trading Scheme only with reference to thermal power plants above 20 MW of installed capacity. The Company is not subject to other specific regulations at the global level.

As in the case of energy, Pirelli monitors and accounts for its direct CO₂e (Scope 1) and indirect CO₂e (Scope 2) by using three principal indicators:

- absolute emissions, as measured in tonnes;
- specific emissions, as measured in tonnes per tonne of finished product;
- specific emissions, as measured in tonnes per euro of Operating Income.

⁴⁸ Emission factors expressed in CO₂ equivalent, obtained by considering the GWP (Global Warming Potential) coefficients based on 100 years of the IPCC Sixth Assessment Report, 2021 (AR6)

⁴⁹ Emission factors expressed in CO₂/kWh

⁵⁰ 2022 Publication with update to the 2021 figure

⁵¹ Emission factors expressed in CO₂/kWh

⁵² 2022 Publication with update to the 2021 figure

⁵³ 2022 Publication with update to the 2020 figure

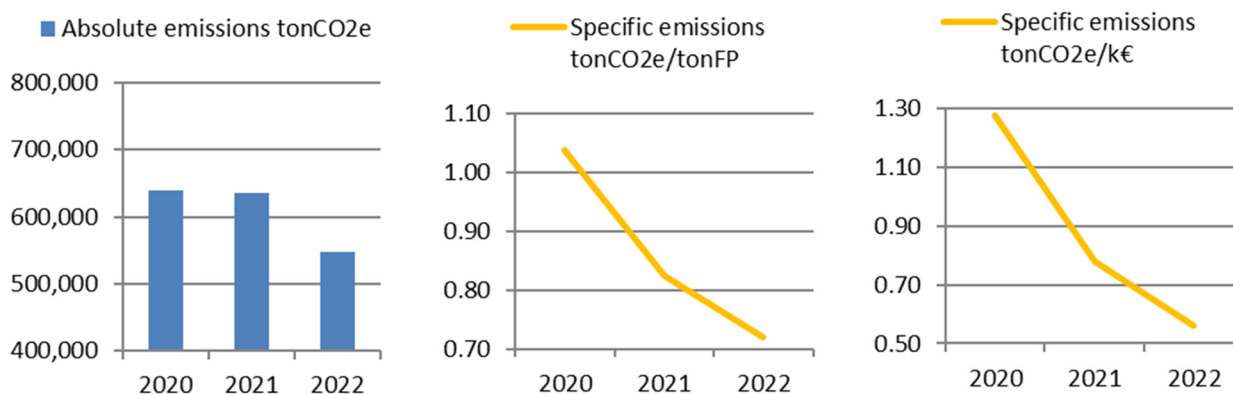
The management, calculation and reporting model of Pirelli’s greenhouse gas emissions has been defined according to the ISO 14064 standard and the related data have been subjected to specific limited audit activity by an independent company compared to ISAE 3000. According to the Guidelines of the GHG Protocol Guide, the level of inventory uncertainty was evaluated as “Good”.

The current Industrial Plan, implementing the decarbonisation strategy adopted by the company, envisages a 42% reduction in the group’s absolute CO₂ emissions (Scope 1 and Scope 2 market-based) by 2025 compared to 2015 values, and an 8.6% reduction in absolute CO₂ emissions related to the purchase of raw materials (Scope 3) by 2025 compared to 2018 values. In May 2022, these targets received validation by the Science Based Targets initiative (SBTi), which judged them to be consistent with the actions needed to keep climate warming within 1.5°C. Pirelli’s previous emission targets, also validated in 2020 by SBTi in line with the ‘well below 2°C’ scenario, had already been reached by the end of 2021, four years ahead of the original deadline.

In June 2022, Pirelli also expressed to SBTi its commitment to the Corporate Net Zero standard, pledging to formalise, within two years, a long-term target to reduce emissions from its value chain by around 90% by 2050 at the latest.

In addition, Pirelli envisages sourcing 100% of electricity from renewable sources used by 2025 and Group carbon neutrality by 2030.

The following graphs show the performance of the last three-year period.



In 2022, the Group’s absolute emissions are 14% lower than the 2021 figure and 41% lower than the 2015 value, the year on which the SBTi-validated absolute emissions reduction target to 2025 is based.

Specific CO₂ emissions, weighed on tonnes of finished product, decreased by 13% in 2022 compared to the 2021 figure, thanks to the activation of new initiatives in the field of renewables,

which, as mentioned above, increased the share of electricity from renewable sources used by the group to over 74%⁵⁴ of the total (compared to 62% the previous year and 52% in 2020).

With regard to all production sites in Europe, North America and Turkey, 100% of the electricity supply from the grid in 2022 was from certified renewable sources.

The portion of indirect emissions generated by the main “low carbon” projects described below was reported in the manner prescribed by the Guidelines of the GHG Protocol, respectively for the procurement of electrical energy from renewable sources and steam from biomass.

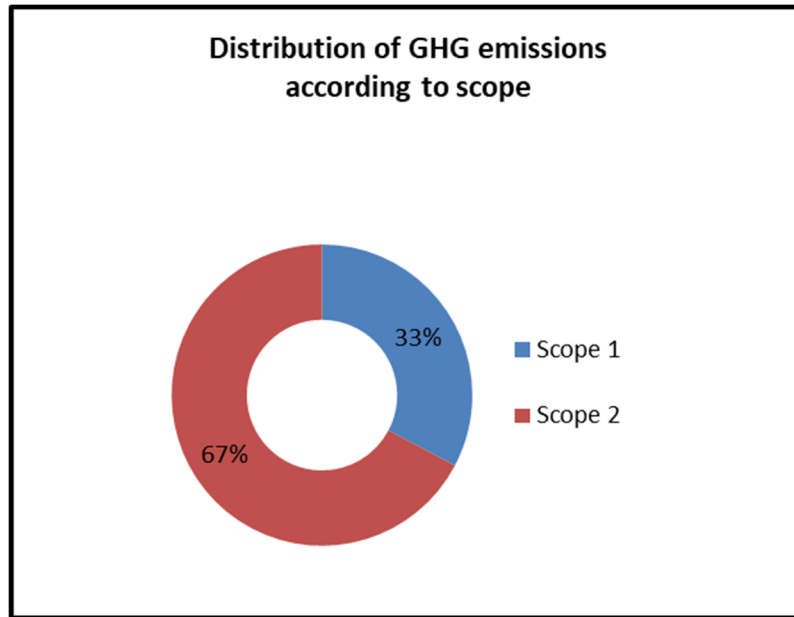
The following table reports absolute and specific emissions distinguishing between “location-based” and “market-based” (target reference) methodology for Scope 2:

GHG EMISSIONS ACCORDING TO SCOPE

		2020	2021	2022
Absolute emissions (market-based Scope 1 and Scope 2)	tonCO ₂ e	638,730	636,190	548,132
Scope 1	tonCO ₂ e	168,158	187,510	179,399
Scope 2 (market-based)	tonCO ₂ e	470,572	448,680	368,733
Scope 2 (location-based)	tonCO ₂ e	508,390	528,332	533,086
Specific emissions (Scope 1 and Scope 2 market-based)	tonCO ₂ e/tonFP	1.037	0.824	0.719
	tonCO ₂ e/€000	1.27	0.78	0.56

The following infographic highlights the weight of direct emissions (Scope 1) and indirect emissions (Scope 2 market-based) of the total absolute emissions of Pirelli.

⁵⁴ This value includes both the share from direct procurement initiatives (such as the purchase of energy from the grid certified with Energy Attribute Certificates or production in on-site wind or photovoltaic plants), which weighs 51%, and the contribution from national electricity distribution grids evaluated on the basis of IEA (International Energy Agency) data for the remaining 23%.



To support the goal of reducing climate-changing gas emissions, Pirelli has defined a 'Carbon Action Plan' with the aim of making increasing use of renewable energy sources through specific projects, facilitating the company's transition to low-carbon energy sources. These include:

- the supply of steam generated by biomass plant, fuelled with waste wood from local supply chains, activated in Brazil for the Campinas and Feira da Santana plants. In the year 2022, thanks to this initiative, savings in terms of avoided emissions of CO₂e exceeded 26,000 tonnes (Scope 2);
- the procurement of electrical energy from renewable sources at the plant in Silao (Mexico). In 2022 the agreement continued for the dedicated supply of electricity generated from wind sources, which in the year allowed the replacement of over 27 GWh of energy from fossil fuels, for a saving in terms of emissions of CO₂e of over 10,000 tonnes (Scope 2); In addition, a further 115 GWh of electricity consumed by the factory is certified from renewable sources, for an annual savings in terms of CO₂ emissions of over 42,000 tonnes (Scope 2);
- the sourcing in 2022 of certified electricity from renewable sources at the sites of:
 - o Rome (US): 24 GWh, for 9,000 tonnes of CO₂e (Scope 2) avoided;
 - o Slatina (Romania): 241 GWh, for 68,000 tonnes of CO₂e (Scope 2) avoided;
 - o Burton and Carlisle (UK): 58 GWh, for 20,000 tonnes of CO₂e (Scope 2) avoided;
 - o Breuberg (Germany): 40 GWh, for 24,000 tonnes of CO₂e (Scope 2) avoided;
 - o Izmit (Turkey): 12 GWh, for 5,000 tonnes of CO₂e (Scope 2) avoided;
 - o Yanzhou and JiaoZuo (China): 21 GWh, for 13,000 tonnes of CO₂e (Scope 2) avoided;

- Bollate, Settimo Torinese and the Headquarters (Italy): 98 GWh, for 45,000 tonnes of CO₂e (Scope 2) avoided;

The table below shows the emissions relating to Pirelli’s Carbon Footprint (Scope 1, 2 and 3) distributed along the different phases of the value chain.

Considering the life phases of the product according to the GHG Protocol standard (Corporate Value Chain - Scope 3) and as reflected in the criteria of the Science Based Targets initiative, the emissions of the use phase of the tyre are assessed as “indirect” because they are already included in the use phase of the vehicle, of which the tyre is a component (with indirect responsibility for the energy consumption of the vehicle during use). These emissions, therefore, do not fall within the emission perimeter to be considered by tyre manufacturers for value chain reduction targets, which, instead, includes: Scope 1 and 2 emissions, generated by the group’s production activities, and Scope 3 emissions mainly related to the supply chain, logistics and product end-of-life.

DISTRIBUTION OF GHG EMISSIONS IN THE VALUE CHAIN (Scope 1,2 & 3)

		2020	2021	2022
Raw Materials (Scope 3) ⁵⁵	10 ³ tonCO ₂ e	2,077.1	2,500.7	2,422.7
Manufacturing (Scope 1 + 2 + 3) ⁵⁶	10 ³ tonCO ₂ e	940.0	996.2	838.8
Distribution (Scope 3) ⁵⁷	10 ³ tonCO ₂ e	71.5	90.1	89.3
End-of-Life (Scope 3) ⁵⁸	10 ³ tonCO ₂ e	1.9	2.2	2.2
Total	10 ³ tonCO ₂ e	3,090.5	3,589.2	3,353.0

With reference to absolute Scope 3 emissions linked to the purchase of raw materials, which account for more than 70% of the Group’s Carbon Footprint, Pirelli has a target approved by the Science Based Targets initiative to reduce emissions by 8.6% by 2025 compared to the 2018 level. These emissions in 2022 were 3.1% lower than in 2021 and 8.9% lower than in 2018 (compared to an expected reduction for 2022 of 4.9% vs. 2018, calculated as an annual pro rata of the SBTi target to 2025). The company is developing a new target to be submitted to SBTi, in line with the commitment to Net Zero SBTi expressed in 2022.

The Use Phase of the tyre, as mentioned above, is part of the Vehicle Use Phase and therefore part of the Scope 3 emissions for Motor Vehicle Manufacturer Customers. If, however, we were to present

⁵⁵ This includes the Scope 3 emissions of categories “1 - Purchased goods and services” and “4 - Upstream transportation and distribution” of the GHG Protocol (Corporate Value Chain - Scope 3 - Accounting and Reporting Standard).

⁵⁶ This includes the group’s Scope 1 and Scope 2 market-based emissions, Scope 3 emissions of the categories “3 - Fuel-and-energy-related activities (not included in Scope 1 or 2)”, “5 - Waste generated in operations”, “6 - Business travel” and “7 - Employee commuting” and “8 – Upstream leased assets” of the GHG Protocol (Corporate Value Chain - Scope 3 - Accounting and Reporting Standard).

⁵⁷ This corresponds to the Scope 3 emissions of category “9 - Downstream transportation and distribution” of the GHG Protocol (Corporate Value Chain - Scope 3 - Accounting and Reporting Standard).

⁵⁸ This corresponds to the Scope 3 emissions of category “12 - End of life treatment of sold products” of the GHG Protocol (Corporate Value Chain - Scope 3 - Accounting and Reporting Standard).

an estimate of the vehicle use phase emissions attributable to the rolling resistance of tyres put on the market by Pirelli in 2022, we would have:

		2020	2021	2022
Customers (Scope 3) ⁵⁹	10 ³ tonCO ₂ e	32,576.8	37,527.8	36,399.3

In 2022, as it has for several years now, Pirelli continued in the compensation project of CO₂ emissions produced the previous year by its fleet of company cars, by purchasing and retiring carbon credits belonging to the VCS (Verified Carbon Standard). Direct issuance of the Pirelli auto policy, which introduces an Internal Carbon Price model for the economic quantification of the impacts associated with car emissions, this initiative aims to promote the choice of vehicles with less impact on the environment and support environmental protection projects. The cars in the Italian corporate fleet in 2021 emitted 773 tonnes of CO₂. In order to offset this impact on the climate, Pirelli supported a project to reforest degraded land in Mexico by planting new trees (85% of the credits purchased), with a view to favouring an initiative that ensures the removal of atmospheric CO₂ according to an “additionality” principle, and a project to develop energy production from geothermal sources in Turkey (for the remaining 15% of the credits). The activities financed with Pirelli’s contribution were carried out in 2022.

⁵⁹ This corresponds to an estimate of the Scope 3 “indirect use phase emissions” of category “11 - End of life treatment of sold products” of the GHG Protocol (Corporate Value Chain - Scope 3 - Accounting and Reporting Standard).

Water Management

Pirelli periodically monitors the Group's Water Footprint and, with a view to medium-long term management, is committed to progressively reducing its impact on water resources throughout the product life cycle. In analogy with the attribution of impacts already explained in the Carbon Footprint, the impact on water resources of the tyre use phase is "indirect" for Pirelli, it is in fact accounted for as a direct impact in the LCA of the vehicle use phase.

In terms of Water Depletion, the consumption of water cubic metre equivalent linked to the purchase of raw materials accounts for 72% of the Group total, the manufacturing part for 27%, while logistics and product end-of-life account for less than 1%. In terms of Eutrophication, the material-related impact is 97% of the Group total, while the manufacturing logistics part and product end-of-life count for the remaining 3%.

Aiming also to represent an estimate of water consumption linked to the use phase of vehicles (borne by Car Manufacturer Customers) attributable to the rolling resistance of tyres put on the market by Pirelli in 2022, this would be equal to 1.2 times the total consumption of all other phases of the tyre life cycle. Meanwhile for Eutrophication, the impact of the use phase is 3 times the total impact of all other tyre life cycle phases.

The efficient and responsible use of water in production processes and at workplaces is comprehensively addressed, with actions to improve water efficiency in production processes, from design of the machinery to Facility Management activities. Particular attention is paid to the local context of the use of this precious resource, with the use of specific analysis tools (such as the Global Water Tool of the World Business Council for Sustainable Development and the Aqueduct Water Risks Atlas of the World Resources Institute) and dedicated action plans.

Furthermore, the management of water resources, relations with relevant stakeholders (local communities, authorities, etc.) and the related potential impacts of the local contexts in which the production plants are located, is ensured by the environmental management systems implemented and certified in each production unit. Environmental management, and its continuous improvement, are in fact also addressed by mapping the main stakeholders, their interests and expectations. These management systems also aim to ensure that the qualitative-quantitative characteristics of emissions are in line with the context and regulations in force.

In terms of Governance, the Board of Directors of Pirelli & C. S.p.A., supported in its activities by the Audit, Risk, Sustainability and Corporate Governance Committee, approves the environmental management objectives and targets integrated in the Business Plan, which include those pertaining to the use of water in processes and the risks associated with it (as identified by the Group's Climate Change and Water Stress Risk Assessment).

The Industrial Plan provides for a reduction target of specific withdrawal of water of 43% by 2025 compared to the 2015 value.

Compared to the previous year, 2022 showed a reduction in the Group's specific withdrawal index of more than 3%, or about 8.2 cubic metres per tonne of finished product. Compared to 2015, the

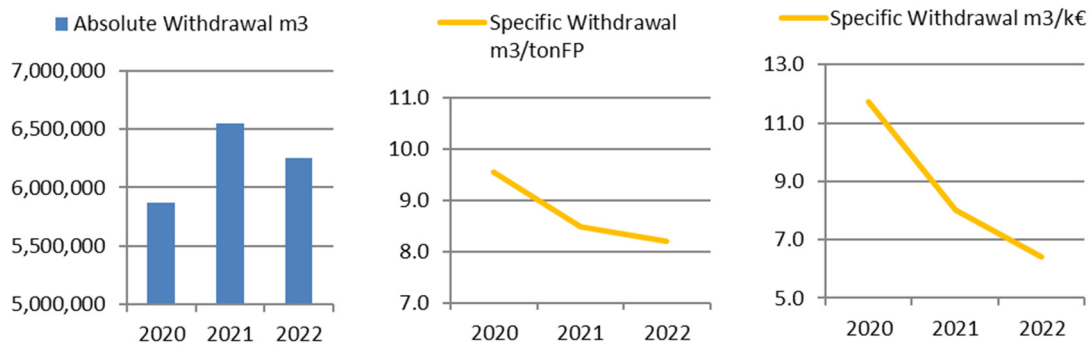
base year for the 2025 reduction target, the specific water withdrawal index shows a reduction of 36%.

In absolute terms, the water withdrawal amounted to approximately 6.3 million cubic metres, down by 5% compared to the 2021 figure. Thanks to the actions implemented, since 2015, Pirelli has saved a total of more than 18 million cubic metres of water: an amount almost equivalent to the absolute withdrawal for around three years by the entire Group.

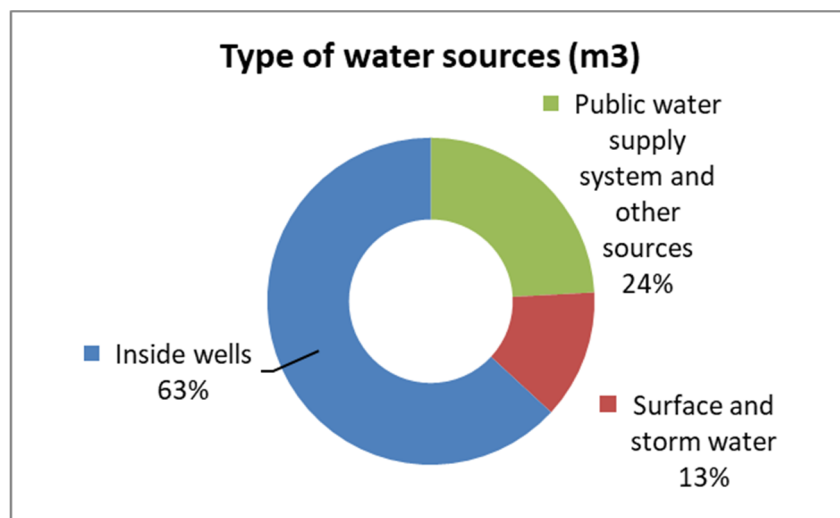
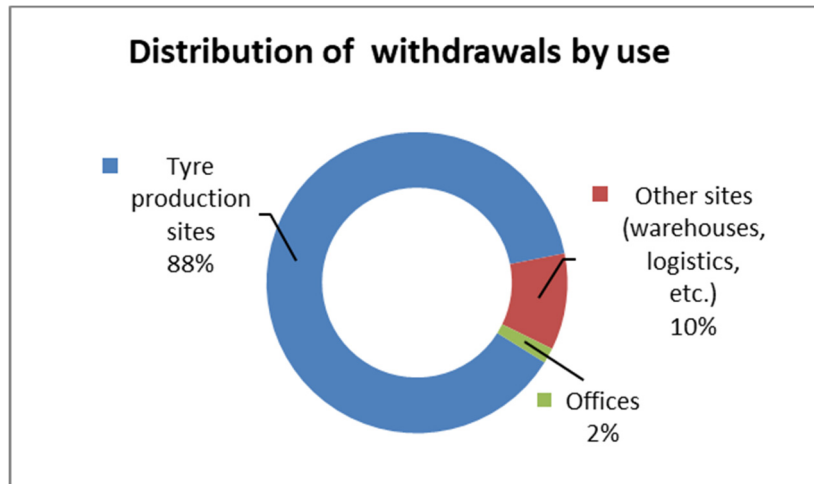
To provide an overall view of the performance in terms of water withdrawal in the last three year period, the following tables report the indicators:

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

		2020	2021	2022
Absolute Withdrawal	m ³	5,871,790	6,552,628	6,253,654
Specific Withdrawal	m ³ /tonFP	9.5	8.5	8.2
	m ³ /k€	11.7	8.0	6.4



All the figures reported in this section have been collected by taking direct or indirect measurements, and are communicated by the local units. The following two graphs show the distribution of absolute withdrawals by type of use and the weight of water supply by type of source.



63% of the water withdrawn is pumped from wells inside the facilities and authorised by the competent authorities. Furthermore, Pirelli obtains 13% of its requirements from surface and stormwater. As far as water from aqueduct or third-party sources is concerned, about 61% comes from groundwater, while the remainder comes from surface water. The volume of water withdrawn from water stress areas⁶⁰ is 52% of the total. Lastly, about 240,000 cubic metres of water used, equivalent to approximately 4% of total withdrawal, are obtained from the wastewater treatment of its production processes.

In 2022, the Silao site in Mexico put into operation the rainwater harvesting plant, which, after treatment, is used in the production process for the benefit of less groundwater withdrawal. In 2022, a volume of rainwater of approximately 23,000 cubic metres was collected.

A total of about 4.2 million cubic metres of domestic and industrial wastewater were discharged, with 55% of this into surface water bodies. The remaining amount was discharged into sewer networks.

⁶⁰ Water stress areas: this includes all those areas characterised by a level of “water stress” equal to or greater than “high” according to the classification of the WRI Aqueduct (Aqueduct Water Risk Atlas wri.org), as of 24 January 2022.

Before being discharged into the final recipient, industrial wastewater – adequately treated as necessary – is periodically subjected to analytical tests that certify substantial compliance with locally applicable statutory limits.

In particular, as regards the quality of industrial effluents of the production facilities, indicative average values are: 7.7 mg/l of BOD₅ (Biochemical Oxygen Demand), 24.2mg/l of COD (Chemical Oxygen Demand) and 10.0 mg/l of Total Suspended Solids. It should also be noted that Pirelli does not use substances classified as “Substances of Very High Concern” as defined by EU Regulation No. 1907/2006, the so-called “REACH Regulation”,

SUMMARY	Type of Water	Total		Water stress areas	
		Total Volume	Freshwater volume	Total Volume	Freshwater volume
WITHDRAWAL FROM	Surface water	795,400	653,438	652,811	652,811
	Wells	3,944,860	3,883,337	1,627,076	1,627,076
	Third Parties	1,513,394	1,512,721	944,272	944,272
	Total	6,253,654	6,049,496	3,224,159	3,224,159
DISCHARGE IN	Surface water	2,295,673	1,311,542	0	0
	Third Parties	1,885,473	1,384,143	1,163,222	1,060,128
	Total	4,181,146	2,695,685	1,163,222	1,060,128
CONSUMPTION	Total	2,072,508	3,353,811	2,060,937	2,164,031

Waste Management

Circularity of resource management is one of the tyre industry's most pressing challenges, both in the design of its products and in the management of waste to minimise its generation, maximise its recovery and thus limit its impact on the environment.

The improvement of environmental performance connected with the management of waste is achieved through:

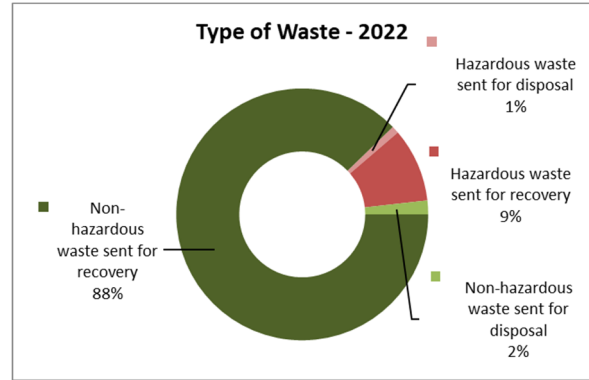
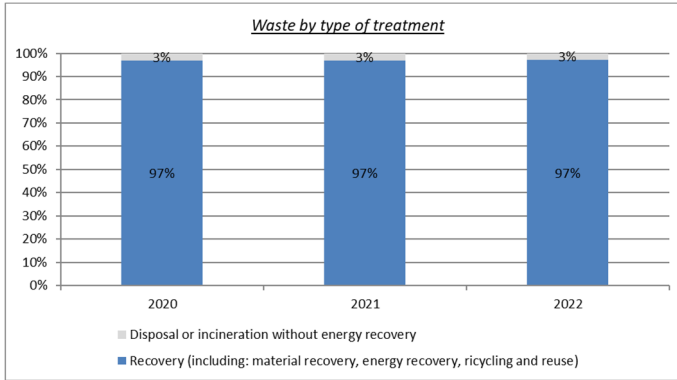
- innovation of production processes, with the aim of preventing the production of waste at the source, progressively reducing the processing of rejects and replacing current raw materials with new materials that have a lower environmental impact;
- operating management of generated waste, an integral part of the management systems of environmental certificates according to ISO 14001, aimed at identifying and ensuring the selection of waste treatment channels, in line with current local regulations, that can maximise recovery and recycling, gradually eliminating the amount sent to the landfill with the Zero Waste to Landfill vision;
- streamlining packaging management, both for the packaging of purchased products and the packaging for products made by the Group. The initiatives guided by Pirelli's Single Use Plastic Free Policy also fall within this context.

In 2022, the value of specific waste production, weighed on tonnes of finished product, was substantially in line with the previous year (-0.7%), while absolute waste production was 2% lower than in 2021. Of the total waste produced in 2022, 97% is sent for recovery at third-party plants (about two-thirds of the amount is material recovery), in line with the current Industrial Plan, which envisages sending 98% of the waste produced for recovery by 2025, with a "Zero Waste to Landfill" vision.

In 2022, hazardous waste⁶¹ accounts for 10% (compared to 9% in 2021 and 8% in 2020) of the total waste produced and is totally sent for treatment in third-party plants, authorised according to local regulations.

As for the waste generated by production sites, amounting to 102,501 tonnes, about 11% is hazardous waste, and 75% is sent for material recovery (recycling).

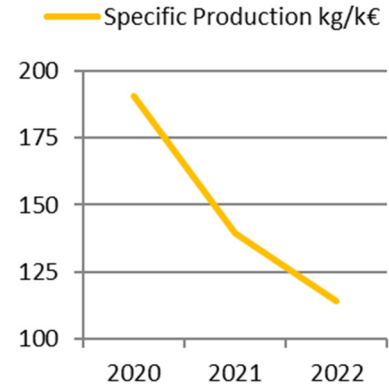
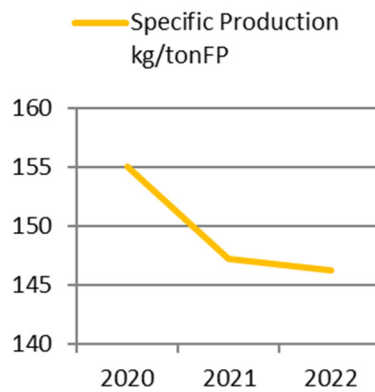
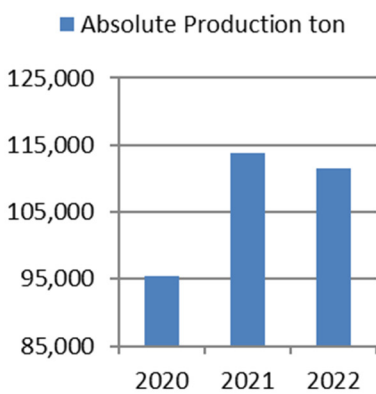
⁶¹ The hazardousness of waste is generally defined according to the applicable local regulations (e.g. in Europe it is done according to the Waste Framework Directive 2008/9EC).



The graphs below detail waste production through three main indicators:

- absolute production, as measured in tonnes;
- specific production, as measured in kilograms per tonne of finished product;
- specific production, as measured in kilograms per euro of Operating Income.

		2020	2021	2022
Absolute production	tonnes	95,470	113,769	111,483
Specific production	kg/tonFP	155	147	146
	kg/€000	190	139	114



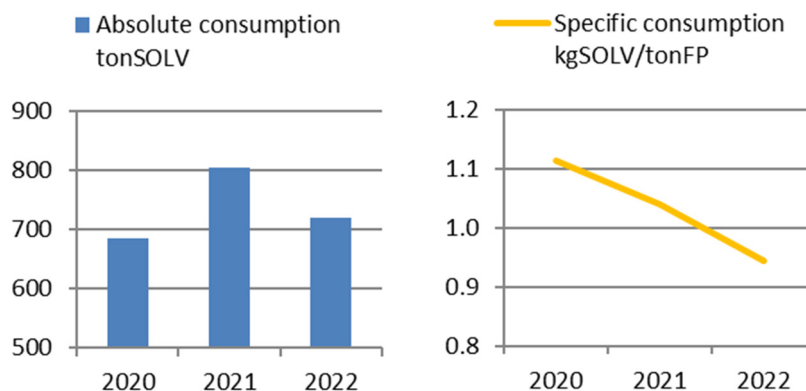
The following table summarises the main data on the management of waste produced in 2022 which are entirely managed by external treatment plants.

TYPE OF PROCESSING AT EXTERNAL SITES (data in tonnes)	Non-hazardous waste	Hazardous waste	Total
Preparation for re-use	484	94	578
Recycling	54,322	1,398	55,720
Other recovery operations	17,781	5,729	23,510
Waste not for disposal	72,587	7,221	79,808
Incineration (without energy recovery)	637	570	1,207
Incineration (with energy recovery)	25,331	3,339	28,670
Landfill disposal	1,287	201	1,488
Other disposal operations	34	276	310
Waste destined for disposal	27,289	4,386	31,675
Waste sent for recovery (of material & energy)	97,918	10,560	108,478
TOTAL	99,876	11,607	111,483

Solvents

Solvents are used as ingredients in processing, mainly to reactivate vulcanised rubber, during the fabrication and finishing of tyres. Pirelli is committed to the progressive reduction of these substances, both by optimising their use, and by spreading solvent-free technologies for operations that may be performed even without their use. In 2022, the specific solvent consumption value was stabilised at 0.9 kg per tonne of tyres produced, marking a reduction of 9% compared to 2021, with emission of VOCs⁶² slightly lower than total consumption.

		2020	2021	2022
Absolute consumption	tonnes	686	804	719
Specific consumption	kg/tonneFP	1.1	1.0	0.9



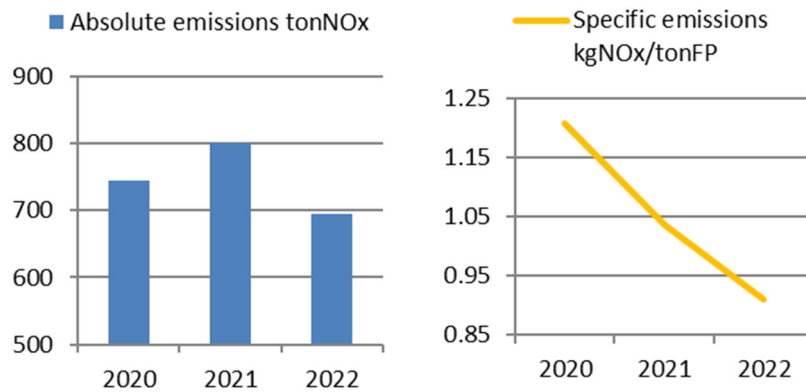
NO_x Emissions

NO_x emissions derive directly from the energy-generating processes used. In 2022, the index based on tonnes of finished product decreased by 12% compared to the 2021 figure, mainly due to a change in the mix of energy consumed, which saw in particular a significant growth in the share from renewable sources, as described above. The emissions were calculated by applying the emission factors indicated by the EEA (European Environment Agency) to the energy consumption data.

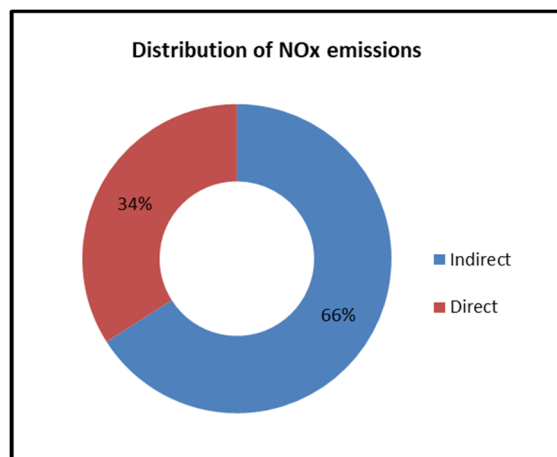
In absolute terms, NO_x emissions in 2022 decreased by 13% compared to the previous year.

		2020	2021	2022
Absolute emissions	tonNO _x	743	800	694
Specific emissions	kgNO _x /tonFP	1.21	1.04	0.91

⁶² Volatile Organic Compounds



The graph on the right shows the weight in 2022 of the direct and indirect emissions of NOx out of the total NOx emissions.



Other Emissions and Environmental Aspects

In 2022, Pirelli was awarded “Class A” certification for the performance of its emissions reduction programme at Jiaozuo, following the conclusion of audits to assess parameters at the plant by the environmental authorities of Henan Province. The “Class A” certification, already obtained in 2020 by the other Chinese site in Yanzhou, refers to the guidelines defined by the Chinese Ministry of the Environment for the development of measures aimed at reducing emissions in particularly critical general atmospheric situations. Thanks to the “Class A” certification, the result of the technical and management measures Pirelli has implemented to manage and reduce emissions, the Pirelli site in Jiaozuo is no longer subject to production restrictions during periods when the province’s air quality falls below the alert threshold.

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

In 2022, the direct emission of SO_x caused by the combustion of diesel and fuel oil is 9.3 tonnes (10.1 tonnes in 2021 and 10.7 tonnes in 2020, respectively) and is estimated according to EEA - European Environment Agency emission factors.

As regards the management of packaging, car tyres are generally sold without packaging.

As a result of the environmental management systems implemented in the production units, and the implementation of procedures dedicated to emergency prevention and response, constant and timely monitoring and intervention is ensured on potential emergency situations that may occur, as well as on reports received from stakeholders.

During 2022, a hydrocarbon spill occurred at the Carlisle (UK) plant, the source of which was promptly intercepted and repaired in consultation with the local authorities without penalty. Apart from this incident, there were no significant incidents, complaints or penalties related to environmental issues.

Expenses and Investments

In the three-year period 2020-2022, environmental expenditure related to the production process was around €62 million, of which about 34% was allocated in 2022. Of this amount, 85% related to normal management and administration of factories, while the remaining 15% was dedicated to preventive measures and improvement in environmental management.

Lastly, it should be noted that, consistent with the materiality analysis at the beginning of this section of the Report, the most significant expenses that Pirelli dedicates to the environment are those relating to product Research & Development: in 2022, the Company invested €263.9 million in research and innovation of its products, with a constant focus on safety performance and reduction of environmental impacts and, simultaneously, production efficiency.

In the Operations area, for the assessment of some new investments, the potential impacts associated with GHG emissions are highlighted, evaluating a carbon price internally. However, the environmental efficiency associated with projects is one of the guiding criteria to be considered in the context of investment management, as regulated by the relevant internal Group operating rule.

THE EUROPEAN REGULATION ON THE TAXONOMY OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

EU Regulation 2020/852: Purpose and Regulatory Context

The European Union some time ago defined a strategic framework for the implementation of actions and policy initiatives consistent with the objectives of the UN 2030 Agenda and, in this context, in March 2018 the European Commission formalised for the first time an Action Plan for Financing

Sustainable Growth, with the stated aim of redirecting capital flows towards sustainable investments, integrating sustainability into risk management and promoting transparency and long-term vision, in awareness of the important role that the financial sector can play in channelling private investment in support of sustainable development.

The European Union's commitment to sustainable finance also includes EU Regulation 2020/852 (the so-called "Taxonomy"), which aims to provide investors and the market with a common language of sustainability metrics that can ensure comparability between operators, reduce the risks of greenwashing, and increase the quantity and quality of information on the environmental and social impacts of business, thereby promoting more responsible investment decisions.

Currently, the Taxonomy is focused on the identification of economic activities that are considered to be eco-sustainable, defined as those economic activities that contribute substantially to the achievement of at least one of the following environmental objectives, provided that they do not cause significant harm to any of the other environmental objectives and that they are carried out in compliance with minimum safeguards:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- protection of ecosystems and biodiversity.

In June 2021, the European Commission formally adopted the Technical Delegated Acts (hereinafter referred to as the "Climate Delegated Act") that define the list of economic sectors and activities currently included in the Taxonomy and the related technical screening criteria to verify whether they contribute substantially to achieving the environmental objectives of climate change mitigation and adaptation. As explained in more detail below, at the time of publication of this report, the delegated acts on the remaining four environmental objectives have not yet been published.

In drawing up the content of the Taxonomy, the European Commission envisaged that economic activities that contribute substantially to the objective of climate change mitigation can also be considered as those activities for which there are no technologically and economically feasible low-carbon alternatives, provided that they support the transition to a climate-neutral economy in line with a pathway aimed at limiting the temperature increase to 1.5°C compared to pre-industrial levels, including by phasing out greenhouse gas emissions, in particular emissions from solid fossil fuels (so-called "transition activities"). In addition, an economic activity is expected to contribute substantially to one or more of the environmental objectives of the Taxonomy if it directly enables other activities to make a substantial contribution to one or more of these objectives (so-called "enabling activities").

The process of verifying the eco-sustainability of an economic activity (so-called “alignment” to the Taxonomy) involves the following steps of analysis:

- verification of the Technical Screening Criteria to assess the actual contribution of the economic activity to a given environmental objective, respecting the principle of technology neutrality and taking into account the long-term and short-term impact of the economic activity; and
- verification of the “DNSH” (Do No Significant Harm) criteria to ensure that the economic activity does not cause significant harm to any of the other environmental objectives.

In addition, there is also the verification of compliance with Social Minimum Safeguards, which are designed to ensure that economic activities are conducted in compliance with the main international guidelines and treaties related to human rights, including labour rights, anti-corruption and anti-competitive practices, and in compliance with tax laws.

Reporting Obligations and General Principles for Defining KPI

Article 8 of EU Regulation 2020/852 defines the reporting obligations under the taxonomy and, in particular, clarifies that these obligations fall on any company subject to the obligation to publish non-financial information pursuant to Article 19-bis or Article 29-bis of Directive 2013/34/EU. From 1 January 2023, therefore, these companies will have to include information in their non-financial reporting (or in their consolidated non-financial reporting) on how and to what extent their activities are associated with economic activities considered environmentally sustainable within the meaning of the Regulation.

With regard to non-financial corporations, the disclosure focuses on the following metrics (so-called “key performance indicators” or “KPIs”):

- a) the share of turnover coming from products or services associated with economic activities considered to be environmentally sustainable;
- b) the share of capital expenditure and the share of operating expenditure related to assets or processes associated with economic activities considered environmentally sustainable.

In July 2021, EU Regulation 2021/2178 was published, supplementing Article 8 of EU Regulation 2020/852 in order to further specify the content and presentation of the aforementioned KPIs as well as the methodology to be followed for their measurement and the qualitative information that needs to accompany their reporting⁶³.

⁶³ See in particular Annex 1 “Key Performance Indicators (KPIs) of non-financial corporations” and Annex 2 “Templates for Key Performance Indicators (KPIs) of non-financial corporations” to EU Regulation 2021/2178.

Non-financial undertakings⁶⁴ are required to determine KPIs by ensuring general consistency with financial reporting and by using the same currency as for the annual or consolidated financial statements, with the additional requirement to include references to the relevant balance sheet items for turnover and capital expenditure indicators in their non-financial statements.

The Taxonomy for the Pirelli Group

Methodological Note

The Pirelli Group, understanding the relevance and innovative scope of the Taxonomy, immediately began a dedicated worksite to understand the new regulatory obligations and plan the preparatory activities for the reporting process as part of its consolidated non-financial statement in a timely and effective manner.

These activities involved the organisation as a whole, requiring the active participation of the company's business structures for the identification of activities which are "eligible" for the taxonomy and for the management of the data collection process and verification of technical screening criteria at all the companies included in the scope of consolidation.

The methodological approach focused first of all on the regulatory analysis and contextualisation of the tyre sector for the purpose of its application. This preliminary activity immediately brought to light some unclear application and interpretation aspects both with reference to the general discipline⁶⁵ and above all with regard to the tyre sector, whose framework in the Climate Delegated Act on Taxonomy appears difficult to read.

In particular, within the scope of the transport-related manufacturing activities included in these delegated acts, there is only economic activity 3.3 Manufacture of low carbon technologies for transport, the description and technical screening criteria of which, however, specifically refer to the production of transport equipment in its entirety, including vehicles and personal mobility devices, but not to the production of parts and/or components of the same⁶⁶. The interpretations published by the European Commission in 2022 have confirmed that the manufacture of automotive components is an economic activity automatically "eligible" and that therefore these companies, including tyre manufacturers, "can qualify" under the economic activity⁶⁷ 3.6 – "Manufacture of other low carbon technologies" if their products meet the characteristics set out in the Climate Delegated Act. The same document published by the European Commission in February 2022 clarifies that the

⁶⁴ Pursuant to the legislation, a "non-financial undertaking" is defined as an undertaking subject to the disclosure requirements set out in Articles 19-bis and 29-bis of Directive 2013/34/EU which is not a financial asset manager, credit institution, investment firm, insurance undertaking or reinsurance undertaking (see EU Regulation 2021/2178 Article 1(9)).

⁶⁵ In the Assonime Circular no. 1/2022 "The European Regulation on the taxonomy of eco-sustainable activities: advertising obligations for companies" a series of aspects are explained for which clarification is requested from the European Commission.

⁶⁶ The NACE codes associated with this economic activity include C29.1 "Manufacture of motor vehicles" but not C29.3 "Manufacture of parts and accessories for motor vehicles" which, by its nature, could also include the manufacture of tyres.

⁶⁷ The FAQs published by the European Commission on 2 February 2022 clarified that "manufacturing specific car and vehicle components is not automatically eligible under the section 'manufacture of low carbon technologies for transport.'" (ref. FAQ 8).

“eligibility” for the taxonomy under the aforementioned economic activity 3.6 is to be assessed exclusively in relation to the fact that the activity or product has the objective of enabling a substantial reduction of GHG emissions in another sector of the economy⁶⁸, a circumstance that makes the interpretation questionable with reference to the tyre product, being the tyre a product conceived with the essential objective of serving mobility while taking multiple dimensions into account, starting with safety (e.g. wet grip, braking distances). Moreover, this economic activity includes a methodology for determining the substantial contribution to climate change mitigation that does not reflect processes, products and technologies commonly found and applicable in the tyre sector.

The Pirelli Group, albeit with the difficulties and limitations deriving from the regulatory context described, has evaluated its positioning with respect to the economic activity 3.6 “Manufacture of other low carbon technologies”, by determining the Key Performance Indicators relating to turnover, capital expenditure and operating expenditure required by the regulations. However, the Pirelli Group reserves the right to reconsider its evaluations and interpretations in future reports in order to take into account any changes in the regulatory framework or further clarifications that may be made in the meantime by national and European authorities or trade associations. However, the Pirelli Group reserves the right to reconsider its assessments and interpretations on future reporting occasions to take into account any changes in the regulatory framework or further clarifications that may arise in the meantime from national and European authorities or trade associations.

Finally, it is highlighted that the assessments currently carried out on economic activities “not eligible” for the taxonomy could change as a result of the publication of the technical delegated acts relating to the remaining four environmental objectives envisaged by the Regulation (sustainable use and protection of water and marine resources, the transition towards a circular economy, pollution prevention and control, the protection of biodiversity and ecosystems) as well as the effect of the inclusion in the Climate Delegated Act of additional sectors and economic activities.

⁶⁸ The above-mentioned FAQ clarified that “the activity or product needs to have the objective of enabling a substantial reduction of GHG emissions in another sector of the economy” (ref. FAQ 9).

Economic Activities of the Pirelli Group

Turnover Indicator

Pirelli is one of the world's leading tyre manufacturers, the only one to be entirely focused on the consumer market, which includes car, motorbike and bicycle tyres, from which it derives its total turnover.

In the absence of a shared interpretative model with respect to the actual method of application of the Taxonomy to the tyre sector, in the terms extensively described in the previous section, Pirelli identified the share of “eligible” economic activities with the turnover deriving from tyres dedicated to vehicles with low environmental impact and from tyres with high energy efficiency in terms of rolling resistance, considering the values envisaged by the European labelling as a reference parameter.

European tyre labelling⁶⁹ provides a clear and common classification of their performance for (i) rolling resistance, (ii) wet braking and (iii) exterior noise. Since the taxonomy is focusing on the environmental impact, the labelling parameter deemed consistent is therefore only that relating to rolling resistance, which has an indirect impact on vehicle fuel consumption and related greenhouse gas emissions. For this reason, a high performance in terms of low rolling resistance has a positive impact on the environmental objective of mitigating climate change⁷⁰.

In particular, the rolling resistance classes indicate the energy efficiency level of the tyre and they range from A (maximum energy efficiency) to E (minimum energy efficiency).

The turnover from sales of car and van tyres produced by the Group with European labelling in the rolling resistance classes A, B and C was considered as permissible under the Taxonomy, thus focusing on the “very high”, “high” and “medium” efficiency levels (excluding the lower efficiency levels D and E), where “C” is the most widespread on the market⁷¹. Furthermore, as bicycles are zero-emission means of transport, tyres dedicated to them are also considered ‘eligible’, therefore, the related turnover was added and consolidated in the value described above (A+B+C).

We then proceeded to assess which activities could be considered “aligned” with the Taxonomy. Recent interpretations published by the European Commission⁷², have clarified that the economic activity in question, being a ‘residual category’, provides Technical Screening Criteria to determine the “alignment” that are applicable to numerous activities in different sectors; therefore, what is required of operators is to justify whether and how their technologies allow for a substantial reduction

⁶⁹ Regulation (EU) 2020/740.

⁷⁰ Regulation (EU) 2020/740 “(4) [...] Tyres, mainly due to their rolling resistance, account for between 20% and 30% of vehicle fuel consumption. A reduction of the rolling resistance of tyres would therefore contribute significantly to the fuel efficiency of road transport and thus to the reduction of greenhouse gas emissions and the decarbonisation of the transport sector”.

⁷¹ EPREL - European Product Registry for Energy Labelling (extraction 17/2/2023). Focusing on the three most efficient classes of Rolling Resistance (those identified as “permissible”), tyres labelled A and B cover 7.7% of sales, while those labelled C cover 41% (the remaining 51.3% are tyres labelled D and E).

⁷² The FAQs published by the European Commission on 19 December 2022 (ref. FAQ 42) clarify that “Operators of the activity should justify whether and how their technology enables the achievement of substantial GHG reductions in other sectors compared to other competing technologies”

of greenhouse gases in other sectors compared to the best available alternative technologies on the market. The EU Delegated Regulation 2021/2139 on Taxonomy indeed establishes that only economic activities aimed at substantially reducing greenhouse gas emissions compared to the best alternative products available on the market can be considered “aligned”.

With reference to the parameter to be considered for the calculation of the “alignment”, on the basis of Life Cycle Assessment analyses⁷³ to determine the Carbon Footprint along the product life cycle, also reported at Group level in the paragraph “Greenhouse gas emission management and carbon action plan” for Scopes 1, 2 and 3, it is deemed that the rolling resistance parameter, as already described, is the best reference currently available to demonstrate the contribution of tyres to the transport sector in reducing greenhouse gas emissions.

Among the rolling resistance classes that were considered for the eligibility, i.e. A, B, C, in consideration of the fact that the “C” class is the most widespread on the market⁷⁴, it is deemed that the “C” cannot be included among the “best alternatives on the market” and that, therefore, the “C” class should not be included among the economic activities “aligned” with the Taxonomy. For this reason, it is deemed that taxonomy aligned economic activities should be referred only to the A and B classes of rolling resistance. Contextually, it is considered that the rolling resistance classes A and B, which represent very high and high energy efficiency levels, express the best alternatives available on the market and are therefore aligned with the requirements of the Taxonomy.

With reference to the best available solutions in terms of climate change mitigation in production processes and the supply chain, Pirelli can boast near-term targets for the reduction of absolute CO₂ emissions (Scope 1, 2 and 3) approved by the Science Based Targets initiative (SBTi) in line with the most ambitious scenario for keeping climate warming within 1.5°C. In addition, in 2022, Pirelli expressed its commitment to the SBTi with respect to the Corporate Net Zero Standard, pledging to formalise, within two years, a long-term target to reduce the emissions of its value chain by about 90% by, at least, 2050.

The allocation of turnover to the numerator was done by means of the system tracking of the European labelling for each tyre produced. It should also be noted that turnover from the sale of car and van tyres produced by the Group with rolling resistance values consistent with European labelling parameters was also taken into account by re-parametrising non-European labelling to European labelling values. The risk of double counting with regard to the turnover KPI is excluded as it is entirely attributed to economic activity 3.6.

The denominator of the KPI is the consolidated revenue for the financial year 2022 as indicated in Note 29 “Revenue from sales and services” within the consolidated financial statements.

⁷³ As already described in the ‘Pirelli Group Environmental Footprint and Strategy’ section of this report, Pirelli annually monitors the Carbon Footprint of its entire organisation following the Life Cycle Assessment methodology, as defined by the ISO 14040 family of standards, and drawing inspiration from ISO 14067 and ISO 14046 for the calculation model.

⁷⁴ EPREL - European Product Registry for Energy Labelling (extraction 17/2/2023). Focusing on the three most efficient classes of Rolling Resistance (those identified as “permissible”), tyres labelled A and B cover 7.7% of sales, while those labelled C cover 41% (the remaining 51.3% are tyres labelled D and E).

Proportion of turnover⁷⁵ from products or services associated with taxonomy-aligned economic activities (rolling resistance classes A + B) — 2022 disclosure illustrated in compliance with the Template referred to in Annex II of Delegated Regulation (EU) 2021/2178.

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")					Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)				
				Climate change mitigation (5)	Climate change adaptation (6)	Circular economy (7)	Water and marine resources (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)								
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
Manufacture of other low carbon technologies	3.6	1.655.260	25%	25%	0%										Y	Y	Y	Y	Y	Y	25%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.655.260	25%	25%	0%																25%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
Manufacture of other low carbon technologies	3.6	2.522.483	38%																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.522.483	38%																				
Total (A.1 + A.2)		4.177.743	63%																				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
Turnover of Taxonomy-non-eligible activities (B)		2.437.984	37%																				
Total (A + B)		6.615.727	100%																				

For information purposes only, if Pirelli had also considered the C class of rolling resistance, the aligned turnover would have amounted to 63%. As mentioned, class C is considered not compatible with the definition of “best on the market” for Taxonomy alignment purposes.

Capital Expenditure Indicator

The share of “aligned” economic activities with reference to capital expenditure refers mainly to productive investments directly related to the above-mentioned “aligned” revenues, which have been determined proportionally as allocation drivers in the case of investments in manufacturing that are common to several types of products.

As already specified, since class C of rolling resistance is the most widespread on the market⁷⁶, it is considered that it cannot be included among the "best alternatives available on the market" and, therefore, should not be included among the economic activities "aligned" to the Taxonomy, while it is considered that the aligned economic activities should refer only to the rolling resistance classes

⁷⁵ Values reported according to the template (“model”) set out in Annex II of Delegated Regulation (EU) 2021/2178 (“Models for key performance indicators – KPIs – of non-financial companies”). The darkened cells refer to information that is not applicable for the current year to the Group’s economic activities.

⁷⁶ EPREL - European Product Registry for Energy Labelling (extraction 17/2/2023). Focusing on the three most efficient classes of Rolling Resistance (those identified as “permissible”), tyres labelled A and B cover 7.7% of sales, while those labelled C cover 41% (the remaining 51.3% are tyres labelled D and E).

A and B, which represent the best alternatives available on the market. For this reason, the alignment indicator of Operating Expenses was determined by considering only classes A+B and excluding C.

To this amount was added the entirety of the investments aimed at the development of cycling products and investments in energy efficiency at the Group's factories related to the environmental objective of mitigating climate change have also been taken into account; these are therefore economic activities included in sector 7. *Construction and real estate activities of the Climate Delegated Act* that refer to the construction and rehabilitation of buildings or the installation of energy efficiency devices, instruments and devices for measuring, regulating and controlling the energy performance of buildings and renewable energy technologies.

In this case the numerator was determined by involving Group companies and individual production sites that were asked to make an assessment of the individual investments made during the year to identify "eligible" investments for taxonomy purposes and to verify compliance with the Technical Screening Criteria and Do No Significant Harm.

Finally, investments made during the year in technologies to optimise the development and testing of tyres were considered as Activity 9.1 Research, Development and Innovation close to the market.

The denominator of the KPI is the sum of the gross additions recognised in 2022 in respect of property, plant and equipment owned, rights of use and intangible assets, as disclosed in Explanatory Note no. 9 "Property, plant and equipment" and Explanatory Note no. 10 "Intangible assets" within the consolidated financial statements.

Proportion of CAPEX⁷⁷ from products or services associated with economic activities aligned to the taxonomy (includes CAPEX for rolling resistance classes A + B) — 2022 disclosure illustrated in compliance with the Template referred to in Annex II of Delegated Regulation (EU) 2021/2178.

Economic activities (1)	Code(s) (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Biodiversity and ecosystems (15)	Minimum safeguards (16)				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	3.6	114.069	24%	24%	0%												24%	E	
Installation, maintenance and repair of energy efficiency equipment	7.3	2.586	1%	1%	0%												1%	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	320	0%	0%	0%												0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	196	0%	0%	0%												0%	E	
Installation, maintenance and repair of renewable energy technologies	7.6	1.800	0%	0%	0%												0%	E	
Close to market research, development and innovation	9.1	828	0%	0%	0%												0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		119.799	25%	25%	0%												25%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	3.6	173.832	36%																
Renovation of existing buildings	7.2	13.586	3%																
Installation, maintenance and repair of energy efficiency equipment	7.3	2.072	0%																
Installation, maintenance and repair of renewable energy technologies	7.6	175	0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		189.665	40%																
Total (A.1 + A.2)		309.463	65%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		168.009	35%																
Total (A + B)		477.472	100%																

For information purposes only, if Pirelli had also considered the C class of rolling resistance, the aligned CAPEX would have amounted to 65%. As mentioned, class C is considered not compatible with the definition of “best on the market” for Taxonomy alignment purposes.

⁷⁷ Values reported according to the template (“model”) set out in Annex II of Delegated Regulation (EU) 2021/2178 (“Models for key performance indicators – KPIs – of non-financial companies”). The darkened cells refer to information that is not applicable for the current year to the Group’s economic activities.

Operational Expenditure Indicator

The share of “aligned” economic activities with regard to operating expenses refers mainly to production costs incurred for research and development, which, if carried out in-house and with the aim of improving the rolling resistance parameter of A and B labelled tyres, was considered as part of activity 3.6⁷⁸, otherwise as economic activity 9.1 ‘Research, development and innovation close to the market’.

In addition, the operating costs related to the investments in energy efficiency described above were considered.

As already specified, since class C of rolling resistance is the most widespread on the market⁷⁹, it is considered that it cannot be included among the “best alternatives available on the market” and, therefore, should not be included among the economic activities “aligned” to the Taxonomy, while it is considered that the aligned economic activities should refer only to the rolling resistance classes A and B, which represent the best alternatives available on the market. For this reason, the alignment indicator of Operating Expenses was determined by considering only classes A+B and excluding C.

The denominator of the KPI, as required by regulation, is non-capitalised direct costs related to research and development, building renovation, rent, maintenance, repairs and other direct expenses related to the day-to-day operation of assets incurred in 2022.

⁷⁸ The FAQ published by the European Commission on 19/12/2022 (ref. FAQ 164) clarifies that, “When R&D is an integral part of the activity that is covered in the Climate Delegated Act (in-house R&D that is integrated in the activity), it can be counted under that activity and the associated expenditures disclosed accordingly”.

⁷⁹ EPREL - European Product Registry for Energy Labelling (extraction 17/2/2023). Focusing on the three most efficient classes of Rolling Resistance (those identified as “permissible”), tyres labelled A and B cover 7.7% of sales, while those labelled C cover 41% (the remaining 51.3% are tyres labelled D and E).

Proportion of OPEX⁸⁰ from products or services associated with economic activities aligned with the taxonomy (includes OPEX for rolling resistance classes A + B) — 2022 disclosure illustrated in compliance with the Template referred to in Annex II of Delegated Regulation (EU) 2021/2178.

Economic activities (1)	Code(s) (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)					Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)	
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of other low carbon technologies	3.6	80.070	23%	23%	0%							Y	Y	Y	Y	Y	Y	23%	E	
Installation, maintenance and repair of energy efficiency equipment	7.3	25	0%	0%	0%							Y		Y		Y		0%	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	8	0%	0%	0%							Y				Y		0%	E	
Installation, maintenance and repair of renewable energy technologies	7.6	53	0%	0%	0%							Y				Y		0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		80.156	23%	23%	0%													23%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low carbon technologies	3.6	17.062	5%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3	0%																	
Close to market research, development and innovation	9.1	7.032	2%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		24.097	7%																	
Total (A.1 + A.2)		104.253	30%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		237.724	70%																	
Total (A + B)		341.977	100%																	

For information purposes only, if Pirelli had also considered the C class of rolling resistance, the aligned OPEX would have amounted to 30%. As mentioned, class C is considered not compatible with the definition of “best on the market” for Taxonomy alignment purposes.

With reference to the information pursuant to art. 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178 which provides for the use of the models provided in Annex XII for the communication of activities related to nuclear and fossil gases, it is specified that all models have been omitted as they are not representative of the company’s activities.

⁸⁰ Values reported according to the template (“model”) set out in Annex II of Delegated Regulation (EU) 2021/2178 (“Models for key performance indicators – KPIs – of non-financial companies”). The darkened cells refer to information that is not applicable for the current year to the Group’s economic activities.

Social Minimum Safeguards

Article 18.1 of the EU Taxonomy Regulation describes so-called “Social Minimum Safeguards” as procedures implemented by a company to ensure that its business activities are aligned with an internationally recognised set of standards:

- OECD Guidelines for Multinational Enterprises;
- United Nations Guiding Principles on Business and Human Rights (UNGP);
- Eight core conventions identified by the International Labour Organisation (ILO);
- International Bill of Human Rights.

For the verification of compliance with minimum safeguards in the absence of specific references from the European Commission, the Pirelli Group considered the four themes identified by the Platform on Sustainable Finance⁸¹: Human Rights; Corruption; Taxation; Competition.

In order to identify, manage and mitigate the risks related to the issues cited above, the Pirelli Group has adopted policies, management models, prevention actions and remedial mechanisms.

In particular, Pirelli promotes respect for human rights and adherence to applicable international standards among its partners and stakeholders. Pirelli aligns its governance with the United Nations Global Compact, the ISO 26000 Guidelines, the dictates of the SA8000[®] Standard and underlying international ILO regulations, the International Charter of Human Rights, the OECD Guidelines on Duty of Vigilance and the recommendations contained in the United Nations Guiding Principles on Business and Human Rights, implementing the Protect, Respect and Remedy Framework.

In line with international standards, Human Rights due diligence at Pirelli includes the following activities:

- Adoption and integration of a human rights due diligence commitment within company policies and procedures.
- Identification and assessment of risks and negative impacts, including through stakeholder involvement.
- Commitment to interrupt, prevent, mitigate and remedy negative impacts.
- Monitoring of the implementation of these actions and their results.
- Public communication of the approach to human rights due diligence and the actions taken to avoid and address negative impacts.

⁸¹ “Final Report on Minimum Safeguards” published by Platform on Sustainable Finance in 11 October 2022.

- Commitment to remedy any negative impacts, including establishing or participating in grievance mechanisms where individuals and groups can voice grievances and human rights concerns.

For more in-depth information on the Policies adopted, the Management model, risk analysis, mitigation and prevention actions and remedial mechanisms in the area of Human and Labour Rights, please refer to the sections dedicated to this in this Report, in particular:

- “Principal Policies”
- “Respect for Human Rights”
- “Diversity, Equity and Inclusion”
- “Training on Sustainability and Corporate Governance”
- Compliance with legislative-contractual prescriptions on overtime, rest, association and bargaining, equal opportunities and non-discrimination, prohibition of child and forced labour”
- ESG elements in the purchasing process”
- ESG On-site Audit
- “Reporting procedure - Whistleblowing Policy”

With reference to the adopted Policies, Management Model, prevention and mitigation of risks in the areas of Anti-Corruption, Competition and Taxation, please refer to the relevant sections of this Report, in particular:

- “Principal Policies”
- “Compliance programmes, anti-corruption, privacy, trade compliance, antitrust, compliance with laws and regulations”
- “9.6. Tax Risk Control System”
- “Reporting Procedure - Whistleblowing Policy”

Future Developments

The regulation on taxonomy is currently not complete as we are awaiting the publication of delegated acts on the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection of ecosystems and biodiversity.

In addition, the European Commission is working on the inclusion in the Taxonomy of additional sectors to those currently foreseen (which are mainly energy, transport, forestry, water and waste management, some types of manufacturing and construction) as well as on the drawing up of a Social Taxonomy, which could allow the sustainability assessment of economic activities to be broadened by considering additional aspects such as the health and safety of workers, human rights, inclusion policies and attention to growth opportunities and staff training.

Awaiting further regulatory developments and, in particular, the publication of the delegated acts referring to the remaining four environmental objectives, the Pirelli Group has begun the preparatory activities necessary to ensure complete and accurate reporting in accordance with the requirements of the regulations.

SOCIAL DIMENSION

RESPECT FOR HUMAN RIGHTS

Pirelli bases its activities on compliance with the universally established Human Rights, as fundamental and indispensable values of its culture and business strategy, working to manage and reduce potential risks of violations and in order to avoid causing – or contributing to causing – adverse impacts to these rights in the international, multicultural, socially and economically diverse context in which it operates.

The Company promotes respect for Human Rights and adherence to international standards applicable at its Partners and Stakeholders and aligns its governance to the Global Compact of the United Nations, to the ISO 26000 Guidelines, to the dictates of the SA8000® Standard and underlying ILO international standards, the OECD Due Diligence Guidelines, and the recommendations contained in the Guiding Principles Business and Human Rights of the United Nations, implementing the Protect, Respect and Remedy Framework.

The human rights management processes are handled by Pirelli Sustainability Department, which acts in concert with the affected and responsible functions, at central level and in the various Countries, with reference to both the Internal and External Community. Human rights management issues are brought to the attention of the Sustainability Operations Management Committee, the Managerial Sustainability Strategic Committee, the Board Audit, Risk, Sustainability and Corporate Governance Committee and the Board of Directors.

Pirelli's commitment on human rights is dealt with extensively in the Group "Global Human Rights" Policy, which describes the management model adopted by the Company in respect of core Rights and Values such as occupational health and safety, non-discrimination, freedom of association, refusal of child and forced labour (firmly condemning the trafficking in and exploitation of human beings in any form), guarantee of decent work conditions in economic and sustainable terms and in terms of working hours, protection of rights and values of local communities, refusal of any form of corruption and protection of privacy. The Policy specifies its application to the supply chain. Further references to respect for human rights and its application to the supply chain are also found in other company documents: "Values and the Code of Ethics", the Global "Health, Safety and Environment" Policy, the "Global Personal Data Protection" (Privacy Policy), the "Diversity, Equity & Inclusion" Policy and the "Equal Opportunities Statement", the "Sustainable Natural Rubber Management" Policy and the "Whistleblowing" Policy (Complaint Procedure).

With specific reference to the management of human rights along the supply chain, a fundamental document is the Pirelli Suppliers' Code of Conduct. The Code is an integral part of the purchasing contract applied to all Group suppliers and it details, among other things, what is required of Pirelli's Suppliers in the area of Human and Labour Rights and specifically in the areas of employment contracts, working hours, prohibition of child labour, prohibition of forced labour and modern slavery, passport management, health and safety, non-discrimination, pay equity, freedom of association and collective bargaining, rights of indigenous peoples and prevention of land conflicts, privacy, conflict minerals, and internal security rules. The Code also details the due diligence system applied by

Pirelli and at the same time that required of suppliers with a view to virtuous due diligence along the entire supply chain. Similarly, the Code details the reporting system that Pirelli makes available to stakeholders and prescribes the adoption of a similar reporting procedure for all suppliers.

All the above documents were communicated to employees in the local language and also published on Pirelli website in multiple languages, as well as to Group Suppliers for whom sustainability and business ethics clauses are included in every contract and purchase order. Please refer to the “Sustainability Policies” section of the Pirelli website to read the full contents of the above Policies.

To identify, assess, prevent and mitigate the risks of violation of Human Rights, Pirelli has implemented a Due Diligence system that crosses the value chain and integrates attention to human rights in all the Company’s activities.

Before investing in a specific market, Pirelli conducts ad hoc assessments on possible political, financial, environmental and social risks, including those related to respect for human and labour rights, while in countries where the Company operates, internal and external context monitoring is carried out to prevent negative impacts on human rights and, if necessary, remedy them.

The Company verifies the application of regulations on respect for human and labour rights at its affiliates through periodic audits carried out by the Internal Audit Department, in accordance with a three-year audit plan covering all Company sites. For further details, please refer to the section of this report entitled “Compliance with legislative-contractual requirements on overtime, rest periods, association and bargaining, equal opportunities and non-discrimination, prohibition of child and forced labour”.

Pirelli also manages its supply chain responsibly and specifically includes respect for human rights in the selection parameters of its suppliers, the contractual clauses and carries out due diligence by third-party audits. Pirelli, also requires its suppliers contractually to implement a similar business model on the relevant supply chain, including the performance of adequate due diligence aimed at certifying that the Goods and Services supplied or to be supplied to Pirelli under the Contract and/or Orders do not contain and will not contain for the entire duration of the supply any of the Conflict Zone Minerals (3TG, Mica, Cobalt etc.). With specific reference to the natural rubber context, Pirelli promotes decent working conditions, development of local communities and prevention of conflicts related to land ownership, in line with its Policy for Sustainable Natural Rubber Management, and at the same time with the dictates of the Global Platform for Sustainable Natural Rubber (GPSNR) of which Pirelli is a founding member.

For an in-depth look at the Supply Chain Management Model, the content of sustainability clauses, details of on-site audits performed, and more on Conflict Minerals and Natural Rubber, see the section “Our Suppliers” in this Report.

Pirelli raises awareness among its workers and suppliers through information and training on the issue of Human Rights, considering the materiality of the risks and actual and potential impacts resulting from the risk assessment activity, which is discussed below.

The Company also makes available to its Stakeholders a dedicated channel for reporting, even anonymously, any situations that constitute or may constitute a risk of violation of Human Rights as well as any Group Policy, law or regulation in relations with the Group, to which is added a further Grievance Procedure for specific issues pertaining to the Natural Rubber context. It should be noted that in 2022 no reports of violations concerning fundamental Human Rights were received, nor was the Company subject to any proceedings or convictions relating to violations of Human Rights.

Pirelli cooperates and sustains the importance of cooperation with government and non-government, sectoral and academic entities in relation to the development of global policies and principles aimed at protecting human rights; this is the context which sees the inserting, as an example, of the Group CEO signing the “CEO Guide on Human Rights” promoted by the WBCSD in 2019, the activity under the UN Global Compact Working Group “Decent Work in Global Supply Chains” and Pirelli’s active contribution to the creation of the Global Platform for Sustainable Natural Rubber (GPSNR).

Human Rights Risk Assessment

In 2022, Pirelli updated its analysis of the risk of human rights violations within its sites and in the relevant supply chain by defining a risk-based model for the management of human rights aspects. This model included a Human Rights Risk Assessment (HRRRA) to identify the geographical areas and production categories most at risk of human rights violations. The assessment was conducted in line with the Company’s Enterprise Risk Management (ERM) model and allowed the identification of subsidiaries and suppliers on which to intervene as a priority through the most appropriate mitigation and prevention actions.

The risk assessment activity consisted of the following work steps:

- identification of Relevant Human Rights: an analysis of internal documentation and the regulatory environment was carried out in the context of due diligence, which led to the identification of 12 priority human rights for the Company’s activities along its value chain. These rights are: the right to equality and non-discrimination, child right, the right to an adequate standard of living and equal and adequate remuneration, working hours and overtime, health and safety right, freedom from modern slavery, forced labour, inhumane treatment, and human trafficking, the right to privacy, the right to association and collective bargaining, land and natural resources protection, indigenous peoples and minorities right, access to justice and the right to education;
- Country risk analysis: for each human right identified as relevant, public indices were analysed to determine the level of potential risk for the countries in which Pirelli operates, both directly through subsidiaries and along the supply chain, considering a scale from 1 to 4 (where 1 = remote risk, 2 = low risk, 3 = medium risk and 4 = high risk). In the country risk analysis, 55 countries were considered, representing 99.8% of Pirelli’s 2021 expenditure and including the 32 countries in which Pirelli operates through subsidiaries. The analysis took into account the geopolitical, socio-cultural and legislative conditions of the countries, assessed according to the

likelihood of occurrence of human rights violations. In order to identify the actual risk level, further analyses were carried out to assess the risk situation detected both in the subsidiaries, by investigating the effectiveness of the safeguards adopted by the Company in the countries most at risk, and along the supply chain, by analysing the results of non-compliance in the field of human rights that emerged from the third-party audit activities carried out over the last four years. This analysis showed how the level of potential risk in some countries can change considering the specific risk level of Pirelli's suppliers or subsidiaries operating in those contexts;

- **Sector Risk Analysis:** in order to define the level of potential risk of human rights violations per Sector risk along the supply chain, a qualitative-quantitative study was carried out to investigate the risk exposure of Pirelli's main purchasing categories: Raw Materials, Capital Goods, Consumables and Services. In order to assess the potential risk exposure of subsidiaries instead, the company's operations were taken into account, and the riskiness was defined for production sites, fitting units, logistics and offices. Again, the non-compliances revealed by third-party audit activities per purchasing category along the supply chain and the safeguards adopted by Pirelli were considered to identify the actual level of risk along the supply chain. A scale of 1 to 4 was also used for this analysis.

The results of the analysis show that countries with a medium-high potential risk level are mainly concentrated in the Asian, African and some Latin American countries; while in the European continent, North America and Oceania in general the risk was low-remote. With regard to the potential risk related to the purchase categories, it should be noted that the raw material and capital goods categories have a higher level of risk than the others, as the raw material related to these two categories originate from riskier supply chains. An analysis of the non-conformities revealed by the audits of the last four years shows that the actual risk level of the company's suppliers is significantly lower even in countries with medium-high potential risk, such as Brazil and Indonesia. Considering the safeguards and therefore the mitigation actions adopted by the Company over the years, the actual risk of human rights violations in Pirelli's subsidiaries is also significantly lower than the potential risk, precisely because of the commitments undertaken by the Company, which, in any case, maintains a high level of attention to human rights in all the countries where it operates.

The Human Rights Risk Assessment (HRRA) allows Pirelli to systemise all the mitigation and prevention actions adopted with the aim of prioritising verification, monitoring, awareness-raising and training actions to intervene in an increasingly targeted manner on suppliers or subsidiaries that might not be in line with Pirelli's human rights provisions, thus reinforcing the Due Diligence process already implemented.

Furthermore, the Company is aware that international frameworks on Business and Human Rights insist on the need for companies to involve stakeholders in assessing the negative impacts that may be caused by their activities along the value chain through a Human Rights Impact Assessment (HRIA). For this reason, following the risk analysis, Pirelli carried out a stakeholder engagement exercise involving internal company functions and external organisations with expertise in human rights, including NGOs, in order to understand the extent of the negative impacts linked to the 12 human rights identified as relevant. The assessment was based on international and GRI Standards,

asking respondents to rate the likelihood and severity of negative impacts (the latter understood as the scale, scope and irremediable character of the impact).

The involvement of the corporate functions made it possible to make this assessment in the subsidiaries, finding an overall remote impact due to the effectiveness of the safeguards adopted. These affect not only the probability of occurrence, but also lower the level of severity, since even in the remote possibility of a violation occurring, the company's management and control system would allow for immediate action, limiting the severity of the possible negative impact.

With reference to the situation along the supply chain, the results obtained from the interviews with external experts show that although the necessary safeguards are in place to mitigate potential negative impacts, in some countries socio-political conditions may make it difficult for companies to effectively mitigate such impacts along the supply chain. For this reason, the probability and severity assigned by the experts tend to be higher than the corporate perspective, especially given the potential risks present in some of the countries Pirelli sources from and with reference to freedom of association and collective bargaining and occupational health and safety.

To reinforce the risk containment measures already in place, which the risk assessment carried out confirmed to be effective for the mitigation and recovery of the risk of human rights violations, considering the drive for continuous improvement of the management model and in response to regulatory changes and external expectations, the company has put in place specific activities and in particular in 2023:

- new training sessions for all employees, covering all company sites.
- new Human Rights Training session targeting 100% of raw material suppliers in countries where the risk is highest in the light of the regulatory and social context of reference as well as the results of on-site audits carried out by the company.
- continuation of on-site audits by the Internal Audit function/second party at Pirelli sites and third-party at suppliers located in countries where the risk is higher in light of the regulatory and social reference context and/or of the findings of previous on-site audits performed.
- Human Rights Impact Assessment (local engagement) activities on an annual basis to prioritise the activities.

INTERNAL COMMUNITY

PIRELLI EMPLOYEES AROUND THE WORLD

The total Pirelli workforce as at 31 December 2022 - expressed in **Full Time Equivalent** and including agency workers - stood at 31,301 employees (vs. 30,690 in 2021 and 30,510 in 2020), recording a net increase of 611 employees compared to the previous year.

The following tables, with reference to the last three years, detail the composition of the workforce⁸² ⁸³ by category, geographical area⁸⁴, gender, type of contract, and the flow of employees by geographical area, gender and age bracket.

To complete the information on the trend of the workforce during the year, please refer to the paragraph “Industrial Relations” in this Report.

Additional quantitative information with specific reference to the issue of diversity is provided in the “Diversity, Equity and Inclusion” section of this Report.

BREAKDOWN OF WORKFORCE BY CATEGORY

	EXECUTIVES	MIDDLE MANAGERS	WHITE COLLARS	BLUE COLLARS	TOTAL
2022	253	1,775	4,196	25,077	31,301
2021	247	1,754	4,052	24,636	30,690
2020	257	1,752	4,060	24,441	30,510

⁸² Staff numbers are expressed in Full Time Equivalent; while respecting the totals, partial values entered in the table may be subject to rounding and the sum may not correspond to the total.

⁸³ These data include agency workers, corresponding to 0.2% of total workforce in 2019, 0.6% in 2020, 0.8% in 2021 and 0.2% in 2022. Agency workers are the workforce that is taken on to meet temporary work peaks, linked to market demand. This workforce is intermediated through employment agencies, in compliance with company policies, legal regulations and trade union agreements.

⁸⁴ Europe: Austria, Belgium, France, Germany, Greece, Italy, Netherlands, Poland, Czech Rep., United Kingdom, Romania, Slovakia, Spain, Switzerland, Turkey, Hungary. North America: Canada, Mexico, United States. South America: Argentina, Brazil, Chile, Colombia. Asia Pacific: Australia, China, Korea, Japan, Singapore, Taiwan. Russia, Nordics & MEA: Saudi Arabia, Egypt, India, Russia, South Africa, Sweden, UAE.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER

	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
EUROPE	11,196	1,934	13,130	11,022	1,816	12,838	10,951	1,774	12,725
NORTH AMERICA	2,881	463	3,344	2,746	451	3,197	2,752	480	3,232
SOUTH AMERICA	7,633	711	8,344	7,321	653	7,975	7,293	647	7,940
APAC	3,023	907	3,930	2,999	899	3,898	3,093	834	3,927
RUSSIA, NORDICS & MEAI	1,966	588	2,554	2,190	593	2,783	2,110	576	2,686
TOTAL	26,698	4,603	31,301	26,278	4,412	30,690	26,199	4,311	30,510

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA AND CONTRACT

2022

	Permanent	Temporary	Agency	Total
EUROPE	11,827	1,284	19	13,130
NORTH AMERICA	3,312	0	32	3,344
SOUTH AMERICA	8,253	75	16	8,344
APAC	3,926	4	0	3,930
RUSSIA, NORDICS & MEAI	2,434	117	3	2,554
TOTAL	29,751	1,480	70	31,301

2021

	Permanent	Temporary	Agency	Total
EUROPE	11,636	1,192	10	12,838
NORTH AMERICA	3,166	0	31	3,197
SOUTH AMERICA	7,666	112	197	7,975
APAC	3,898	0	0	3,898
RUSSIA, NORDICS & MEAI	2,658	125	0	2,783
TOTAL	29,023	1,429	238	30,690

2020

	Permanent	Temporary	Agency	Total
EUROPE	11,923	795	7	12,725
NORTH AMERICA	3,204	1	27	3,232
SOUTH AMERICA	7,750	54	136	7,940
APAC	3,923	4	0	3,927
RUSSIA, NORDICS & MEAI	2,562	124	0	2,686
TOTAL	29,362	978	170	30,510

PERCENTAGE OF EMPLOYEES BY CATEGORY, GENDER AND AGE RANGE

2022

	Executives			Middle Managers			White collars			Blue collars			Total		
	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.
<30	0%	0%	0%	4%	3%	3%	20%	30%	23%	24%	15%	23%	22%	18%	22%
30 - 50	52%	61%	53%	65%	74%	67%	64%	58%	62%	63%	76%	64%	63%	70%	64%
>50	48%	39%	47%	32%	23%	30%	16%	12%	14%	13%	8%	13%	15%	11%	14%

2021

	Executives			Middle Managers			White collars			Blue collars			Total		
	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.
<30	0%	0%	0%	3%	4%	3%	20%	27%	23%	24%	16%	23%	22%	18%	22%
30 - 50	55%	61%	56%	67%	76%	69%	65%	60%	63%	64%	76%	65%	64%	71%	65%
>50	45%	39%	44%	30%	20%	28%	15%	13%	14%	12%	8%	12%	14%	11%	13%

2020

	Executives			Middle Managers			White collars			Blue collars			Total		
	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.
<30	0%	0%	0%	2%	2%	2%	20%	29%	23%	23%	19%	23%	21%	20%	21%
30 - 50	50%	59%	51%	63%	73%	66%	63%	56%	61%	63%	73%	64%	63%	68%	63%
>50	50%	41%	49%	35%	25%	32%	17%	15%	16%	14%	8%	13%	16%	12%	15%

EMPLOYEES WITH PART TIME CONTRACT BY GENDER AND REGION (expressed in FTE) 2022

REGION	Men	Women	Total
EUROPE	65	74	139
NORTH AMERICA	0	0	0
SOUTH AMERICA	58	19	77
APAC	0	0	0
RUSSIA, NORDICS & MEAI	2	4	5
Total	124	97	221

EMPLOYEES WITH FULL TIME CONTRACT BY GENDER AND REGION (expressed in FTE) 2022

REGION	Men	Women	Total
EUROPE	11,117	1,855	12,972
NORTH AMERICA	2,860	452	3,312
SOUTH AMERICA	7,560	691	8,251
APAC	3,023	907	3,930
RUSSIA, NORDICS & MEAI	1,902	577	2,479
Total	26,462	4,482	30,944

EMPLOYEES WITH “NON-GUARANTEED HOURS” CONTRACT BY GENDER AND REGION (expressed in FTE) 2022

REGION	Men	Women	Total
EUROPE	0	0	0
NORTH AMERICA	0	0	0
SOUTH AMERICA	0	0	0
APAC	0	0	0
RUSSIA, NORDICS & MEAI	61	5	66
Total	61	5	66

EMPLOYEE FLOWS BY GEOGRAPHIC AREA, GENDER AND AGE BRACKET

The following data refer to incoming/outgoing employees (all incoming and outgoing movements of employees with permanent and temporary contracts, such as retirements, resignations, expiry of fixed-term contracts). The entry and exit rates are calculated by comparing the number of entries and exits of each category to the total number of employees belonging to that category as at 31 December. The disposals and acquisitions of companies or business units, and changes in work schedules from full-time to part-time are not considered.

In 2022, the total turnover rate, constant compared to previous years, is 13%, of which 6.5% is voluntary.

2022 FLOWS: ABSOLUTE VALUES AND RATES

	INCOMING						OUTGOING					
	<30	30 - 50	>50	M	W	Total	<30	30 - 50	>50	M	W	Total
EUROPE	1,055	732	67	1,570	284	1,854	674	611	199	1,332	152	1,484
	45%	9%	2%	14%	15%	14%	29%	8%	7%	12%	8%	11%
NORTH AMERICA	603	301	16	837	83	920	445	298	18	691	70	761
	42%	18%	9%	29%	18%	28%	31%	18%	10%	24%	15%	23%
SOUTH AMERICA	966	604	20	1,390	200	1,590	357	584	75	900	115	1,016
	48%	11%	3%	18%	28%	19%	18%	11%	10%	12%	16%	12%
APAC	108	130	2	179	61	240	59	125	13	150	47	197
	21%	4%	2%	6%	7%	6%	12%	4%	14%	5%	5%	5%
RUSSIA, NORDICS & MEA	203	138	15	280	75	356	198	276	70	461	83	543
	41%	8%	3%	14%	13%	14%	40%	17%	16%	23%	14%	21%
TOTAL	2,935	1,905	120	4,257	702	4,959	1,732	1,893	375	3,534	466	4,000
	43%	10%	3%	16%	15%	16%	26%	9%	8%	13%	10%	13%

2021 FLOWS: ABSOLUTE VALUES AND RATES

	INCOMING						OUTGOING					
	<30	30 - 50	>50	M	W	Total	<30	30 - 50	>50	M	W	Total
EUROPE	918	575	50	1,341	202	1,542	562	522	360	1,290	154	1,444
	39%	7%	2%	12%	11%	12%	24%	7%	13%	12%	8%	11%
NORTH AMERICA	525	245	10	726	54	781	458	330	24	730	82	812
	36%	16%	7%	27%	12%	25%	32%	21%	16%	27%	19%	26%
SOUTH AMERICA	846	578	19	1,321	123	1,443	287	1,042	199	1,413	114	1,527
	52%	11%	3%	19%	19%	19%	18%	19%	27%	20%	18%	20%
APAC	98	182	3	179	104	283	81	207	2	244	46	290
	17%	6%	4%	6%	12%	7%	14%	6%	2%	8%	5%	7%
RUSSIA, NORDICS & MEA	272	259	26	434	123	557	156	256	54	354	112	466
	49%	15%	6%	21%	21%	21%	28%	15%	13%	17%	19%	17%
TOTAL	2,659	1,840	107	4,000	606	4,606	1,544	2,357	639	4,032	508	4,539
	40%	9%	3%	15%	14%	15%	24%	12%	16%	16%	12%	15%

2020 FLOWS: ABSOLUTE VALUES AND RATES

	INCOMING						OUTGOING					
	<30	30 - 50	>50	M	W	Total	<30	30 - 50	>50	M	W	Total
EUROPE	678	437	42	1,018	139	1,157	471	430	289	1,067	123	1,190
	29%	6%	1%	9%	8%	9%	20%	6%	10%	10%	7%	9%
NORTH AMERICA	548	324	36	838	70	908	542	360	20	824	98	922
	36%	22%	21%	31%	15%	28%	35%	24%	12%	30%	21%	29%
SOUTH AMERICA	392	291	7	603	87	690	348	427	109	759	125	884
	30%	5%	1%	8%	13%	9%	27%	8%	12%	11%	19%	11%
APAC	45	43	2	59	31	90	109	142	11	221	41	262
	6%	1%	2%	2%	4%	2%	15%	5%	13%	7%	5%	7%
RUSSIA, NORDICS & MEA	79	87	6	122	50	172	141	290	168	446	153	599
	15%	5%	1%	6%	9%	7%	26%	18%	38%	22%	27%	23%
TOTAL	1,742	1,182	93	2,640	376	3,017	1,611	1,649	597	3,317	540	3,858
	27%	6%	2%	10%	9%	10%	25%	9%	13%	13%	13%	13%

The table below shows the percentage of only voluntary turnover of the entire company population, which includes white and blue collars, over the last four years and refers to voluntary resignations and retirements.

	2019	2020	2021	2022
Voluntary Turnover (Total)	5.8%	5.1%	6.7%	6.5%

At Pirelli there are 49 young people older than 15 and under 18 - before birthday - years old (22 in Germany, 13 in Switzerland, 7 in Sweden, 1 in Romania and 6 Brazil), each for training and integration plans, in harmony with local laws.

DIVERSITY, EQUITY AND INCLUSION

Pirelli is characterised by a multinational context where individuals manifest a great diversity, whose conscious management simultaneously creates a competitive advantage for the Company and a shared social value.

Pirelli’s commitment to compliance with equal opportunities, inclusion and the enhancement of diversity in the workplace is expressed in the Pirelli Global Policy “Diversity, Equity and Inclusion”. The centrality of the issue for Pirelli also sees DE&I covered in other relevant Group sustainability documents, including the “Code of Ethics” and the “Global Human Rights” Policy. All the above-mentioned Policies have been communicated to employees in the local language and are published on the Company’s website, which is available to the external community in several languages. With specific reference to Diversity and Independence of the Board of Directors, please refer to the related Policy called “Statement on Diversity and Independence” published on Pirelli’s website, in the Corporate Governance section.

The aforementioned Policies are the subject of training on Pirelli’s Sustainable Management Model through the “Plunga” international on boarding programme, so that all new hires enter the Company aware of the value attributed to the issue of Diversity, Inclusion and Equity, as well as the related rules.

In terms of Governance, Pirelli has a Diversity, Equity & Inclusion Manager, who works in coordination with the different corporate functions for their respective competences. Plans and results in the area of Diversity, Equity and Inclusion are discussed and approved in the Sustainability Strategic Committee, a body chaired by the CEO, and are part of the Sustainability Plans and results presented and discussed in the competent Board Committee and then presented, discussed and approved by the Board of Directors.

The Pirelli DE&I Policy reaffirms Pirelli’s commitment to guaranteeing a working environment in which each person is treated and treats others with dignity and respect, free from all forms of harassment, abuse, psychological and/or physical coercion and discrimination against individuals or

groups by other individuals or groups, committing itself to preventing and intervening to put an end to such behaviour, should it occur.

The implementation of Policy D&I passes through the active support of Group employees, in compliance with internal guidelines and the tools Pirelli makes available so to:

- take decisions concerning the employment and development of people free from any form of discrimination;
- continue to maintain a high level of sensitivity and awareness in the organisation towards Diversity, Equity and Inclusion issues, including with a view to preventing potential unconscious bias;
- maintain an inclusive and respectful working environment both within Pirelli and in relations with external Stakeholders, free from all forms of discrimination and harassment;
- grant gender pay equity on an equal meritocratic basis, identify gaps and progressively close them, if found, and transparent reporting in this regard;
- bolster of people's motivation through dialogue, participation, services and initiatives supporting psycho-physical wellbeing and work-life balance, including, for example, through flexible working options, the dissemination of a culture of sharing family burdens, the adoption of health support programmes, and support for parenthood.

The Policy details the reporting procedure under DE&I, available to employees as well as to the external community, respecting confidentiality and ensuring non-retaliation. In this regard, one report was received in 2022 concerning discrimination that was found to be well-founded and was resolved to the satisfaction of the reporting person. For further information on the reports received, please refer to the paragraph "Reporting procedure – Whistleblowing Policy".

The centrality of Diversity, Equity and Inclusion in the commitment of top management is also reflected in the remuneration policies. ESG KPIs focused on Diversity & Inclusion were introduced in the Company's **short-term incentive schemes (STI)** in 2022 and specifically targets were set on female hires out of total annual hires. This KPI, broken down in the different geographies, was awarded to the Executive Vice-President and CEO, Deputy-CEO, Region CEOs, Executives with strategic responsibility and Group Senior Management with a weight of 5% of the entire incentive.

In terms of management aimed at fostering equal opportunity, the following practices and activities have been established for years:

- the use, as far as possible, of candidate lists with a significant presence of women in recruitment processes;
- introduction of initiatives aimed at respecting cultural and religious diversity (e.g. different and clearly marked diets in canteens, typical cuisine from cultures other than that of the host country etc.);

- “multilingual” bookshops at the factories;
- welfare and work-life balance initiatives (in regard, refer to the section “Welfare and initiatives in favour of the Internal Community” in this report);

Also in 2022, among the various initiatives, Pirelli continued the initiative started in 2021 by setting up with Bocconi University a fund called “Pirelli Women Awards” dedicated to supporting university careers of deserving female students, as well as other training initiatives such as those aimed at improving the management of cross-cultural communication provided during the “Plunga” international on boarding programme dedicated to new people hired by the Group.

In 2022, Pirelli also started a journey that will continue in 2023 and that will include a global awareness and training campaign on diversity management and good inclusion practices, aimed at all employees and managers in the Company. In particular, we highlight the DE&I campaign aimed at all Group staff employees, which delivered a series of live webinars called ‘Your DE& I Journey’ focusing on the importance of an inclusive work environment, cognitive bias, microaggressions, and cultural intelligence.

A new section of the company intranet, named “**Diversity, Equity & Inclusion Hub**”, accessible to all employees and dedicated to **awareness-raising and training**, was also inaugurated in 2022. The Pirelli Diversity Hub offers all Group employees an opportunity to enhance their inclusive and diversity culture with reference to the many facets of DE&I. The website’s homepage is in English and contains online courses, articles and reading suggestions. The group’s affiliates have also developed local language pages for widespread dissemination of content throughout the group.

In 2023, both a targeted **training campaign** for management and DE&I awareness-raising activities in factories will be launched globally.

Pirelli monitors the **level of acceptance and appreciation of diversity perceived by** employees at its organisation, as well as the priority given to the issue of Diversity and Equal Opportunities by employees. In this regard, the new Group survey “Nextoyou” was carried out in 2022 (see the dedicated section for details), which included among the various areas the one on ‘Diversity and Inclusion’.

This section is made up of dedicated and specific questions, showing the importance given to listening to employees on the subject, in order to better target subsequent awareness-raising and training actions. The level of satisfaction regarding the perceived acceptance of diversity in the work environment is 87%. The survey was carried out in November and the results will be disseminated internally starting in January 2023, followed by the preparation of action plans related to the priorities identified.

Pirelli actively participates in various working groups and growth paths on Diversity, Equity and Inclusion issues. Among these we note:

- The **UN Global Compact’s Target Gender Equality** track, an international track designed to provide companies with the tools to develop more equitable and inclusive businesses. For more information, please refer to the section “Main International Commitments on Sustainability”.
- Participation in the Valore D network, the first business association in Italy aimed at promoting gender balance and an inclusive corporate culture. The working tables and peer learning opportunities organised by the network deepen the concrete and positive impacts of inclusiveness on employees and the community, the definition of improvement plans and targets, and the measurement of Diversity, Equity and Inclusion results.
- The “B20 - G20 Dialogue on Women Empowerment” Working Group, of which Pirelli has signed the “Mind the STEM Gap” Manifesto to support women’s access to science, overcoming gender stereotypes.

Focus: The Figures on Diversity

Internationality and multiculturalism are the distinguishing features of the Group: Pirelli operates in 160 Countries on five continents, and 90% of employees (as at 31 December 2022) work outside of Italy. Awareness of the cultural differences that create the identity of the Company entails displaying the utmost confidence in management of local origin⁸⁵: most of the Senior Managers work in their country of origin, where Senior Managers are those reporting directly to the Executive Vice Chairman and CEO, and Region CEOs and Executives with strategic responsibilities as at 31 December 2022. In order to develop the innovative and managerial potential inherent in multiculturalism and in dealings with different professional environments, the Company promotes the growth of its managers through international mobility: more than half of active Senior Managers in 2022 have in fact experienced at least one experience as expat during their professional experience within the Pirelli Group.

Compared to the total number of employees, in 2022 44 new **expatriates** were recorded, compared with 23 in 2021 and 15 in 2020. Approximately 40% of new departures were to North America. At year-end 2022, the expatriate population totalled 105 persons (vs. 85 in 2021 and 114 in 2020), belonging to 15 nationalities and who moved to 24 different Countries on five continents, of which 19% (compared to 15% in 2021) were women. 45% of the total expatriate population is made up of non-Italian employees.

⁸⁵ In the most significant locations, represented by Pirelli plants

With regard to the **nationalities of Pirelli employees** as of 31 December 2022, there are 91 present. The following table shows 6 nationalities most present in the total population and the same 6 nationalities calculated in relation to Management positions.

Share in total workforce (as % of total workforce)

NATIONALITY	FTE	%
Brazilian	6,774	21.7%
Romanian	4,623	14.8%
Chinese	3,766	12.1%
Italian	3,327	10.7%
Mexican	2,963	9.5%
Russian	2,071	6.6%
Others	7,707	24.7%
Grand Total	31,231	100%

Share in all management positions, (as % of total workforce) including junior, middle and senior (as % of total management workforce)

NATIONALITY	FTE	%
Brazilian	194	9.6%
Romanian	40	2.0%
Chinese	78	3.8%
Italian	1,050	51.8%
Mexican	52	2.6%
Russian	10	0.5%
Others	604	29.8%
Grand Total	2,028	100%

With regard to the incidence of women in the various professional categories in the 2020-2022 three-year period, the data show a gradual increase, the number of female executives is growing for the third consecutive year, at 12.2% of the total number of executives (compared to 11.3% in 2021 and 10.5% in 2020); the percentage of women in managerial positions (executives + middle managers) remains substantially stable at 24.5% in 2022 (compared to 24.8% in 2021 and 24% in 2020); the incidence of women in the total number of white collar workers rises to 34% (33.2% in 2021 and 33.0% in 2020); the incidence of women in the blue collar population rises to 10.7. The percentage of women in the total population grows to 14.7% (compared to 14.4% in 2021 and 14.1% in 2020).

For the breakdown of the corporate bodies by gender and Diversity Policies in the “Report on Corporate Governance and Ownership Structure of Pirelli & C. S.p.A.”, within the present Annual Report, paragraphs “Diversity Policies”, “Board of Directors Administration - Composition”, “Board of Statutory Auditors - Composition”.

WOMEN AS A PERCENTAGE OF THE TOTAL WORKFORCE⁸⁶ BY PROFESSIONAL CATEGORY

YEAR	EXECUTIVES	MIDDLE MANAGERS	EXEC+MID MGR (=Tot. Manager)	WHITE COLLARS	BLUE COLLARS	TOTAL
2022	12.2%	26.2%	24.5%	34.0%	10.7%	14.7%
2021	11.3%	26.6%	24.8%	33.2%	10.4%	14.4%
2020	10.5%	26.0%	24.0%	33.0%	10.2%	14.1%

Analysing the **breakdown by gender in terms of employment contract**, the table below shows that also in 2022, a substantial balance was maintained between men and women.

	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
PERMANENT	25,398	4,353	29,751	24,807	4,216	29,023	25,184	4,180	29,364
TEMPORARY	1,250	231	1,480	1,246	183	1,429	857	120	977
AGENCY	51	19	70	225	13	238	159	11	170

In 2022 the number of **parental leaves** used by Pirelli employees corresponds to 175 for women and 662 for men. With reference to the post-maternity/paternity return rate, the Pirelli figure for the total workforce in all the countries where the Company is present shows that in 2022, out of the total number of workers who have completed their parental leave, 86% of women and 99% of men have returned to the Company. Also, in 2022, one year after the maternity and paternity event (begun in 2021), 82% of women and 97% of men are still employed by the company. It should also be noted that the difference in the data between genders should be considered natural in light of the different socio-cultural contexts in which female workers are inserted. In 2021, in the Italian perimeter, as a pilot initiative, an agreement has been signed that provides for a supplement to the provisions of local legislation on parental leave, which allows for a 100% pay adjustment which covers a period of 3 months. The impact of this initiative should be assessed over a three-year time horizon. It should be noted that, with regard to the variable incentive system (STI and LTI), months of maternity and parental leave do not count as periods of absence for the purposes of calculating any bonus.

In the context of gender diversity, Pirelli is particularly attentive to **remuneration equality**, constantly monitoring this issue and publishing the figures transparently for 12 years now.

The countries considered in the analysis at the end of 2022, in line with 2021, were Brazil, China, Germany, Italy, Romania, Mexico, Argentina, USA, Russia, France, Spain, UK, Turkey and Sweden, representing in terms of materiality over 80% of the total workforce subject to the remuneration policy

⁸⁶ The figures include agency workers, amounting to 0.2% of the total workforce in 2019, 0.6% in 2020, 0.8% in 2021 and 0.2% in 2022

(executives, middle managers and white collars). The pay gaps between men and women are calculated for each country and for the same roles, taking into account the “grade” assigned to each (i.e. the weight given to each organisational position on the basis of different factors) and the statistical significance of each cluster. This methodology of data collection allows for an objective investigation and assessment, taking into account the structural differences of the various local markets and their specific remuneration logic.

Pirelli also made use of a leading consulting firm in 2022 in order to deepen the analysis on the pay gap issue, validating the calculation methodology.

The average of pay gaps between men and women white collars recorded in these countries is equivalent to 4% in favour of women; in line with 2021 and compared with 3% in 2020, also in favour of women; for middle managers, on the other hand, the average pay gap is 3% in favour of men, in line with 2021 and compared with substantial pay parity in 2020. A few examples:

- Italy, which has a difference between average remuneration for men and women of around 4% in favour of women for the white-collar category (compared to 3% in 2021 and 2020, also in favour of women) and 3% in favour of men for the middle manager category (in line with 2021 and compared to 1% in 2020, also in favour of men);
- Romania, where for the white-collar category there is 2% in favour of women (compared to 1% in 2021 and 4% in 2020 in favour of men) and for the middle manager category there is 7% in favour of men (in line with 2021 and compared to 8% in 2020, also in favour of men);
- Brazil, where for the white-collar category there is a pay gap of 2% in favour of men (compared to 1% in favour of women in 2021 and substantial parity in 2020) and for the middle manager category there is 6% in favour of men (compared to 2% in 2021 and 3% in 2020 also in favour of men);
- Germany, which shows a difference between average male and average female pay of 1% in favour of men for the white-collar category (compared to 2% in 2021 and 2020, also in favour of men) and 3% in favour of men for the middle manager category (compared to 5% in 2021 and 2% in 2020, also in favour of men).

With reference to the population of executives, of which women make up 12.2%, there is an average pay gap of 9% in favour of women (compared to 6% in 2021 and 2020, also in favour of women).

With regard to the population of blue collars, all countries where Pirelli has an industrial presence were analysed. For each of these countries the pay gap between men and women has been calculated. The average, weighted by the number of employees, showed 2% in favour of men. A few examples:

- China has a difference between average male and average female pay of 12% in favour of men, in line with 2021 and compared to 10% in 2020 also in favour of men;

- Brazil has a pay gap of 3% in favour of men, compared to 4% in favour of women in 2021 and 4% in favour of men in 2020;
- in Italy there is a 2% in favour of men, in line with 2021 and 2020;
- in Romania there is a gap of 1% in favour of women compared to substantial pay equity in 2021 and against a 2% in favour of women in 2020.

With reference to the **standard salary of new hires** during their first year of work, this is shown to be greater than the minimum levels prescribed by different local legislation and there are no differences between men and women or related to other diversity factors.

Pirelli’s inclusive culture towards **different skills**, as explained in the Pirelli policy on equal opportunities, is implemented by all the Group’s affiliates. Under current local laws, in 2022 approximately 1.7% of the total workforce (substantially unchanged from 2021 and down 0.2 percentage points from the 2020 figure) have some form of disability, net of the following considerations: the percentage of differently abled employees in the Company’s multinational context is objectively difficult to measure, both because in many countries where the Group operates there are no specific regulations to promote their employment and therefore disability is not automatically detectable, and because in many countries this information is of a sensitive nature and is protected by privacy laws; therefore, it is likely that the actual percentage of differently abled people working in Pirelli may be higher than the figure indicated above.

With reference to the **“age” factor of the company population by professional category**, as can be seen from the table below, it is homogeneous between genders.

AVERAGE AGE BY CATEGORY AND GENDER

2022

	Executives	Middle Managers	White collars	Blue collars	Group Average
Women	50	44	37	39	39
Men	51	45	39	38	39
Total	50	45	39	38	39

2021

	Executives	Middle Managers	White collars	Blue collars	Group Average
Women	50	44	38	38	39
Men	50	45	39	38	39
Total	50	45	39	38	39

2020

	Executives	Middle Managers	White collars	Blue collars	Group Average
Women	50	44	38	37	38
Men	51	46	39	38	39
Total	50	45	39	38	39

Instead, the following table represents the **average seniority of service per professional category and gender**: also in 2022, there were no significant differences between men and women.

AVERAGE SENIORITY OF SERVICE OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

2022

	Executives	Middle Managers	White collars	Blue collars	Group Average
Women	18	14	8	8	9
Men	17	15	10	10	10
Total	17	14	9	10	10

2021

	Executives	Middle Managers	White collars	Blue collars	Group Average
Women	18	14	9	8	9
Men	17	15	10	10	10
Total	17	14	10	10	10

2020

	Executives	Middle Managers	White collars	Blue collars	Group Average
Women	16	14	9	7	9
Men	17	15	10	10	10
Total	17	15	10	10	10

REMUNERATION AND SUSTAINABILITY

The General Remuneration Policy, approved by the Board of Directors of Pirelli, establishes the principles to which the Group adheres in order to determine and monitor the application of the remuneration guidelines relating to the Directors vested with particular powers/offices, to the Managing Directors, to Executives with strategic responsibilities, to Senior Managers and to other Group Executives.

Specifically, the Guidelines of the remuneration for the abovementioned management figures will also cover:

- fixed and variable remuneration, both short and medium-long term;
- compensation in the event of termination of employment;
- clawback clauses.

The General Remuneration Policy also describes the process adopted and the stakeholders involved, as well as the voting history.

The remuneration policies adopted by Pirelli aim to ensure fair remuneration in line with the individual's contribution to the success of the Company, recognising the performance and quality of the individual's professional input.

The purpose is twofold: on the one hand to attract, retain and motivate employees, while on the other to reward and promote conduct that is consistent with the corporate culture and values. Compensation policies and processes for Group management (intended as the overall executives) are managed by the Human Resources department, while for non-executive personnel they are handled on an individual Country basis, albeit with centralised supervision.

Both Short Term Incentives (STI) and Long-Term Incentives (LTI), the Group's sustainability objectives are taken into account in the definition of the Remuneration Policy, in order to manage the impacts on the economy, environment and people, including Human Rights. Management is the holder of the annual Incentive Plan (Short Time Incentive - STI) linked to the achievement of annual economic-financial and functional objectives, in addition to two sustainability objectives identified in the "Eco & Safety Performance Revenues" with a weight equal to 10% of the total and in the "D&I: Women Hiring" with a weight equal to 5% of the total, the latter reserved only for Directors with special powers and/or offices, General Managers, Executives with strategic responsibilities, and Senior Managers. In accordance with market best practices, the impact of the (short- and medium-term) variable component on the aggregate remuneration of each Group Manager is very high, signifying a close correlation between remuneration and performance.

The Annual Incentive Plan (STI) provides, with a view to retention, that for General Managers, Executives with Strategic Responsibility (ESR) and selected Senior Managers, a portion of the accrued incentive equal to a minimum of 25% and a maximum of 50% is deferred for three years.

The relevant payment, together with a company matching component, is conditional on remaining in the company at the end of that period.

For the rest of Management, the Plan provides for a deferred payment to the following year of a portion (25%) of the annual incentive accrued, subject to the achievement of the STI targets for the following year. In return for this deferral, it is envisaged that the portion to be returned will be equal to the amount set aside, where the following year's targets have been achieved between entry level and target, or double the amount set aside, where these targets have been achieved at or above target level.

The majority of Executives whose grade, determined using the Korn Ferry method, is equal to or greater than 20, in line with the variable remuneration mechanisms adopted at international level, are also holders of a multi-year Incentive Plan (LTI), which is totally self-financed since the related expenses are included in the economic data of the Industrial Plan. In 2022, as well as in 2021, a Long-Term Incentive (LTI) cash plan was launched in line with market best practices, based on a rolling mechanism (a new three-year Incentive Plan will therefore be proposed each year), which does not provide for an ON/OFF access condition and with the following targets:

- Net Cash Flow of the Group (before dividends) with a weighting of 40%;
- Total Shareholder Return (TSR) relative to a panel of competitors (TIER 1) with a weighting of 40%;
- Positioning in the Dow Jones Sustainability Index World with a weighting of 10%;
- CO₂ emissions reduction with a weighting of 10%.

As regards the disclosure of remuneration paid during the year, as well as the ratios comparing highest pay and average pay, the Policy, to which reference is made, follows CONSOB guidelines and market best practices.

For updates and details on the Remuneration Policy and related sustainability indicators, refer to the Governance section of the Pirelli website, "Remuneration" sub-section.

EMPLOYER BRANDING

In addition to disseminating the company principles and values, Employer Branding is also a valuable tool to give visibility to job opportunities aimed at recent graduates and profiles with experience, not only in the Italian market but globally. Considering the countries where Pirelli has a presence with one or more production plants, numerous events, projects and meetings were organised in 2022, where the Company promoted its own Employer Branding initiatives. These activities are carried out also thanks to the network of contacts and partnerships with significant universities in the various countries.

In Italy, Pirelli actively collaborates with Politecnico of Milan, Politecnico of Turin, Bocconi University, UCSC Catholic University and University of Turin. The latter Universities are located close to the Pirelli offices in Italy and the Company has always considered them to be a benchmark for economic and engineering education of young people. With these institutions, Pirelli organises Careers Days, round tables, Job Fairs and company presentations, both physically and virtually.

Over the past few years, among other initiatives, Pirelli:

- has set up with Bocconi University a fund called “Pirelli Women Awards” dedicated to supporting the university career of deserving female students;
- started a collaboration with the MIP Politecnico of Milan for the organisation of the “Master in Sustainable Industrial Management” and the “Master in Sustainability Management & Corporate Social Responsibility”;
- has developed a second-level university master’s degree “R&D Excellence Next”, conceived in collaboration with the Politecnico of Milan, with the aim of training a new generation of innovation-oriented researchers and designers capable of tackling the company’s strategic challenges;
- has activated, in synergy with various universities and car manufacturers, a collaboration with the MUNER association (Motorvehicle University of Emilia-Romagna), with the aim of attracting and training the young automotive talents of the future.

Among the channels of Employer Branding used by Pirelli, the web plays an important role: on the website www.pirelli.com, the Company provides a channel dedicated to those wishing to propose their candidacy for specific open positions, as well as giving ample information on the company history, management models adopted, objectives and results achieved. Targeted channels - including the most popular social media and university portals - are also chosen by Pirelli for the publication of its job offers.

DEVELOPMENT

Performance Management

With the Performance Management process, Pirelli defines and evaluates the contribution of each employee to the achievement of the company’s objectives in terms of results obtained and behaviours acted upon. The process supports the definition and sharing of key indicators for the realisation of the corporate strategy and represents an important opportunity for the professional development and orientation of each individual.

A key element of the process is the transparent, open and agile dialogue between the boss and the employee, from the phase of sharing individual objectives to that of evaluating the results achieved and the behaviours expressed in achieving them.

The main features of the process of management by objective are as follows:

- the process and the platform are open all year, so as to better support the continuity of dialogue between boss and employee and alignment on priorities;
- the assessment is based on two dimensions: ‘what’ (results) and ‘how’ (behaviours expressed);
- the key behaviours are functional to the achievement of the company’s strategic objectives and are the same for the entire company population. The key behaviours are: Accountability, Teamwork and collaboration, Forward thinking, Agility, Cross-functional approach, Initiative and drive;
- the entire process is managed within a platform accessible from all company devices.

As usual in 2022, the process was accompanied by digital training resources focused on the evaluation and feedback process.

The Performance Management process involves all staff worldwide (executives, middle managers and white collars) and in 2022 saw a redemption rate (that is, assessment sheets completed compared to the total number of people eligible) equal to 99.98%, of which the redemption rate for women was 99.94%, while that for men was 100%.

The percentages of completion by level for 2022 are shown below:

Executives	Middle Managers	White collars
100%	100%	99.97%

In support of the quality of the performance evaluations, as part of the process Pirelli includes so-called Calibration Meetings, i.e. meetings attended by the heads of the individual functions, Business Units and Countries, with their respective first reports and the relevant Human Resources managers. During these meetings, the assessments of the people belonging to a specific organisational unit are put into common use with the aim of ensuring a shared and balanced distribution of the evaluations, enrich the assessment by supplementing it with feedback complementary to that of the manager and thus guarantee a process that is as coherent, homogeneous and objective as possible.

Talent Development

The Talent Development process aims to ensure business continuity by supporting the identification and development of people with the potential to cover the positions of greater complexity, those who already hold strategic positions and so-called critical know-how (that is, people with key skills that are difficult to replace).

The Group's population of talent and critical know-how is around 580 people. As far as talent is concerned, the average seniority within the company is 9 years; the strong international connotation represented by as many as 20 nationalities is confirmed.

In 2022, a structured periodic monitoring process of indicators and insights was introduced, shared with senior management, aimed at achieving greater visibility and effectiveness of development and training initiatives in the different corporate functions.

Following the success of the Mentoring programme launched in 2021, a global Mentoring programme dedicated to the youngest segment of the talent population was also implemented. Each of the participants in the initiative, or mentees, was paired with a senior leader in the role of mentor. Mentors and mentees were supported with some training sessions aimed at sharing methodologies and tools to support the effectiveness of the programme. The main objectives of the course were: the transfer of experience and vision between current leaders and the next generation of leaders, the support for the professional development goals of young talent, and the development of greater awareness of corporate culture and context.

TRAINING

All Pirelli affiliates have adopted the Learning@Pirelli training model, structured and equipped system to respond to "Group" needs as well as any more specific needs that may emerge locally at any time from the various affiliates.

The Pirelli training offering is based on one hand on the strategic priorities of the organisation and the different functions, and on the other on the needs that arise each year from the Performance Management process, as well as the training needs that emerge from the contingencies of the socio-economic context.

The year 2022 saw a full resumption of training activities, partially slowed down in previous years due to the health emergency. Especially in 2022, there has been a gradual recovery of the in-person sessions for a large part of the corporate population, recording more than a doubling of the percentage of training hours delivered in this mode. Despite the variety of training topics covered, the focus on health and safety issues, IT security awareness programmes and general professional upskilling activities, including those required by the advancement of the company's digital transformation process, is confirmed.

The four "pillars" on which the Pirelli training model is based are the Professional Academy, the School of Management, Global Activities and Local Education. The first three are designed centrally and provided centrally and/or locally, while Local Education is fully managed and implemented in the individual countries to meet the specific local needs, a large part of which is dedicated to training blue collars. This is also accompanied by training programmes organised by Headquarters in the English language to support all colleagues in foreign offices.

Professional Academies

The Pirelli Professional Academies target the entire corporate population with the aim of providing continuous technical-professional training, encourage cross-functional collaboration, ensure the exchange of expertise and know-how among countries and support the implementation of tools and procedures within the organisation.

There are ten Pirelli Academies: Product Academy, Manufacturing Academy, Commercial Academy, Quality Academy, Supply Chain Academy, Purchasing Academy, Finance and Administration Academy, Planning & Control Academy, Human Resources Academy and Digital Academy.

Despite the specificity of the individual training offerings, all Academies address a number of topics of increasing relevance and across functions and process steps, including, for example, environmental efficiency, health and safety, sustainable supply chain management, risk management and digitalisation of business processes.

The teaching staff of the Academy is mainly composed of internal trainers, experts from the specific functions who, based on the training needs and logistical needs, provide training at central, regional and local level. The Academy model involves a significant figure from the function guiding each Academy, supported by one or more professionals from the same function and from the Group Training function, which ensures consistency in the methods of approach, delivery and evaluation of learning in addition to ensuring collaboration with the local training teams. Pirelli Professional Academy trainers are also certified through a standard process in all countries and are periodically updated on their effectiveness in passing on know-how and skills.

Every year, the Professional Academies meet with both Top Management and local training representatives with the objective of defining strategic alignment, sharing achievements and determining the training priorities to focus on in the following months.

During 2022, the process of digitalising training, which had already begun in the pre-Covid era, has continued, leading all the Professional Academies to expand their training offerings, supplementing the traditional training with a portfolio of online courses to be taken in “asynchronous” mode and at the times chosen by the end user.

The investment in the acquisition of already available digital content, typically on cross-cutting and generalist topics, from external providers therefore continued, as did the in-house holding of e-learning courses on highly specialised Pirelli content, which is often less well covered at the peripheral level. This two-pronged strategy has made possible the continuous enhancement of the digital library, the content of which can be accessed at any time by all colleagues with access to the Learning Lab platform, and often suggested as a preparatory activity for participation in “live” courses.

During 2022 the *Professional Academies* at the same time as resuming their in-presence training activities, also continued with virtual training, thus managing more quickly to involve a higher number of colleagues globally. In this regard, mention is made of the important effort made by the Quality Academy and the Product Academy, which held more than half of the total number of courses held

during the year for the benefit of colleagues in the foreign offices; also particularly relevant in this regard is the A DAY INTO initiative, organised by each academy with the aim of providing an overview of the main processes and targets of the individual functions and which in 2022 saw at least one international edition of each title delivered, with strong participation by colleagues from foreign offices.

Also continuing in 2022 was the specialised second-level master's degree designed and co-taught by Pirelli and the Politecnico of Milan, part of the *Ready to Develop* programme, launched in 2021 and aimed at R&D professionals. As part of the upskilling initiatives, mention should also be made of the new training offerings dedicated to professionals in the Logistics and Purchasing functions, in line with the evolution of professional and managerial skills considered strategic for the business challenges of the two functions.

Pirelli School of Management

The School of Management comprises the training offering dedicated to the development of the managerial culture within Pirelli; it targets the populations of executives, talents, Middle Management/Senior Professionals and recent graduates/Juniors.

The focus of management training is calibrated and outlined every year based on the business challenges that the Company is required to face. The training model provides for a training offering consistent with the six Key Behaviours identified in the global performance management system, to which a paragraph is dedicated in this report.

In 2022, School of Management courses accounted for about 10% of total white-collar training.

The traditional two-year Warming Up course, dedicated to all new graduates of the group, involved over 170 colleagues from 15 countries in 2022 and was enriched with content aimed at strengthening interpersonal skills in multicultural contexts.

As part of the School of Management's offering, the traditional "Plunga" on boarding programme was held in digital format for all new employees in the Pirelli group, involving some 300 colleagues from 23 different countries.

Considering the School of Management's entire training offering, more than half of the courses were organised in English, with the aim of involving more and more foreign colleagues in training programmes dedicated to key behaviour, soft skills and managerial skills.

Also in 2022, the School of Management's training offerings were made available to all white collars within the Learning Lab platform in the form of carefully selected and suggested online digital content to complement the synchronous training programmes, in order to facilitate - right from the end of the in-person session - the learning process on the part of the participants.

For the group's new managers, the traditional annual "Developing Managerial Excellence" course was conducted.

Global Activities

Global Activities include all training campaigns launched globally and designed to promote awareness of corporate guidelines while respecting local diversity. Topics such as Privacy, Information Security and Inclusiveness are, among others, the focus of these activities.

In continuation of what was started in the last months of 2021, the international awareness-raising campaign on information security issues continued during 2022. The initiative covered about 2,800 hours of training by employees in Italy and abroad through online mini-training pills.

In addition, consistent with the issuance of the "Diversity, Equity and Inclusion" global policy and the definition of a plan of initiatives on a global scale to raise awareness and training on issues of diversity, equity and inclusion, the "Your DE&I Journey" course was launched in the second half of 2022, delivered in both Italian and English, and will continue in 2023. In continuity and consistency with the corporate strategy of offering more and more English-language training programmes delivered directly by HQ, the skills training programme in the English language continued in 2022, which involved over 160 colleagues from different countries where Pirelli operates, who, distributed into subgroups, participated in language training sessions sharing different views and perspectives.

Local Education

The training provided at the local level responds to the specific training needs of the Pirelli affiliates operating in the different countries, and is addressed to the entire company population. A large part of the training at the local level is represented by the training provided within the plants and mainly dedicated to the continuous updating of the skills of departmental operators. Also within this cluster are all the courses related to the implementation of new regulations or agreements.

Training on Sustainability and Corporate Governance

Also in 2022, training continued on the Pirelli Sustainable Management Model, with update on the state of the Company's Sustainability Plan.

In addition, there is institutional training in the International programme "Plunga", which presents the Group's Sustainable Management strategy (including in the new virtual version) to all new employees, starting from the multi-stakeholder approach contextualised in the integrated economic, environmental and social management.

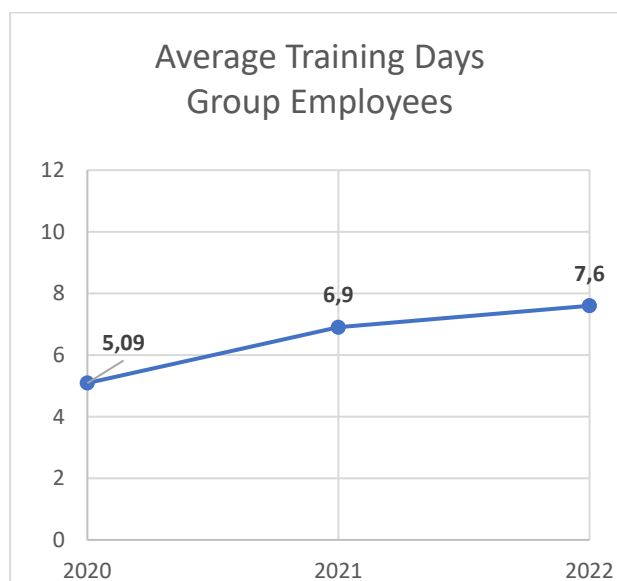
Training on the Pirelli Model also draws the attention of new recruits to Group Sustainability Policies and related commitments in terms of ethics, anti-corruption, Diversity, Equity and Inclusion, Human Rights, Health and Safety, and the Environment.

Pirelli’s employee training academies, in turn, delve deeply into all areas of sustainable management, e.g. product life cycle or sustainable supply chain management.

Training campaigns are also launched during the year and continuing in 2023 at the Group level with specific focuses, for example, the aforementioned Diversity, Equity and Inclusion Training campaign and the Human Rights Training, which will also involve the supply chain in 2023.

Statistics on Pirelli Training

Total training provided in 2022 was 7.6 average training days per capita, up for the third consecutive year. This figure confirms the centrality of training in Pirelli’s culture. Among the countries with the highest training investment are Mexico and Romania.



The high investment in training in 2022 involved both women and men with approximately 2.2 days more in favour of men, which can be correlated with the clear predominance of men in the blue-collar population, subject to more technical training.

TRAINING DAYS AVERAGE BY EMPLOYEES			
GROUP	FEMALE*	MALE*	
7,6	5,7	7,9	
	BLUE COLLARS	CADRES - STAFF	EXECUTIVES
	8,6	3,5	1,2

Furthermore, 86% of employees (considering the average workforce of the year) participated in at least one training activity lasting one hour or more during the year. At the same time, there was an increase in the average number of training days per capita undertaken by the blue-collar population, characterised by less than hourly and closely spaced formats.

The investments made for the various categories of the company population (blue-collar workers, middle management and white-collar workers, and executives) are in line with those of previous years and balanced in proportion to the overall training strategies: the strong focus on manufacturing improvement processes in addition to the usual attention to health and safety issues, particularly significant in 2022, explain the larger investments on the blue-collar worker population.

On a global level, the Professional Academies cover the most significant portion (37.2%) of the training activities on the total non-blue collar population; being aimed at training and the continuous updating of technical skills linked to innovation processes and strategic for the company. In particular, with regard to white collar employee training, in 2022 international training campaigns in the areas of Quality and Product were particularly important.

Health, Safety and Environment topics accounted for 19% of the total training, up from 14% in the previous year.

Consistent with the gradual return to in-person training activities, 2022 saw a better balance between virtual and in-person activities, with 43% of staff training hours conducted in-person, compared to just over 27% in 2021.

LISTENING & ENGAGEMENT

Pirelli has for many years used the climate survey tool for actively listening to its employees around the world, on the basis of which it can set up group and local improvement plans.

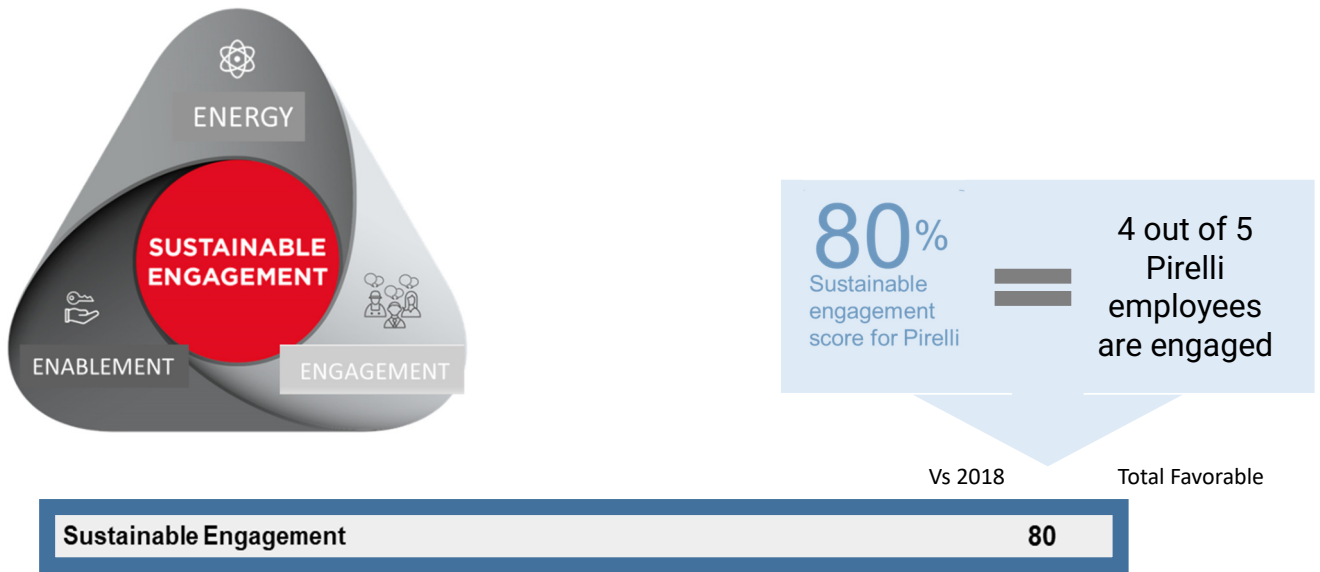
During the years 2020 and 2021, characterised by the Covid-19 health emergency at a global level, the main effort of the company was to keep its employees engaged through the direct and more large-scale use of corporate welfare proposals both of collective type and with new services to support the person, to respond to the specific needs that emerged in this difficult period (see the relevant chapter for 2022 actions).

During 2022, the survey was rebranded, replacing the old name “My Voice” - which referred to the centrality of the employee’s voice - with the new name “NEXTTOYOU” - strongly connoting the survey as a moment of closeness of the company to its people through listening to their opinions.

The climate survey was delivered globally on the entire White Collar population in October 2022, collecting a global participation rate of 79%, in line with that of the last survey and the external benchmark provided by the specialised international external company that supports the company in this process.

During 2022, the global climate survey for White Collars was revised in content to better focus it on the specific areas of the new post-pandemic employee experience, which is strongly impacted for this population by the new hybrid work arrangements. Central to the survey model is the Sustainable Engagement index, which captures people’s active engagement as well as other additional elements, such as Energy and Empowerment, also predictive of how sustainable engagement is over time. This model is based on the assumption that when a work environment enables individual performance, supports people’s well-being, and employees are engaged, the engagement itself is more likely to last over time leading to positive business results in the long run.

The index consists of 5 questions.



In addition to Sustainable Engagement, the questionnaire also explores employee satisfaction through the following dimensions of employee experience: Purpose, Capability, Wellbeing, Diversity&Inclusion, Empowerment, Trust and Retention. Two final open-ended questions were also provided to collect free comments. The demographics of the survey (Country, Location/Location, Business, Function/Business Unit, Gender, Age, Company Seniority, Organizational Level, Managerial Position, Parenting, Caregiver, Expatriation, Organizational Flexibility) were filled in by employees in self-coding, i.e., it is the individual employee to indicate for each cluster the relevant response, without pre-coded fields.

The overall index of Sustainable Engagement in 2022 is equal to 80% increasing by 4 points compared to the figure of the last survey (2018), thus signaling a positive impact of all actions introduced during the previous years.

This means that “total favorable” responses, i.e., ratings 4 and 5 on a pentenary scale of agreement (from 1 -total disagreement to 5-total agreement) were 80%. The goal is to maintain Sustainable Engagement at consistently high values above 80 percent in the next editions of the survey as well.

Particular importance was given in this survey to the Wellbeing dimension: the category within the questionnaire devoted to these issues (which included Health&Safety, Work-life balance, Stress level, Teamwork and Working support), received an overall global score of 82%.

“Welfare & Benefits” also turns out to be the most commented category overall in the final open question “What do you value most about working here?” with 35 percent of comments globally and 41 percent in Italy, a sign that this area represents a strength of our company, particularly appreciated by employees.

The results will be reported internally in the first quarter of 2023, and following this, specific improvement actions will be identified and implemented, as usual, with respect to the areas of focus identified by the survey, both globally and locally.

Starting in 2022, the survey will take place every two years to enable the identification and implementation of specific improvement actions on the identified focus areas: the next global survey on the White Collar population will then be delivered in 2024. As for the Blue Collar population during 2023, the new questionnaire to be offered in factories during the year will be defined, with the aim of surveying the opinions of the totality of the colleagues working there. The questionnaire will have a centrally defined structure and each country will be given full management of the timing of implementation during the year, according to its own priorities.

Delivery of the Blue Collar surveys will also take place every two years, to allow each country to develop and implement an action plan specific to its factory (or factories).

WELFARE AND INITIATIVES FOR THE INTERNAL COMMUNITY

Since years Pirelli has introduced the organisational figure of the “Group Welfare Manager”, who is entrusted with the supervision of welfare activities, jointly with the many central and local functions concerned, including Health and Safety at Work, Industrial Relations, Sustainability, Human Resources.

The welfare initiatives that Pirelli offers to its employees vary from country to country, in accordance with the specific regulatory, social and cultural environments in which the affiliates operate. In any case, they have been implementing the shared guidelines at Group level since 2016, so that all the offices of the world are progressively committed to locally adopting activities, tools and welfare processes aimed at creating collaborative environments and ensuring adequate support for the needs of a personal life.

Welfare activities activated at Pirelli affiliates around the world are attributable to four macro areas of action:

- health, lifestyle and wellbeing (e.g. health care, information and awareness campaigns, specific initiatives to improve the well-being of employees);

- family support (e.g. scholarships and summer camps for employees' children, inter-company crèches and specific activities to support parents);
- free time (e.g. open days, sports and cultural initiatives, online portals of products and services with important conventions and discounts for employees);
- working life and working environments (e.g. flexible working hours, individual development training, cultural growth and group celebrations).

The post-pandemic period has further confirmed the centrality of people's all-round well-being as a qualifying constituent element of the relationship between people and the company, and a generator, like other factors, of motivation and engagement, as well as a strategic lever for attracting and retaining people. Many actions undertaken over the past two years have been confirmed and strengthened. By way of example, we mention the main ones activated in the various affiliates of the group: online courses dedicated to promoting physical well-being, sports activity and a "healthy lifestyles", such as yoga, pilates, total body workout, mindfulness and - wellness training courses.

In addition, various programs such as the support desk for care-givers and family problems, courses for new parents, actions to support work from home have been activated to support better work-life balance management.

During 2022, the company also increased coordination on the activities of the affiliates, soliciting exchanges and discussions between welfare managers on the topics of employee wellbeing and engagement through 3 international workshops focused on the three priorities identified as common areas of work at Group level: **well-being, parenting, engagement initiatives**.

On the subject of **well-being**, which is a working priority in the local Sustainability Plans, we cite the following examples:

Italy

- a wellness training and stress management course for all employees (called "Smart Living") and periodic conferences to raise awareness of health prevention and promote healthy lifestyles.

Brazil

- Introduction of a Mental Health programme for all employees (called "Plenamente") with in-person psychological support sessions in factories and online for offices.

Spain and Portugal

- Launch of a platform for the promotion of health and well-being (physical, environmental, financial, social and emotional) offered to colleagues and their families, with daily advice and resources of various kinds.

Regarding parenthood, Pirelli has always supported its employees' childcare commitments through periods of paid maternity and parental leave even beyond what is provided for by local regulations;

specifically, the majority of maternity leave recognized by Pirelli to its employees exceeds 14 weeks. To this are added specific programs to support parenthood such as, facilitations or contributions for access to nurseries, merit scholarships, part-time for specific needs, and training courses for new parents.

To further support new mothers when they return from maternity leave, where required, in addition to the breastfeeding breaks provided by local regulations, Pirelli is going to set up a “lactation room.”

With reference to the new 2022 initiatives in support of **parenting**, the following initiatives are mentioned:

Italy

- Financial supplement by the company of 70% for the first 3 months of optional parental leave (thus reaching 100% pay);
- The new area on the corporate intranet called “Parents at Work” containing useful information and the various initiatives and services offered by Pirelli to colleagues/parents;
- A training course for new fathers, called “The courage to be a father” and aimed at reflection and empowerment on the aspects of “parenting at work”, in the logic of motivation, development, and improvement of the aspects of person/work integration;
- Two additional days of working from home per month for parents of children under 14 (from 8 days/month to 10 days/month).

France

- Introduction of the possibility of working full from home for the first month after returning from maternity and paternity leave;
- Additional leave of 4 to 6 days for children’s illness.

Switzerland

- Resolution of December 2022: two additional days of working from home per month for parents of children under 14, starting in January 2023.

In the area of **engagement** initiatives, at several sites company open days for family and friends were resumed after the suspension of activities due to Covid restrictions. At the affiliates there are many initiatives such as Pirelli employee sport teams and awards for those people who have particularly distinguished themselves in the year.

To improve work-life balance and offer employees a greater degree of flexibility, remote and flexible working arrangements between the social partners were formalised in 2022 in most of the countries where Pirelli operates, for example Italy, Germany, Brazil and USA. By way of example, we mention the Working from home Regulations, in place as of October 2022 for employees at the Bicocca

Headquarters. The new regulation provides for 8 days/month of working from home, raised to 10 days/month for parents of children under 14, plus 4 days/year. In addition, with a view to fostering a better work-life balance, a new hour flexibility was introduced in May 2022 on a voluntary basis.

INDUSTRIAL RELATIONS

The “Industrial Relations” policy adopted by the Group is based on respect for constructive dialogue, fairness and roles. Relations and negotiations with trade unions are managed locally by each affiliate in accordance with the laws, national and/or company-level collective bargaining agreements, and the prevailing customs and practices in each country.

At this local level, these activities are supported by the central departments, which coordinate the activities and ensure that the aforementioned principles are observed throughout the Group.

Industrial Relations also have an active role in the Group’s commitment in terms of health and safety, with equally active participation on the part of the union and workers. In fact, 79% (an almost constant percentage over the three-year period 2020-2022) of the Group’s employees are covered by representative bodies that periodically, with the Company, monitor and address the current issues and awareness and intervention plans/programmes aimed at the improvement of the activities carried out to safeguard the health and safety of employees.

In compliance with the principle of constructive and timely dialogue with employees, and with the commitment to reduce social impacts, in all cases of corporate reorganisation and restructuring, workers and their representatives are informed in advance, with deadlines that vary from Country to Country in full compliance with local legislation, current collective agreements and trade union agreements.

During 2022, there were no rationalisation and/or restructuring operations. In the case of rationalisation or organisational restructuring of the employment level, the company uses tools to minimise the social impact in full compliance with local legislation, current collective agreements and trade union agreements.

The Company proceeded in the year 2022 with the renewal of the collective agreements expiring in Argentina, Mexico and Turkey.

European Works Council (EWC)

The Pirelli European Works Council (EWC), formed in 1998, holds its ordinary meeting once a year after presentation of the Group Annual Financial Report, where it is informed about the operating performance, operating and financial forecasts, investments made and planned, research progress and other matters concerning the Group.

The agreement establishing the EWC provides for the possibility of holding other extraordinary meetings to fulfil the information requirements of delegates, in light of transnational events concerning significant changes to the corporate structure: opening, restructuring or closing of premises, important and widespread changes in work organisation. EWC delegates are provided with the IT tools they need to perform their duties and a connection to the corporate Intranet system, for the real-time communication of official Company press releases.

Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour

Pirelli's commitment to Fundamental Labour Rights is dealt with extensively in the Group "Global Human Rights" Policy, which describes the management model adopted by the Company in respect of core Rights and Values such as occupational health and safety, non-discrimination, freedom of association, refusal of child and forced labour (firmly condemning the trafficking in and exploitation of human beings in any form), guarantee of decent work conditions in economic terms and of sustainable working hours, protection of rights and values of local communities, refusal of any form of corruption and protection of privacy. The Policy specifies its application to the supply chain. Further references can be found in the "Values and Code of Ethics", the "Human Rights" Policy, the "Diversity, Equity & Inclusion" Policy, the "Global Health, Safety and Environment" Policy, and the "Privacy" Policy.

All the aforementioned Policies are public and have been communicated in the local language to employees.

Moreover, from 2004 Pirelli has adopted by the requirements of Standard SA8000® as a reference tool for managing Social Responsibility at its Affiliates and along the supply chain.

The Pirelli approach has always promoted compliance with all legal and/or contractual requirements concerning working hours, the use of overtime and the right to regular days of rest. These requirements are often the subject of agreements with trade unions, in line with the regulatory situation in each country. The use of all holiday days, as a right of every worker, does not have any restrictions and the period is generally agreed between employee and Company.

In addition to the trade union dialogue and coordination between the Headquarters and local functions, Pirelli verifies the application of the provisions on the respect of human and labour rights to its affiliates through periodic audits performed by the Internal Audit Department, in compliance with a three-year auditing plan to cover all the Company's sites. Normally every audit is carried out by two auditors and takes around three weeks on-site. The Internal Audit Team received training on the environmental, social, labour and business ethics elements of an audit from central function directors to enable them to carry out an effective, clear and structured audit, granting Pirelli effective control over all aspects of sustainability. Based on the results of these audits, an action plan is agreed

between the local managers and central management, with precise implementation dates and responsibilities and follow-up verification.

The auditors carry out verifications on the basis of a checklist of sustainability parameters deriving from the SA8000® Standard and the Pirelli Policies mentioned above. All managers from the affiliates involved in the audits are adequately trained and informed on the audit purpose and procedures by the applicable central functions, in particular Sustainability, Purchasing, Health, Safety and Environment, Industrial Relations, and Compliance.

The non-conformities that emerged as a result of the audits performed in 2022 were the subject of the action plans agreed between the local managers and central management, and will be subject to follow-ups by the Internal Audit Department. It should be noted that in 2022 none of the audits revealed any breach of ILO Core Labour Standards, with specific reference to forced labour or child labour, freedom of association and bargaining, and discrimination. As a result, it was not necessary to establish remedial plans and associated corrective actions.

In 2022, the Human Rights Risk Assessment (HRRA) was updated to identify the geographical areas and production categories most at risk of human rights violations. The assessment was conducted in line with the Company's Enterprise Risk Management (ERM) model and allowed the identification of subsidiaries and suppliers on which to intervene as a priority through the most appropriate mitigation and prevention actions.

For the results of the Risk Assessment and the planned mitigation actions, please refer to what is reported in detail in the section "Respect for Human Rights".

Likewise, please refer to the sections on "Diversity, Equity and Inclusion" and "Our Suppliers" for a detailed account of the related Governance, and management, activity and performance Model.

Labour and Social Security Lawsuits

In 2022, as in previous years, the level of work and social security litigation at Group level remained low. The level of litigation remains high in Brazil, representing more than 89% of all the cases in the entire Group. Labour lawsuits are extremely common in this country and depend on the peculiarities of the local culture. As such, they affect not only Pirelli but also other multinational companies operating there. Labour lawsuits are generally initiated when an employment contract is terminated, and they usually involve the interpretation of regulatory and contractual issues that have long been controversial. The Company has made a major commitment to prevent and resolve these conflicts – to the extent possible – including through settlement procedures.

Unionisation Levels and Industrial Action

It is impossible to measure the precise percentage of union membership at Group companies, since this information is not legitimately available in all countries where Pirelli has a presence.

However, it is estimated that more than 50% of Pirelli employees are members of a trade union. As to the percentage of workers covered by collective agreement, in 2022 it stood at 79% (aligned with the figure for 2021). This figure is associated with the historical, regulatory and cultural differences between each country.

Even in situations without a collective agreement, the company operates in full compliance with group policies and local regulations and freedom of association.

Supplementary Pension Plans, Supplementary Health Plans and other Social Benefits

The Group has defined contribution and defined benefit funds, with a substantial prevalence of the former kind over the latter. To date, the only defined benefit plans are:

- in the United Kingdom, where the fund relating to the tyre business has been closed to new employees since 2001 for the introduction of a defined contribution scheme (and closed to future accumulations for all active employees as at 1 April 2010), while the funds related to the cable business sold in 2005 were closed to future accumulations in the same year;
- in the United States, where the fund was closed in 2001 (since 2003, it has not been tied to salary increases) for the introduction of a contribution scheme (and only applies to retired employees);
- in Germany, where the fund was closed to new hires from 1982.

Other defined benefit plans exist in Holland and Sweden, but they represent a relatively insignificant liability for the Group.

The Group also maintains various supplemental Company medical benefit plans at its affiliates according to local requirements. These healthcare schemes vary from country to country in terms of allocation levels and the types of coverage provided. The plans are managed by insurance companies or funds created ad hoc, in which the Company participates by paying a fixed amount as is done in Italy, or an insurance premium as is done in Brazil and the United States. For the economic-equity measurement of the above benefits, reference is made to the Consolidated Financial Statements, notes “Employee funds” and “Personnel Costs” within this Annual Report.

The social benefits recognised by Pirelli in favour of employees (including life insurance, invalidity/disability insurance and additional parental leave) are generally granted to all employees,

regardless of the type of permanent, fixed-time or part-time contract, in compliance with company policies and local union agreements.

OCCUPATIONAL HEALTH, SAFETY AND HYGIENE

Model

Pirelli's approach to responsible management of occupational health, safety and hygiene is based on the principles and commitments expressed in "The Values and Ethical Code" of the Group, in the "Health, Safety and Environment Policy" in the "Global Human Rights Policy" and in the "Quality Policy", in accordance with the Sustainability Model envisaged by the Global Compact of the United Nations, with the "Declaration of the International Labour Organization on fundamental Principles and rights at Work" and with the "Universal Declaration of Human Rights" of the United Nations. The reference tool since 2004 is also the SA8000® standard.

In particular, the "Health, Safety and Environment Policy", updated in 2022, makes explicit and confirms Pirelli's commitment to:

- manage its activities in the field of occupational health and safety protection in full compliance with the applicable international, national and local regulations on the subject and with all the voluntary commitments entered into, as well as in accordance with the most qualified international management standards;
- pursuing the objectives of "zero accidents" and "no harm to persons" in healthy and safe working environments, through the continuous identification, assessment, prevention and protection from occupational health and safety risks, the timely removal of potential causes of accidents, and the implementation of staff health surveillance plans in relation to specific tasks;
- support the development of programmes to improve psycho-physical well-being and work-life balance;
- promote consultation and participation of workers and their representatives in matters of health and safety at work;
- develop and implement emergency management programmes to prevent harm to people and the environment in the event of accidents;
- define, monitor and communicate to its Stakeholders specific objectives of continuous improvement of health and safety at work;
- empower, train and motivate its workers to work safely, involving all levels of the organisation in a continuous programme of training and information, aimed at promoting an occupational health and safety culture and ensuring that the company's responsibilities and procedures in these areas are appropriately updated, communicated and understood;

- actively collaborate at national and international level with institutional, academic, non-governmental, industry bodies concerned with the regulation, study and sustainable management of occupational health and safety issues;
- requires its suppliers to implement an occupational health and safety management model at their sites and along their supply chain in compliance with international standards and the laws and regulations of the countries where they operate;
- make available to all its Stakeholders a channel (the “Whistleblowing Policy” published on Pirelli’s website) dedicated to reporting, even anonymously, of any situations that constitute or may constitute a risk for the protection of the health, safety and well-being of people (reference is made to the section “Whistleblowing Policy” of this Report for an outline of reports received in the last three years, none of which regarding health and safety).

All the Documents mentioned above are communicated to Group employees in their local languages and are published in the Sustainability section of the Pirelli website, which should be consulted for full display of the content.

Governance and Risk Management

The Top Management of Pirelli, supported by the Health, Safety and Environment functions and with the involvement of the functions involved in various ways (including but not limited to the Human Resources, Research & Development, Sustainability, Purchasing, Quality, Manufacturing, Enterprise Risk Management functions) plays a strategic role in the full implementation of this Policy, ensuring the involvement of all Pirelli’s workers and collaborators so that they express behaviour consistent with the values contained herein.

Plans and results are approved by the Board of Directors as well as the reporting in the Annual Report.

In addition to the role of Top Management, the above-mentioned functions and the Board of Directors, the Health and Safety Governance provides for:

- business review meetings at local, regional and global level, which are held fortnightly and have health and safety issues, performance and improvement programmes at the top of the agenda, in order to ensure continuous comparison and monitoring. These meetings involve the cross-sectional sharing of information and include the participation of the Human Resources, Health and Safety functions and Top Management on several levels (local, regional and global), including members of the Executive Board.
- the work of the Central Safety Committee, set up at each site and composed of the heads of functions including Human Resources, Health, Safety and Environment, and of which the Plant Manager is the coordinator. This Committee, which meets at least quarterly, analyses health and safety issues, directs the actions of the local Excellence in Safety programme and governs

its progress. In a co-ordinated manner, various thematic sub-committees are also established, which carry out continuous work in relation to the characteristic themes of the site.

- the involvement of workers' representatives, at the intervals provided for by legislation, collective bargaining and specific requirements, in Health & Safety Committees at each site with the aim of illustrating, on the basis of the Health and Safety Management System, the activities carried out and those planned and to provide the results of workplace risk assessments.

Specific procedures for the **identification, mitigation and management of health and safety risks** are developed in accordance with international standards and reference norms that are applied and translated at each site, integrating compliance with local regulations. The procedures, also developed with the cooperation of the relevant functions, systematically define the requirements for risk analysis, risk management methods, and design requirements to ensure that hazards are reduced at source. Preventive analysis and release processes on new projects are implemented to ensure risk management at all stages of development and implementation of new machines and plants. Such approaches allow the implementation of risk elimination and reduction logics in priority to the mitigation and containment strategies implemented in any case. Procedures are reviewed and updated in the event of regulatory changes, technological or process changes and following the analysis of incidents.

Risk analysis allows the identification of priorities and leads to the definition of risk reduction programmes, actions and targets pursued at each site level, whose implementation and effectiveness are monitored by the specific Central Safety Committees set up at each site. Plans are also defined to respond to emergency situations, which are periodically the subject of specific drills involving all workers. The Management Model also makes use of internal inspections.

Preventive analysis and release processes on new projects are also implemented to ensure risk management at all stages of development and implementation of new machines and plants. Such approaches allow the implementation of risk elimination and reduction logics in priority to the mitigation and containment strategies implemented in any case. Procedures are reviewed and updated in the event of regulatory changes, technological or process changes and following the analysis of incidents.

With reference to the **supply chain**, specific Health and Safety in the Workplace management criteria are applied to all suppliers and are detailed in Article 2.7 of the Pirelli Suppliers' Code of Conduct, which is published on the company website and forms an integral part of purchasing contract clauses, as extensively described in the section 'Our Suppliers', to which please refer for more details.

With reference to the materials purchased, Pirelli applies stringent safety and acceptability requirements to raw materials, services and equipment, including these requirements in the contractual provisions. In turn, all chemical substances and products used are subject to prior HSE assessment (see section "ESG elements in the procurement process" of this report) and all equipment is subject to conformity analysis and risk assessment before being put into production.

The management of safety in supplier activities on sites is governed by procedures specifying requirements for coordination, prior risk analysis and work authorisation.

Management System

Pirelli has voluntarily adopted an occupational health and safety management system, structured and certified according to the ISO 45001:2018 Standard, both at headquarters and at all Group production sites. All certificates are issued with ANAB international accreditation (ANSI-ASQ National Accreditation Board - US accrediting body). The occupational safety management system, applied without exclusion to all processes and activities at each production site, has been developed in accordance with procedures and guidelines drawn up centrally in order to consolidate a “common language” that guarantees sharing, alignment and management effectiveness across the Group.

The development and continuous improvement of the management system is conducted both centrally and locally by the internal Health & Safety functions with the involvement of all relevant functions. Improvement is based on the continuous application of cycles of action planning, programme implementation, verification of results and, on the basis of these, implementation of improvement. In particular, in line with the provisions of the management system, Pirelli carries out hazard and risk assessments in order to identify what could cause damage to health and safety in the workplace, with subsequent prioritisation and related targets integrated into action plans. Similarly, actions in preparation and response to emergencies are defined. Progress in terms of prevention and reduction of health and safety impacts against the actions and plans undertaken and targets set is evaluated and measured. Internal inspections are also performed.

In 2022, the coverage of the safety management system (certified according to ISO Standard 45001:2018) and subject to internal and third-party audits is as follows:

COVERAGE OF THE MANAGEMENT SYSTEM	Employees	Agency workers
Number of workers covered by management system	27,421	63
Percentage of workers covered by management system compared to total number of workers	88%	90%

100% of the contractors working at Pirelli sites are covered by a management system (all production sites are ISO 45001 certified).

Safety Culture and Training

The “Zero Accidents Objective” represents a precise and firm corporate position. From an industrial point of view, this objective is pursued through investments aimed at technical improvement of work conditions, while constantly insisting on the cultural and behavioural aspect of all Company players.

This approach, together with the involvement and continuous internal dialogue between management and workers, has led over time to a sharp decline in injury rates.

In the pursuit of this goal of zero accidents, through a path of continuous improvement and constant prevention, all leaders are involved and given responsibility and a trend to improve the accident frequency index to pursue through action plans within their sites.

To support this model, in 2013 the company signed an agreement with DuPont Sustainable Solutions for the global implementation of the “Excellence in Safety” programme. The Programme began in 2014 and is being gradually extended to all Group production sites. In 2022, the programme was expanded by adding an in-depth focus on risk assessment.

The most relevant areas of intervention of the “Excellence in Safety” programme are related to improving safety governance, clarity of tasks and roles, empowerment of all workers, improving communication in the organisation, sharing of objectives, motivation with respect to a common strategy: all of these are substantial issues for a work environment that is appropriate and stimulating, where workers feel involved and valued in safety management. Through information, communication and training, everyone is encouraged to report any anomaly and/or unsafe condition in order to encourage participation in continuous improvement and the removal of any potential cause of accidents. All reports as well as actual or potential incidents are handled according to specific procedures aimed at analysing the causes and defining corrective and risk mitigation actions, involving all functions.

In turn, **Training** is an essential tool to support the Group’s culture of safety at work and its Zero Accidents objective.

19% of the total training provided by Pirelli in 2022 concerned occupational health and safety issues. Each site designs, plans and delivers safety training with regard to the specific risks present, particular needs for updating and fulfilling regulatory obligations, trends in accident indicators and changes in site activities and processes. The characteristic topics of this training covered general safety concepts including obligations, responsibilities and protection concepts, the treatment of all work hazards present at the site, safety operating procedures, life-saving rules (golden rules), emergency procedures, the aforementioned Excellence in Safety programme and the application of its operating tools, accident reporting and management procedures, and safety procedures and standards for emergency management from Covid-19 (which also covered the year 2022).

In addition to safety training offered locally at every Pirelli location, special mention should be made of Group activities and projects, which simultaneously target several Countries and which allow an alignment of culture and vision, fully benefiting pursuit of the Company’s own improvement targets. The Manufacturing Academy merits a special mention. This is the Pirelli Professional Academy dedicated to the sphere of factories, where health and safety issues are discussed in detail.

The dissemination of Safety Culture was also supported by the regular newsletters like the Safety Bulletin, and the sharing of significant events through the traditional channels of internal communication.

The year 2022, in continuity with what has been set since the beginning of the Covid-19 pandemic, has seen a particular focus of Health and Safety activities on the management of prevention measures, protecting the health of personnel and ensuring the safety conditions of all Pirelli sites.

All Pirelli production sites are served by occupational medicine units with free access by employees managed by specialised medical and/or paramedical personnel with autonomous management (guaranteeing privacy) of the doctor-patient relationship. These services work in coordination with safety management functions and company management to provide the necessary support for general risk prevention actions and ensure the necessary health surveillance to protect workers. These garrisons do not only focus on occupational medicine issues but also offer health care to all personnel in compliance with local regulations. Also in 2022 in continuity with 2021, support was provided to employees in the particular pandemic context due to Covid-19, both in terms of medical support and assistance (also outside the workplace).

Monitoring of Health and Safety Performance and Main Indicators

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

The HSE-DM system collects all the information related to accidents and to the particular situations that occurred in factories, fitting units, sales centres and warehouses directly managed by Pirelli, including the different categories of workers (internal and external workers operating at Pirelli sites).

According to the Procedure, when an incident occurs, the site where it occurred immediately carries out an “Incident Investigation” to search for root causes and the immediate implementation of countermeasures to eliminate the element of risk and/or that caused the incident. At the same time, all establishments have access to information on the most significant accidents or *near miss* es and receive a Safety Alert from the HSE-DM system, against which they conduct an internal analysis to verify whether conditions similar to those that led to the accident exist, so that, if necessary, appropriate preventive and corrective actions can be implemented.

The performances reported below are for the three-year period 2020-2022 and cover the same perimeter of the Group’s consolidation.

In March 2021 Pirelli presented the 2021-2022 Industrial Plan with Vision 2025 indicating an accident frequency index ≤ 0.10 referred to 100,000 hours worked for 2025 (or IF ≤ 1.00 if referred to 1,000,000 hours worked⁸⁷).

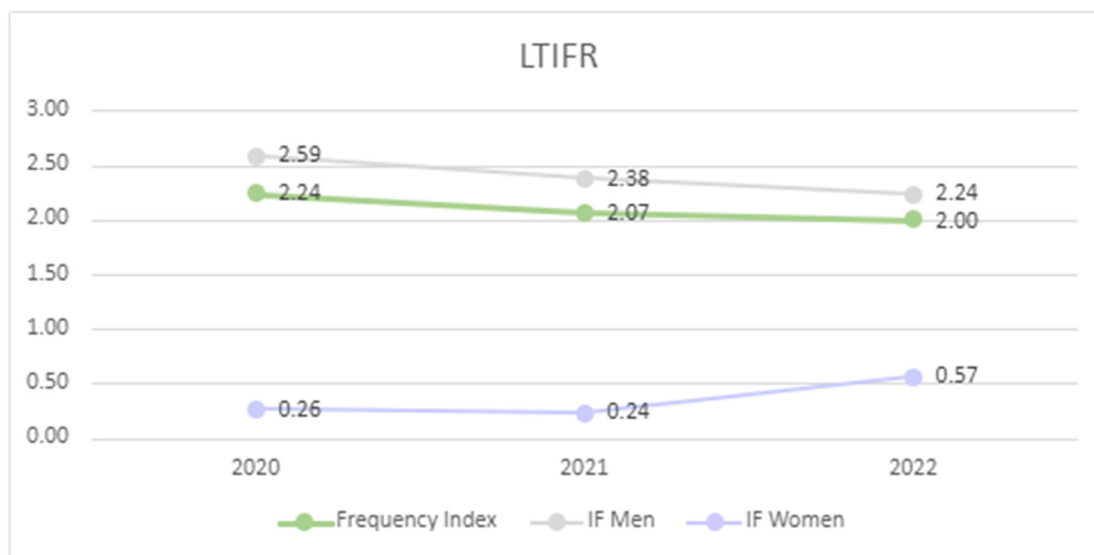
⁸⁷ In accordance with GRI reporting standards, the frequency index and the resulting target value is reported with reference to 1,000,000 hours worked.

The Injury Frequency Index is calculated as the “Lost Time Index Frequency Rate - LTIFR”, i.e. considering the sum of injuries with at least one lost working day⁸⁸.

In 2022, Pirelli recorded an LTIFR for accidents of 0.20 when referring to 100,000 hours worked (0.21 rounded up from 0.207 in 2021 and 0.22 rounded up from 0.224 in 2020), or 2.00 when referring to 1,000,000 hours worked (2.07 in 2021 and 2.24 in 2020), a number that decreased substantially in the three-year period. The most representative injuries concern events related to contusions, cuts, fractures and sprains.

The Frequency Index for accidents resulting in an absence from work of more than 6 months in 2022 is 0.05 for Pirelli employees (per 1,000,000 hours worked) and zero for agency workers.

For 2022, in line with previous years, the LTIFR value for women is confirmed to be decidedly lower than the value relating to men, partly due to the fact that the female population is generally engaged in activities with a lower risk than those of the male population. The graph below shows the trend of LTIFR values by gender over the last three years:



LTIFR = number of accidents with at least one day lost/number of hours actually worked x 1,000,000

The following table summarises the distribution of the Frequency Index by geographical area:

LTIFR INDEX	Europe	North America	South America	Russia, Nordics, MEAI	Asia Pacific
2020	3.18	2.04	2.69	1.31	0.11
2021	2.27	2.63	2.84	1.58	0.11
2022	2.78	1.54	1.88	2.60	0.12

LTIFR = number of accidents with at least one day lost/number of hours actually worked x 1,000,000

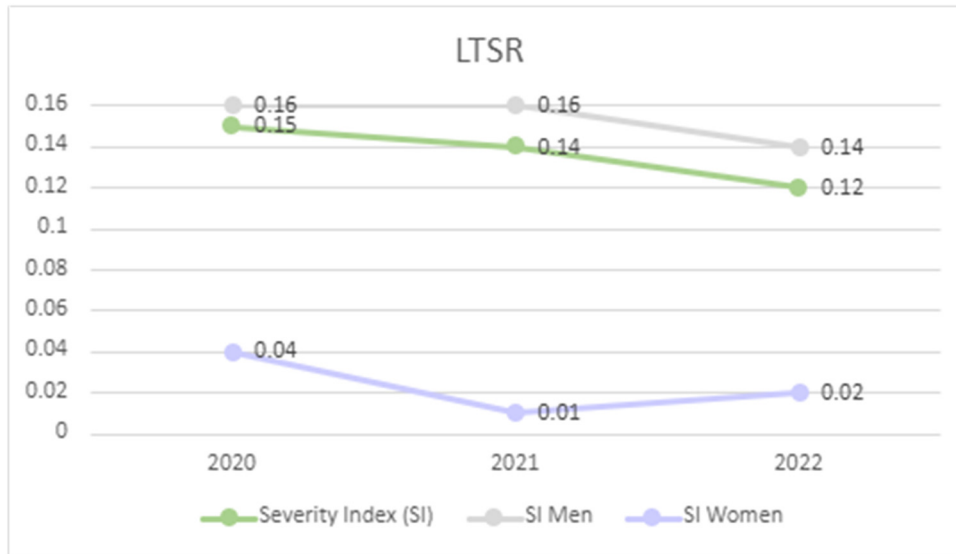
In the mapping of all hazards and on the basis of the accident trend, the main hazard identified as potentially at risk of accidents with serious consequences relates to mechanical risk, which was the main contributor in the accidents that occurred during 2022. Actions are constantly underway to

⁸⁸ Accidents without lost days are not considered in the LTIFR calculation.

reduce mechanical risk at source, through investment in machinery safety, and to manage residual risks through the definition of safety operating procedures and continuous staff training.

The Injury Severity Index, or Lost Time Severity Rate (LTSR) is calculated by considering the number of days of absence, starting from the first day after the accident / number of hours actually worked x 1,000.

The LTSR Index in the Group in 2022 was 0.12, down 14% from the previous year, with lower severity figures for women than for men.



LTSR = number of days of absence, starting from the first day after the accident/number of hours actually worked x 1,000

The table below summarises the distribution of the LTSR Severity Index by geographical area.

LTSR INDEX	Europe	North America	South America	Russia, Nordics, MEA	Asia Pacific
2020	0.20	0.11	0.20	0.09	0.00
2021	0.11	0.14	0.28	0.11	0.001
2022	0.13	0.05	0.21	0.08	0.01

LTSR = number of days of absence, starting from the first day after the accident/number of hours actually worked x 1,000

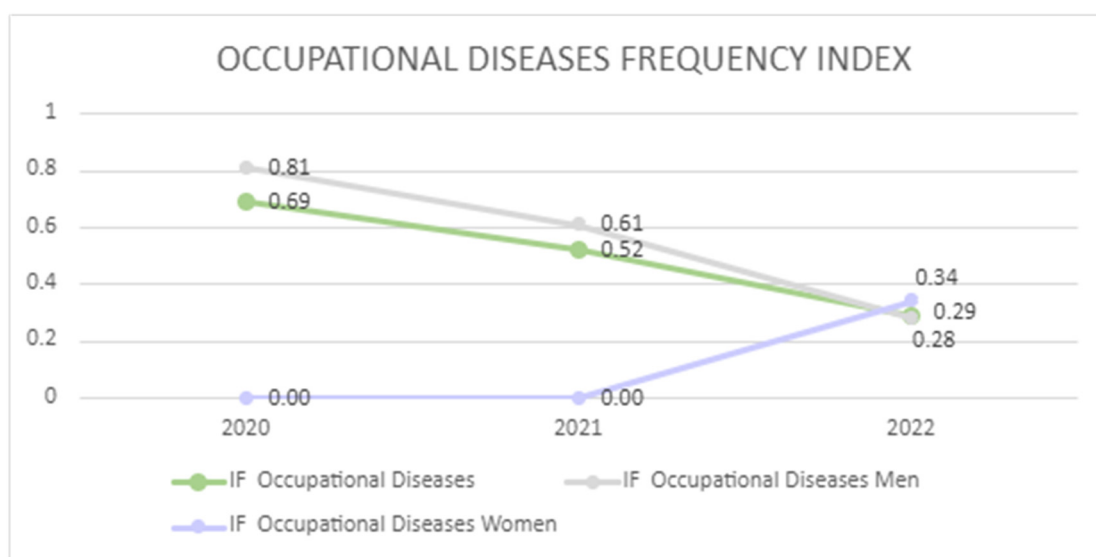
With reference to commuting accidents (not included in the calculation of the LTIFR and LTSR indices mentioned above), the following tables show the total number registered by the Group in the last three years and the distribution by geographical area of the cases.

COMMUTING ACCIDENTS	2020	2021	2022
	52	59	129

COMMUTING ACCIDENTS	Europe	North America	South America	Russia, Nordics, MEA	Asia Pacific
2020	15	3	34	0	0
2021	21	28	10	0	0
2022	29	38	62	0	0

With reference to the Occupational Illness Frequency Index, it is calculated considering the number of occupational illnesses / number of hours actually worked x 1,000,000.

The Occupational Illness Frequency Index in 2022 stands at a value of 0.29, down 44% from 2021.



Occupational disease frequency index = number of occupational diseases/number of hours actually worked x 1,000,000

There are no activities with a high incidence of occupational diseases. The hazards identified as a potential source of occupational disease determined on the basis of the risk assessments conducted concern the manual handling of loads, exposure to noise and the handling of chemicals. The main types of occupational diseases recorded of Pirelli employees are musculoskeletal disorders and hearing loss. There are no known cases of death due to occupational diseases in the last three years, nor are there any cases of occupational diseases registered in external workers.

The following table summarises the distribution by geographical area of the Occupational Disease Index.

OCCUPATIONAL DISEASE FREQUENCY INDEX	Europe	North America	South America	Russia, Nordics, MEA	Asia Pacific
2020	0.26	0	2.23	0	0.11
2021	0.04	0	1.85	0.20	0
2022	0.17	0.46	0.63	0	0

Occupational disease frequency index = number of occupational diseases/number of hours actually worked x 1,000,000

Continuous improvement programmes are aimed, with reference to the sources of occupational disease, at increasing the ability to identify ergonomic risk and consequent technological improvement, favouring where possible automation and design integrated with the ergonomic requirements of machines. These actions aimed at reducing risk at source are in any case complemented by training and organisational measures aimed at encouraging safety and prevention behaviour.

With regard to accidents of agency workers, the Frequency Index (FI) is calculated as the “Lost Time Index Frequency Rate - LTIFR”, i.e. considering the sum of accidents with at least one lost working day. The tables below show the number of accidents⁸⁹ registered in the last three years and the distribution of the index by gender and then by geographical area.

INJURIES INVOLVING AGENCY WORKERS	2020	2021	2022
Number	3	5	3
LTIFR Agency - Men	2.96	7.75	2.28
LTIFR Agency - Women	0.00	0.00	0.00

LTIFR = number of accidents with at least one day lost/number of hours actually worked x 1,000,000

INJURIES INVOLVING AGENCY WORKERS	Europe	North America	South America	Russia, Nordics, MEA	Asia Pacific
2020	0	2	1	0	0
2021	0	0	5	0	0
2022	1	0	1	1	0
LTIFR Agency 2020	0.00	46.70	1.11	0.00	0.00
LTIFR Agency 2021	0.00	0.00	13.50	0.00	0.00
LTIFR Agency 2022	7.69	0.00	1.08	47.82	0.00

LTIFR = number of accidents with at least one day lost/number of hours actually worked x 1,000,000

The LTIFR accident index for contractors (employees of suppliers working at the Group’s production sites) stands at 0.96 in 2022, slightly down from 2021. Below are the data for the last three years and the distribution by geographical area of the cases.

LTIFR EXTERNAL WORKERS	2020	2021	2022
	1.30	0.97	0.96

LTIFR = number of accidents with at least one day lost/number of hours actually worked x 1,000,000

⁸⁹ Calculated on 1,000,000 hours worked; The Lost Time Index Frequency Rate - LTIFR considers the sum of accidents with at least one lost working day.

LTIFR EXTERNAL WORKERS	Europe	North America	South America	Russia, Nordics, MEAI	Asia Pacific
2020	1.77	1.58	1.67	0.00	0.00
2021	1.40	1.03	0.33	1.11	0.00
2022	0.81	2.41	1.09	0.27	0.00

LTIFR = number of accidents with at least one day lost/number of hours actually worked x 1,000,000

Below are the figures for fatal accidents recorded in the last three years, with reference to Pirelli employees, agency workers and employees of suppliers operating at Group production sites.

FATAL ACCIDENTS (AND DEATH RATE)	2020	2021	2022
Pirelli Employees	0 (0)	1 (0.017)	0 (0)
Agency workers	0 (0)	1 (1.420)	0 (0)
External workers	0 (0)	1 (0.088)	0 (0)

Death rate = number of deaths / total hours worked * 1,000,000.

The entire organisation is committed to ensuring that fatal accidents do not occur and reaction and improvement plans are constantly implemented and pursued.

Focus: Zero-Accident Reality In 2022

Unit	Industrial sites
Factories	Jiaozuo, Bollate, Bicocca Next Mirs, Breuberg MIRS, Slatina Motorsport
Fitting unit	Didcot, Sorocaba, Palomar, Ibirite, Sao Jose dos Pinhais
Logistics - TLM	TLM Barueri, TLM Santo Andre, TLM Cabreuva, TLM Feira de Santana, TLM Campinas
Other	Elias Fausto HQ

Health and Safety Investments

In the three-year period 2020-2022, investments in health and safety by the Group exceeded €58 million, of which over €38 million was invested in 2022.

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

EXTERNAL COMMUNITY

INSTITUTIONAL RELATIONS OF THE PIRELLI GROUP

Pirelli's institutional relations are underpinned by criteria of maximum transparency, legitimisation and responsibility, both with regard to information disseminated in public offices, and to relationships managed with institutional interlocutors in line with the Code of Ethics, the Institutional Relations - Corporate Lobbying Policy and the Group Anti-Corruption Compliance Programme (documents published on the Pirelli website) as well as in line with the principles of the International Corporate Governance Network (ICGN) and in compliance with the laws and regulations in force in the countries where Pirelli operates.

The goal of the Institutional Affairs Department is to create corporate value through the management of structured relationships with reference stakeholders in all the countries in which Pirelli is present.

In the area of institutional relations, Pirelli acts above all via active monitoring and in-depth analysis of the institutional and legislative context, as well as identifying the applicable Stakeholders. The activity of Institutional Affairs also includes an in-depth analysis of the global political and economic dynamics, linked to the development of the main topics of corporate interest, and benefits from collaborations with selected think tanks of international prestige. Among these are the collaborations with the Institute for International Policy Studies, the Institute for International Affairs, the Trilateral Commission and the Aspen Institute.

At an international level, Pirelli interacts with the main interlocutors present in the countries in which it operates with its own production sites. When necessary, the Group promotes initiatives directed towards mutual understanding and with the purpose of promoting representation of its values and interests through a strategy based on a clear perception of the industrial objectives and the development of the business. Among the various instruments of "economic diplomacy", in addition to the promotion of bilateral initiatives, Pirelli is active in certain Business Forums, renewing their activities and effectiveness, in particular the Italy-Mexico Business Forum, the Italy-China Business Forum (BFIC), the Italy-Thailand Business Forum, the Council for Relations between Italy and the United States and the Italian-Russian Business Committee (CIIR), currently frozen following the Russian-Ukrainian conflict.

As proof of the Group's continued commitment to strengthening relations with the countries in which it operates, Pirelli took part in official visits in 2022 with institutional representatives in Italy and abroad. In a context marked by the Covid-19 health emergency, a series of bilateral meetings were held, both virtual and in-person where possible, aimed at deepening the Group's industrial and commercial issues with significant institutional impacts. These included meetings with several representatives of the EU, USMCA, APAC and CSI blocs.

In China, the Group is committed to enhancing relations with local institutional interlocutors, particularly in areas where it is present with industrial sites, such as Shandong Province and Henan Province. During 2022, Pirelli maintained a dialogue with key local institutions on the main areas of interest, especially with a view to improving the quality and efficiency of the tyre industry in

Shandong, with particular regard to safety and environmental dynamics. During 2022, Pirelli also strengthened its dialogue with key local institutions on multiple areas of interest and participated in the third Qingdao International Summit, promoted by Shandong Province. In addition, the Jiaozuo plant was awarded an “A” rating for environmental performance, a major recognition that exempts Pirelli from production restrictions during periods when the province’s air quality falls below the alert threshold.

In the United States and Mexico, Pirelli is present with industrial and commercial activities, and carries out institutional relations by monitoring legislative and regulatory developments with impacts on the production, import and distribution of tyres in the territory. Pirelli is a member of the following trade associations: United States Tire Manufacturers Association (USTMA), Original Equipment Suppliers Association (OESA), American Sustainable Business Network (ASBN), Public Affairs Council, and Automotive Industry Action Group (AIAG). Within these associations Pirelli is active in promoting strategies consistent with Group sustainability policies, particularly commitments against climate change and in favour of social responsibility in the supply chain. In particular, Pirelli sits on the Sustainability Task Force of USTMA, the Corporate Responsibility Steering Committee of AIAG, the Social Impact Committee of the Public Affairs Council and the Technical Reference Group of the International Sustainability Standards Board (ISSB). In Mexico Pirelli is a member of the Camara Nacional De La Industria Hulera, and in Canada of the Tire and Rubber Association of Canada. Pirelli undertakes to check from time to time that the sustainability positions of the associations of which it is a member are consistent with Group positions. (In the US, Pirelli is not registered for lobbying activities).

In October 2022, on the occasion of the 10th anniversary of the Silao factory, Pirelli announced further investments aimed at increasing High Value production at the Mexican site, in the presence of the local authorities.

Also in Brazil, Pirelli continued to celebrate the country’s strong links with Italy, promoting, among others, meetings with institutional representatives at federal and central level. Pirelli also maintains relations with local institutions and associations to protect its industrial sites, distributed among the states of Sao Paulo, Bahia and Rio Grande do Sul. In these states, a series of initiatives are also developed to raise awareness on issues such as urban mobility, road safety, the protection of the territory and social and cultural promotion. In Brazil, Pirelli is associated with and holds the chairmanship of the Board of ANIP (National Tyre Industry Association) with the objective of developing its identity and promoting the interests of the sector in institutional dealings with local governments and the vice-presidency of the Italian-Brazilian Chamber of Commerce, Industry and Agriculture (ITALCAM). Furthermore, in 2022, in concert with the local state and municipal authorities, Pirelli contributed to the renewal of the road surface of the main access to the Pan-American Circuit. Pirelli participated in numerous events of institutional interest, including the Brazil Investment Forum, the launch of the São Paulo State Economic Development Agenda, and the Italian Film Festival, promoted by the Italian Embassy in Brazil and ITALCAM.

As part of its relations with Turkey, the Group promotes a constant dialogue with the country’s institutional representatives to accompany industrial activities and keep the monitoring of the country’s economic and political environment alive. In addition, Pirelli took part in the Italian Republic

Day celebrations at the Italian Embassy and Consulate and in the Istanbul Economy Summit, attended by leading Turkish national authorities.

In Russia, Pirelli promotes dialogue with institutional interlocutors in order to support the Group's industrial and commercial activities in the country and to guarantee continuity in the payment of salaries to factory employees, while discontinuing new investments in the country.

In Europe, Pirelli maintains a constant dialogue with the main institutional interlocutors in the countries where it has manufacturing and commercial operations. Of particular note is the activity in Romania, where during 2022 Pirelli has maintained a constant dialogue with the main institutional interlocutors in order to accompany the **additional** phases of industrial development at the Slatina plant.

Relations with European Institutions are focused on consolidating relations with institutional interlocutors and reference stakeholders, legislative monitoring as well as constant representation of the Group in associations. The ongoing dialogue and discussion with representatives of the European Commission, the Council and the European Parliament covers a wide range of topics of interest to the company. In 2022, the focus was on regulatory and policy developments related to energy, climate, environmental and digital transition, industrial policy, research and innovation, sustainable and smart transport and mobility, technical regulation, internal markets and consumers, international trade and bilateral agreements. Of particular interest is the implementation of policies related to the Green Deal, the strategy for sustainable growth launched by the European Commission at the end of 2019, and the proposals for the circular economy presented by the European Commission during 2022. The monitoring activity also concerned the initiatives undertaken at European level to combat the pandemic crisis and, in particular, the implementation of Next Generation EU, the temporary instrument to stimulate recovery, and the definition by the Member States of national recovery and resilience plans, functional to accessing funding under the plan, as well as the adoption of European emergency measures in response to the energy crisis and the consequent spike in energy prices. In the various stages of drafting and defining European legislation, Pirelli represents the Group's interests to European stakeholders. Pirelli is listed in the European Transparency Register, established by an inter-institutional agreement between the European Parliament, the European Commission and the European Council.

In **Italy**, the Group continues to interact with a system of relations that involve the main institutional bodies, at both central and local level. The relations with the Ministry of Foreign Affairs and International Cooperation are particularly important in both central and peripheral areas, with which the information activity is constant with respect to Pirelli's global presence to support the enhancement of the interests of the country system abroad. The Group's relations with the Italian Presidency, the Presidency of the Council, the Ministry of Economic Development, the Ministry of Economics and Finance and the Regions of Lombardy, Piedmont and Apulia are also highlighted.

As part of its 150th anniversary activities, Pirelli took part in the celebratory event at the Piccolo Teatro in Milan in the presence of leading local authorities. To mark this anniversary, the Monza Grand Prix, attended by President of the Republic Sergio Mattarella, was named after Pirelli. Confirming the synergy between Pirelli and local institutions, the Pirelli HangarBicocca hosted the

Lombardy 2030 event, promoted by the Region, which was attended by a large number of government representatives and leading local authorities.

In 2022, in the presence of the local authorities, Pirelli also inaugurated the new “Digital Solutions Centre” in Bari, the centre for the development of software and digital solutions.

In Italy, the Group is also always engaged in customary in-depth analysis of institutional importance concerning, in particular, issues relating to the Group’s industrial presence; the promotion and strengthening of international relations in the countries where the Group operates with industrial sites; the analysis and in-depth study of the impacts related to the regulatory discipline of tyres and their entire life cycle; and other issues of road safety and environmental sustainability related to both production processes and the product.

In line with what is set forth in the Code of Ethics, Pirelli *“does not make contributions, advantages or other benefits to political parties and workers’ trade unions, or to their representatives or candidates, without prejudice to compliance with any applicable legislation”*. For this reason, there are no contributions in these areas (zero).

For further details on the Financing received from the Public Administration and the amounts disbursed in 2022 to Trade Associations, please refer to the Economic Dimension Chapter, where this information is provided.

MAIN INTERNATIONAL COMMITMENTS FOR SUSTAINABILITY

The attention of Pirelli to sustainability is also expressed through participation in numerous projects and programmes promoted by international organisations and institutions in the area of social responsibility. A number of the main commitments made by Pirelli worldwide are illustrated as follows.

UN Global Compact

Pirelli has been an active member of the UN Global Compact since 2004 and since 2011 has been part of the Global Compact Lead Companies. The Group endorses the “Blueprint for Corporate Sustainability Leadership”, which offers leadership guidelines envisaged in the Global Compact to inspire advanced and innovative sustainability performance in terms of management capacity for the creation of sustainable value. Since December 2019, Pirelli has also been on the Board of the Global Compact Network Italia.

In 2022, the Global Compact has proposed a series of initiatives to provide support in the definition of strategies and partnerships for the pursuit of Sustainable Development Goals (SDGs) launched in September 2015 in New York with the aim of accompanying the activities of sustainable companies until 2030.

Pirelli's participation in the "Sustainable Finance" action platform is part of this context: in September 2018, the working group presented its first publication "SDGs Bonds & Corporate Finance - A Roadmap to Mainstream Investments"; to this, several other publications on the subject were added during 2019. In December 2019, the platform launched the "CFO Taskforce for the SDGs", which Pirelli joined as a Founding Member. The Taskforce is a collaborative platform that brings together leaders from different sectors and aims to develop innovative strategies for mobilising finance targeted at sustainable development. In September 2020, the taskforce published the "CFO Principles on Integrated SDG investments and finance", which aim to support the alignment of finance and investment practices with the SDGs through the implementation of best practices. In 2021, the "CFO Taskforce for the SDGs" was officially presented during the UN General Assembly, and in 2022, the "CFOs Coalition for the SDGs", in which Pirelli participates, was launched with the aim of further accelerating progress in aligning corporate investments with the SDGs and linking corporate finance to relevant and credible targets.

Together with the UN Global Compact Italy Network and with the participation of numerous large companies in the Italian market, in 2022 Pirelli also participated in the drawing up of the Position Paper "Sustainable Supply Chain Management: Between Responsibility and Opportunities for Businesses", a document that enhances the commitment of companies in the management of supply chains from a sustainable perspective, with in-depth studies on the reduction of Scope 3 emissions; the promotion and protection of human rights and decent work; and the management of negative externalities through circular solutions.

In 2022, Pirelli participated in Target Gender Equality, a 9-month international journey involving UNGCI member company networks in more than 45 countries around the world, during which participating companies deepen their understanding of the importance of promoting gender equality, not only for society as a whole, but also for the enrichment of companies themselves. The process began with a performance assessment of the participating companies, after which capacity-building and peer-learning workshops were held to share effective methodologies for measuring results, setting ambitious goals for women's leadership and building holistic action plans to achieve them. The output of the journey was the drafting of a plan to be implemented to monitor company performance and improve performance. For information on all Diversity, Equity and Inclusion initiatives implemented by Pirelli, please refer to the section "Diversity, Equity and Inclusion".

ETRMA – European Tyre and Rubber Manufacturers Association

ETRMA is the main partner of the EU institutions for the sustainable development of new European policies for the sector and for their proper implementation. With the institutional support of the Pirelli Group, during 2022 ETRMA carried out intensive advocacy activities, presenting to the European Commission the contribution of the sector in pursuing the Green Deal objectives, highlighting the role of the sector in creating a more environmentally-friendly, safe and efficient mobility. Specifically on the contribution to CO₂ reduction through improved rolling resistance of tyres, improved road safety through new wet grip performance limits also for worn tyres, which also leads to a positive impact on the Circular Economy. The industry is also strongly committed to the development of a

robust tyre abrasion test methodology to support the European Commission's objectives, set out in the new EURO 7 legislative proposal, to mitigate the emission of particulate matter into the environment.

From the outset of the Russian war in Ukraine, ETRMA has been closely monitoring the impact on the European tyre and rubber industry and sharing those assessments constantly with the European Commission to guide the process of determining the waves of sanctions. The main concern has been with regard to the availability of carbon black, synthetic rubber, steel cord and bead wire. ETRMA has also been monitoring the reduction or suspension of production in Russia by its members, both in relation to tyres and rubber goods in general. The association continued to raise awareness among the European Commission and European Union Member Countries on the implementation of market surveillance for monitoring compliance with regulations on the general safety of vehicles and tyres and on energy efficiency, as well as the labelling of tyres in European Countries, a labelling system which was fully renewed in 2021; also continuing was the strengthening of the partnership with the national associations of the sector of which Pirelli is an active member.

In 2022, the intensive work of the Digital Mobility Group (DMG) continued to respond to the new technological challenges affecting the mobility sector (e.g. digitalisation, connectivity, autonomous driving, cyber security) and their impact on tyres and the development of value-added services for the consumer in the Tyre-as-a-Service (TaaS) mode, which requires a particular focus on the methods for managing and exchanging data between the various players in the system, which led to high-level meetings with the European Commission in preparation for the enactment of related legislation.

To monitor and respond to the European Commission's supply chain and sustainable finance impact legislation, the Taxonomy and Sustainable Supply Chain working groups are active with the support of Pirelli. The latter assisted the European Commission in defining the proposed requirements on deforestation and critical raw materials (e.g. natural rubber).

The ETRMA association continues to work alongside the European Commission in defining policies on the Circular Economy with an impact on the sector and continues successfully to promote sustainable practices of producer responsibility for the management of tyres at the end of their life, thanks to which Europe maintains a recovery rate of over 90%⁹⁰, through strong collaboration with the various management consortia present in European countries. ETRMA's (and European) best practices in fact continue to be an international benchmark.

ETRMA maintains a proactive role in the development of cognitive studies regarding environmental issues, e.g. Tyre Road Wear Particles (TRWPs), micrometric particles produced by combined road and tyre wear during vehicle circulation, and health issues, e.g. granulated filler material obtained from end-of-life tyres for sports fields. With regard to TRWPs, ETRMA launched in 2018, with the support of CSR Europe, the "European TRWP Platform", a multi-stakeholder initiative that aims to share the State of Scientific Knowledge (e.g. "Scientific Report on Tyre and Road Wear Particles, TRWP, in the aquatic environment") and to involve the relevant Sectors and Organisations in the

⁹⁰ Data reported for 2019

definition of policy and of possible actions to mitigate the impacts of TRWPs (e.g. “The Way Forward Report”); in this regard, ETRMA recently launched a study with the objective of mapping and assessing all the solutions available today, in collaboration with the US Tire Manufacturers Association (USTMA), of which Pirelli is an active member. A micro-site was also created⁹¹ to provide information on TRWPs to the general public ranging from root causes to the definition/implementation of mitigation actions, highlighting the multi-stakeholder nature of the phenomenon. The Platform’s activities continued in 2022, with a series of stakeholder meetings, which continued to share topics related to the scientific and policy aspects associated with TRWPs. In particular, the Platform hosted the theme of “lessons learnt” from other sectors involved (e.g. textiles) on the issue of microplastics, a theme with which TRWPs have been associated, and of local authorities’ initiatives on these issues, in order to exchange “best management practices” and identify possible synergies. Finally, the Platform’s activities were presented by ETRMA at the European SDG Summit 2022⁹², of which Pirelli was a sponsor, through its contribution to the “European SDG Roundtable” Session on “Action-Oriented Dialogue to Mitigate the Dispersion of Tyre & Road Wear Particles in the Environment”.

A section in the Environmental Dimension paragraph of this Report is also dedicated to TRWP, to which reference should be made for further details.

USTMA - US Tire Manufacturers Association

USTMA is the association of tire manufacturers with manufacturing facilities located in the United States. The main USTMA committees deal with regulatory policies for tire safety and on the environmental impacts of tires in the United States. USTMA also coordinates with ETRMA and TIP (WBCSD) to exchange useful information.

USTMA maintains a proactive role in developing cognitive studies with respect to environmental issues, e.g., Tyre and Road Wear Particles (TRWP). USTMA sponsored a “State of Knowledge” study at the University of Missouri collecting and reviewing key scientific data regarding asphalt modified with granulated filler material obtained from end-of-life tyres (ELT), and made cryo-milled tyre tread (CMTT) samples available to researchers. USTMA has an open dialogue approach particularly with the states of California and Washington regarding planned investigations of the 6PPD substance in tyres and the impacts of the 6PPD-quinone transformation product.

USTMA was active in 2022 with a strategy for end-of-life tire management. Every two years the association publishes data from ELT markets. USTMA then proposes solutions for the circular tyre economy and convenes stakeholders on the subject.

The association is also active on issues of infrastructure and connected and autonomous vehicles.

⁹¹ <https://www.tyreandroadwear.com/>.

⁹² <https://www.csreurope.org/european-sdg-summit-2021>.

USTMA does not have a Political Action Committee (PAC) and does not fund political candidates.

MEMA - Motor & Equipment Manufacturers Association

MEMA is the voice of the automotive and commercial vehicle supplier industry in the United States of America. It represents the largest manufacturing sector in the United States. Across the spectrum of innovative new vehicles, from autonomous technologies to zero emissions, vehicle suppliers are leading the way. MEMA member companies conceive, design and manufacture the original equipment systems and technologies that make up two-thirds of a new vehicle's value. Member companies also supply the global replacement service market with the technologies that keep millions of vehicles on the road, driving sustainability and supporting transportation.

During 2022, MEMA analyzed issues of free trade and tariffs, research tax credits, environmental regulation proposals and green incentive proposals, proposals to strengthen key supply chains for the car industry, and many other topics. Priorities for the association include policies governing vehicle safety, policies on zero emissions and electrification, sustainability, international trade flows, tax policies, supply chain resilience, and workforce and training.

MEMA has a privately funded Political Action Committee (PAC), with no contribution from Pirelli.

Pirelli is also a member of the Automotive Industry Action Group (AIAG), a U.S. association with no lobbying activities, where Pirelli is active in the Corporate Responsibility Steering Committee.

WBCSD – World Business Council for Sustainable Development

Pirelli for years has been a member of the WBCSD (World Business Council for Sustainable Development)⁹³. This is a Geneva-based association of about 200 multinational companies based in 8 regions of the world that have made a voluntary commitment to link economic growth to sustainable development. In particular, Pirelli endorses three projects: Tire Industry Project, Transforming Urban Mobility, Future of Work and SOS 1.5.

The Tire Industry Project (TIP), whose members account for approximately 65%⁹⁴ of global production capacity of tyres, was founded in 2005 with the aim of meeting and anticipating the challenges related to the potential impacts on health and the environment of tyres throughout their life cycle. The project extends its evaluation activities to raw materials, TRWP (with research activities that have seen the completion of monitoring the impact of TRWP on air quality in the city of New Delhi, India) and nanomaterials.

⁹³ Our members (wbcسد.org)

⁹⁴ Tire Industry Project - World Business Council for Sustainable Development (WBCSD)

On the subject of raw materials, the sharing of knowledge and collaboration with ETRMA and USTMA on 6PPD-Quinone continued in 2022.

On the topic of nanomaterials, the TIP initiated the development of a method to simulate and analyse the potential release of nanomaterials during the use phase of tyres. TIP's collaboration with the OECD (Organisation for Economic Co-operation and Development) is also continuing, following the development of a sector-specific guide⁹⁵ containing best practices of reference for the research, development and industrialisation of new nanomaterials so as to ensure that the use of any nanomaterial is safe for people and the environment. Also on this issue, TIP supported the OECD by actively supporting the preparation of the guide "Moving Towards a Safe(r) Innovation Approach (SIA) for More Sustainable Nanomaterials and Nano-enabled Products"⁹⁶ (published on 22 December 2020) which includes extremely topical elements, including those related to the emerging Safe and Sustainable-by Design (SSbD) theme, of certain importance for the debate launched in 2021 and carried on in 2022 at the European Commission level.

On the subject of TRWPs, in 2022 TIP continued its activity on the TRWP characterisation methodologies to support their identification and quantification in environmental compartments (air, water, soil), whose results have been shared, as traditionally happens for TIP studies, with the scientific community through various publications in scientific journals with peer-reviewed editorial board and presented at the international conference of the Society of Environmental Toxicology and Chemistry (SETAC, EU May and US November 2022), the Society of Toxicology (SOT, March 2022) and the American Chemical Society (October 2022). In 2022, TIP, also in cooperation with USTMA, went ahead with the definition of a method for the sample generation of rubber particles from tyre treads to support the scientific community with standard reference materials, very similar to TRWPs, to be used for further scientific studies.

During 2022, TIP also finalised and published the update of the "Product Category Rules" (PCR), published in 2018, which are necessary to carry out the life cycle assessments (LCAs) of the product, as well as to develop the "Environmental Product Declarations (EPDs)" for tyres, so that the results can be comparable among the various manufacturers. With reference to the aggregated sector environmental reports, TIP published the report "Environmental Key Performance Indicators for Tire Manufacturing 2009-2021" which presents the environmental performance related to CO₂ emissions, energy consumption, water withdrawal and ISO 14001 certification of the environmental management systems of the factories where the members of TIP produce the tyres.

During 2022, TIP also continued its activities aimed at the international promotion of best practices on end-of-life tyre management, in terms of valorisation of recovery and reuse as a second raw material, in line with the principles of the Circular Economy. These activities were also supported by the "End-of-life tyre (ELT) management Toolkit" (2021), with the specific objective of supporting the development and improvement of end-of-life tyre management systems, a natural consequence of the analysis presented in the report "Global ELT Management - A global state of knowledge on regulation, management systems, impacts of recovery and technologies", a document that presents

⁹⁵ <http://www.oecd.org/chemicalsafety/nanosafety/nanotechnology-and-tyres-9789264209152-en.htm>.

⁹⁶ [www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=env/jm/mono\(2020\)36/REV1&doclanguage=en](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=env/jm/mono(2020)36/REV1&doclanguage=en).

the current state of end-of-life tyre management in 45 countries, together with an analysis of regulations, management systems and recovery methods.

Following the publication in May 2021 of the “Sustainability Driven - Accelerating Impact with the Tire Sector SDG Roadmap”, which is a Sustainable Roadmap for the sector, identifying how the value chain interacts with the UN Sustainable Development Goals (SDGs), TIP is moving forward with its activities taking into consideration the areas where the sector can contribute most.

This **Sustainable Roadmap** also led to highlighting the need for TIP to evolve through the revision of its mission, organisational and governance structure, The evolution of TIP was guided by a Task Force that led to a broadening of its mission, which now, in addition to reaffirming its founding objectives, aims to anticipate, understand and address global Environmental, Social and Governance (SDG) issues relevant to the industry and its value chain. The organisational structure was expanded with the creation of a new “Action & Engagement” area, which complements the “Research” area, with which TIP aims to target actions on key ESG issues and coordinate interaction with TTAs and stakeholders. Within this area, activities have already been launched on two topics considered key for the sector: “TRWP Impacts Mitigation”, which aims to map all possible TRWP impact mitigation actions and their potential worldwide, and “UN Treaty on Plastics Pollution” (Advocacy Strategy), which aims to participate in the negotiations on the development of the “UN Plastics Treaty”, preparing industry position papers and identifying alternative circular economy solutions.

TIP’s dialogue with the leading Tire Trade Associations (TTAs) ETRMA/USTMA/KOTMA/JATMA within the *ad-hoc* Global Dialogue platform continued in 2022, with the aim of sharing the progress and results of TIP’s activities and supporting them in interacting with their stakeholders.

The Transforming Urban Mobility project, which brings together international companies from the automotive, auto parts, transportation, oil & gas, utilities and information and communication technology sectors, aims to promote and accelerate the transition to safe, universally accessible and environmentally friendly urban mobility. The project is divided into workstreams to analyse in detail the new trends in future mobility such as electrification and data sharing, as well as a new workstream focusing on commuting as a key element of urban mobility on which companies can make a strong sustainability contribution. Project members will also interface with cities to discuss the most suitable and concrete solutions for each context.

The Future of Work Project brings together leading companies from different sectors to combine their respective insights, innovations and influences to create strategies, business models and develop scalable business solutions to address the challenges that characterise the future of work, i.e. rapid technological change, socio-economic polarisation, changing workforce expectations. The aim is to pursue an equitable, diverse, inclusive and empowering future of work, with the interests of people at its core. For more information on the project and to access the documentation developed to date, please visit the “Future of Work” section of the WBCSD website.

Among the WBCSD initiatives supported in recent years is the signing by the Group CEO of the “CEO Guide on Human Rights”, published in 2019 with the aim of promoting respect for human rights by companies and their suppliers and business partners.

SOS 1.5 Project

To maintain the world as a safe operating space, we need to keep the temperature rise to a maximum of 1.5°C above pre-industrial levels. Achieving this will require a rapid transformation of systems, to decarbonise on an unprecedented scale, and the private sector has a crucial role to play in the process. Companies must match their climate ambitions with sound implementation strategies to accelerate the systems transformation we need.

The SOS 1.5 project is designed to support these companies to develop the strategy to shift their corporate footprint to net-zero carbon, to collectively identify and remove barriers to a low-carbon economy and to mobilise their value chain in the same direction. Climate risk exposure management (adaptation) is the new project work stream for 2022. The project includes expertise, co-developed orientation and innovative tools and solutions tailored to the maturity level of our members.

Main workflows:

- Accelerating the climate journey
- Improving global standards and methods
- Scope 3 Carbon transparency (Incl. new automotive sector deep dive)
- Climate Value Accounting for Products, Technologies and Services
- Adapting to climate risk and building business resilience (in scoping)

IRSG – International Rubber Study Group

Pirelli is a member of the Industry Advisory Panel of the International Rubber Study Group (IRSG) based in Singapore, an intergovernmental organisation that brings together producers and consumers of rubber (both natural and synthetic), acting as a valuable platform for discussion on issues regarding the supply and demand for natural and synthetic rubber. It is the principal source of information and analysis on all aspects related to the rubber industry. Within IRSG, Pirelli participated in the Sustainable Natural Rubber Project, which resulted in the management guidelines for the Sustainable Natural Rubber Initiative (SNRi) launched in 2014, during the World Rubber Summit.

IRSG, following the signing in 2019 of a Memorandum of Understanding with the Global Platform for Sustainable Natural Rubber (GPSNR), continued its collaboration to achieve the common objectives with regard to the sustainable production and consumption of natural rubber.

During 2022, IRSG decided to recalibrate the IRSG Model to forecast the demand and supply of natural and synthetic rubber by factoring in new determinants or changes in the industry, as well as risk factors related to climate change.

Moreover, as recommended by IAP members at the meeting held in May 2022, IRSG launched a Scenario Analysis Working Group to discuss the set of variables, which could affect the global rubber supply and growth in demand and any likely scenarios, as well as supporting a better-quality global strategic dialogue on the future of the rubber economy.

Regarding climate change risks, IRSG promoted a coordinated action with the main R&D organisations dealing with natural rubber (IRRDB, CIFOR and CIRAD) in order to establish a common understanding of the main actions needed to safeguard and sustainably increase natural rubber production, while contributing to climate mitigation goals.

A webinar on 'Natural Rubber and Climate Change: Towards COP27' was organised by IRSG, IRRDB, CIFOR and CIRAD in November 2022 to reinforce the message that including natural rubber in the National Determined Contributions (NDCs) and National Adaptation Plans (NAPs) of the governments of producing and user countries represents an opportunity to adopt an integrated approach.

IRSG participated as a member in the launch of the Forest, Trees and Agroforestry Partnership FTAP held in Seoul as a side event at the World Forestry Congress in Korea in May 2022. The FTAP will focus on enhancing the forests, trees and agroforestry contributions to the SDGs. A foresight workshop was held on 23 November 2022 to kick-start a stream of work on foresight, emerging issues and new responses and narratives on forests, trees and agroforestry and more broadly on the world's landscapes.

EU-OSHA – European Occupational Safety and Health Agency

In 2022, for the fourteenth consecutive year, Pirelli continued to be an official partner of the European Occupational Safety and Health Agency (EU-OSHA), which addresses a different problem every two years. In particular, in 2020 Pirelli adhered to the 2020-2022 campaign "Healthy Workplaces Lighten the Load" which is dedicated to raising awareness of ergonomic risks in the workplace and the prevention of related musculoskeletal disorders.

The campaigns in which the Company has participated in recent years include the 2018-2019 "Healthy Workplaces Manage Dangerous Substances" campaign aimed at raising awareness of the risks posed by hazardous substances in the workplace, the 2016-2017 "Healthy Workplaces for all Ages" campaign dedicated to the importance of a sustainable working environment that ensures the health and safety of employees throughout their lives, and the 2014-2015 "Healthy Workplaces

Manage Stress” campaign, focused on the issue of stress and psycho-social risks in the workplace, the main aim of which was to encourage employers, managers and workers and their representatives to work together to manage these risks.

CSR Europe

Since 2010 Pirelli has been a member of the Board of CSR Europe, the leading European network of companies for sustainability and corporate responsibility. CSR Europe supports companies and industries in their transformation and collaboration towards practical solutions and sustainable growth. The goal is systemic change both to achieve the SDGs and to build with European leaders and stakeholders a global strategy for a sustainable Europe 2030.

Pirelli has been supported by CSR Europe in the organisation and moderation of its Stakeholder Dialogues, which the Company holds at the local Affiliate level or internationally at Headquarters.

In this regard, reference should be made to the Stakeholder consultations held in Romania, Mexico, Germany, Turkey, Russia, Argentina, the United Kingdom and the United States. CSR Europe moderated the two multi-stakeholder consultations held by Pirelli for the definition of the Company’s Sustainable Natural Rubber Management Policy, the related Implementation Manual and the Activity Roadmap, published on Pirelli website.

For more information on CSR Europe’s many areas of activity, see www.csreurope.org.

International Commitments against Climate Change

For years Pirelli has shown its commitment to the fight against climate change, promoting the adoption of adequate energy policies aimed at the reduction of CO₂ emissions.

In 2022, Pirelli requested the Science Based Targets initiative (SBTi) to upgrade its greenhouse gas emission reduction targets in line with the level that science requires to keep climate warming within 1.5°C, as recommended in November 2021 by the Glasgow Climate Pact, signed after the COP26 (United Nations Conference of the Parties). In May 2022, the new 2025 absolute CO₂ emission reduction targets set by Pirelli for its production processes and supply chain obtained formal validation by the SBTi, which judged them to be consistent with the actions necessary to contain the increase in the Planet’s temperature within 1.5°C. In 2020, Pirelli had already obtained validation by the SBTi of its emission targets that envisaged actions to contain temperatures “well below 2°C”, as indicated by the 2015 Paris Agreement, which were reached at the end of 2021, 4 years ahead of the original deadline.

In June 2022, Pirelli also expressed to SBTi its commitment to the Net Zero standard for the formalisation, within two years, of a long-term target to reduce value chain emissions by around 90% by 2050 at the latest.

In 2021, the Company, together with UNGCN Italy and other major Italian companies, worked on the drafting and launch of the position paper “Italian Business and Decarbonisation: a just and inclusive transition” with the aim of leveraging the commitment of Italian companies adhering to the UN Global Compact on the issue of decarbonisation.

In September 2018, the Company joined the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), committing to voluntarily disclose information on risks and opportunities related to Climate Change as outlined in the TCFD recommendations.

Over the years, Pirelli has also participated in numerous events and projects such as the Climate Conferences “COP24” in Katowice (2018), “COP23” in Bonn (2017) and “COP22” in Marrakech (2016), the “Business for COP21 Initiative” (2015) and participated in several side events organised during the “COP21” Climate Conference in Paris (2015).

Throughout 2014, the Group joined the “Road to Paris 2015” project and signed three initiatives consistent with its sustainable development strategy: Responsible Corporate Engagement in Climate Policy, Put a Price on Carbon, Climate Change Information in Mainstream Filings of Companies Communication.

Also in 2014, the Company signed the Trillion Tonne Communiqué, the document that requires global emissions over the next 30 years to remain below the trillion tonnes of greenhouse gases in order to avoid a rise in average global temperature higher than 2°C.

Pirelli has also signed numerous international agreements such as “The Carbon Pricing Communiqué” (2012), the “2nd Challenge Communiqué” (2011), the “Cancún Communiqué” (2010), the “Copenhagen Communiqué” as well as the “Bali Communiqué” (2007), the first document for the development of concrete strategies for a global climate agreement to be implemented through a joint government intervention.

COMPANY INITIATIVES FOR THE EXTERNAL COMMUNITY

As specified in the Group “Code of Ethics”, Pirelli provides support to educational, cultural and social initiatives for promoting personal development and improving living standards. The Company does not provide contributions or other benefits to political parties or trade union organisations, or to their representatives or candidates, this without prejudice to its compliance with any relevant legislation.

Since its founding in 1872, Pirelli has been aware that an important role in the promotion of civil progress in all the communities where it operates and, capitalising on the Company’s natural strengths, it has identified three focus areas: road safety, technical training and inclusion through sporting activities for young people.

Pirelli for some years now has adopted an internal procedure to regulate the distribution of gifts and contributions to the External Community by Group companies, in relation to the roles and

responsibilities of the functions involved, the operational process of planning, realising and monitoring the initiatives and the disclosures regarding the same. Essential support in the identifying of the actions that best satisfy local requirements comes from the dialogue with locally operating NGOs. Priority is given to those initiatives whose positive effects on the External Community are tangible and measurable according to objective criteria. The internal procedure also specifies that no initiatives may be taken in favour of beneficiaries for whom there is direct or indirect evidence of violation of human rights, worker rights, environmental protection or business ethics.

The contributions to the External Community by Group companies are part of a broader strategy to support the achievement of the Sustainable Development Goals of the United Nations (SDGs), in the sections “Planning of UN Sustainability and Sustainable Development Goals” and “UN Global Compact”.

The amount of the disbursements in support of the External Community incurred by Pirelli in 2022 is shown in the section “Contributions to the External Community”, of this report.

Road Safety

Pirelli is synonymous worldwide not only with high performance, but also safety. Together with environmental protection, road safety is the key element of the Eco & Safety Performance strategy that inspires the Group’s industrial and commercial choices. Pirelli’s commitment to road safety takes the form of numerous training and awareness-raising activities, but above all it translates into research and the ongoing application of innovative technological solutions for sustainable transport.

Pirelli’s commitment to road safety passes first and foremost through the product: the tyre is in fact the only part of the vehicle that interfaces directly with the road and as such is a fundamental element of road safety. Road safety has always been a cornerstone of the Pirelli brand. “POWER IS NOTHING WITHOUT CONTROL™” is Pirelli vision of mobility, which combines performance and safety. Structural and material improvements to improve traditional safety performance such as road grip, wet and dry braking, are combined with the most advanced technologies such as RUN FLAT™ and SEAL INSIDE™, which bring road safety to a higher level, allowing you to maintain control even in the most critical moments, such as a puncture.

Pirelli’s commitment to road safety does not stop with product innovations, but also extends to the promotion of the principles of road safety and safe driving through participation in dedicated projects and campaigns.

Bearing witness to this commitment, Pirelli in 2018 joined the United Nations “Road Safety Fund” which aims to support States to reduce the number of deaths and injuries caused by road accidents. The Fund supports the implementation of national plans, as well as concrete actions and projects aimed at improving the safety of infrastructure and vehicles, promoting the correct behaviour of road users and managing the post-accident period efficiently.

Also at Group level, as part of its collaboration with the WBCSD (World Business Council for Sustainable Development), Pirelli participated in the “Transforming Urban Mobility” project, which explores the major trends in mobility (electrification, data sharing and shared services) to promote solutions that are more sustainable and thus safer, cleaner and more efficient. For further details on Pirelli’s involvement in this project, reference is made to the section “WBCSD” of this report.

There are numerous road safety initiatives implemented in the countries where the Group operates.

In Italy, in 2022, the partnership with the University of Milan Bicocca was strengthened and the circle of contacts with neighbouring companies was widened, with whom an informal round table was set up on the subject of mobility management and road safety in the area, issues on which representatives of the city administration are constantly involved. This is also the background to the collaboration with the traffic police, which, together with the Red Cross, the Fire Brigade and a number of local NGOs, organised an in-depth event on the subject of road safety on the occasion of the Day of Remembrance for Road Victims in November. The issue of road safety on mountain roads was explored in depth at the Seminar, organised by the Universities of Brescia and Parma, also sponsored by Pirelli and held in Ponte di Legno in March, while attention to sustainable and safe mobility for children was the focus of the initiative Siamo Nati per Camminare (We are born to walk) promoted by the Genitori Antismog association with the patronage of the Municipality of Milan and aimed at children in Milan’s primary schools.

In the second part of 2022, two important regional and national projects were launched, both with a particular focus on sustainable mobility, understood here as safer, environmentally-friendly, efficient and accessible mobility that strengthens national competitiveness through practical and scalable solutions: the MOST (National Centre for Sustainable Mobility) and MUSA (Multilayered Urban Sustainability Actions). Both are part of the actions envisaged within the PNRR and have a multi-year horizon, but while the MOST is totally focused on sustainable mobility at a national level, the second has a broader scope on the theme of urban regeneration, where mobility is in any case a fundamental aspect but not the only one, and has a local perimeter focused on the Lombardy region and more specifically on Milan. Pirelli in these projects acts on the one hand by contributing to the development of sustainable tyres in terms of rolling resistance reduction, material sustainability and digital integration, and on the other hand by foreshadowing the main characteristics of the city of the future and identifying the mobility services that will enable its increasingly sustainable development. In the United States and Canada, “Tire Safety Week” was organised, a series of initiatives on safe driving that also involved other tyre manufacturers. In the UK, Pirelli made a donation to TyreSafe, an organisation dedicated to spreading education about proper tyre maintenance and the danger posed by defective or illegal tyres.

In 2022, Pirelli continued to invest in various initiatives in favour of road safety education on two wheels. In particular, the commitment focused on collaboration with driving schools for the training and development of practical and safe experience on the road, tracks and off-road. The various initiatives include partnerships with the Enduro Republic, Motorace People, Tutti Pazzi per la Pista and Scuola Motociclismo, as well as the days of free practice on the track organised directly by Pirelli: the Pirelli Trackdays.

Lastly, as in previous years, a section of the website was dedicated to driving tips, for summer and winter, highlighting the important role played by the tyres in the active safety of vehicles and its occupants.

Training

The promotion of technical education at all levels and training are long-standing values that are well-established in the history of Pirelli. The Group continues to benefit from technical and research cooperation with various Universities in the world including the Politecnico of Milan, the Politecnico of Turin, Bocconi University and the SDA Bocconi Business School and the Bicocca University of Milan in Italy, the University of Craiova, the University of Pitesti in Romania, the University of Qingdao in China, and the Technical University of Darmstadt, the University of Applied Sciences in Darmstadt and the DHBW of Mannheim, Germany, to name a few.

The Company supports educational and didactic programmes that are able to give less fortunate young people the tools to improve their condition; it contributes scholarships and research projects, firmly believing in training as vital to individual growth and the economic growth of a country.

In China, Pirelli sponsored 40 scholarships for Science and Technology students of the University of Qingdao. Meanwhile in Turkey, the company supported through the donation of 10 laptops, an institute that helps children in need, the Turkish Education Foundation (TEV). In addition, the company has organised a cafe-library space within the TEV premises for scholarship students. In Brazil, Pirelli supported the Educandario initiative, helping around 750 children and young people.

In Romania, partnerships with the Universities of Craiova, Pitesti and the Polytechnic University of Bucharest concerned the awarding of scholarships and continued during 2022. 2022 was the fifth year of a project at Pirelli Slatina (Romania), involving dual studies in which 48 mechanical and electronics students received a monthly scholarship and did practice sessions at the factory. Pirelli makes monthly disbursements and the scholarships are renewed annually based on results. In the summer the students work in internships at Pirelli, and after graduation they can be hired at Pirelli.

In Spain Pirelli offered space to host a student workshop, where students made a design to build a single-seater racing car, and a motorcycle, to compete in the international race “Formula Student” which saw the participation of nearly 500 teams from all over the world. In Indonesia, Pirelli has worked with local schools to develop skills applicable to work. The company donated funds for the renovation of a primary school, and supported an organisation that promotes entrepreneurship through capital and training.

Pirelli also organised visits for high school students and engineers to the former factory and energy plant. In Russia, the company also hosted student visits.

In Germany, with funds raised by employees and the company, purchases were made of digital devices for kindergarten children, books for the library of a primary school, and a device to promote awareness for children with disability.

In Argentina, Pirelli's experts gave lectures in local technical schools on safety in the workplace and how to get a job, with the participation of more than 250 students. Pirelli also gave a training course on vocational training guidance for the community. Finally, the company made a donation of 111 chairs to a local technical college.

In the United States, Pirelli contributed to the Rise & Thrive project of the local Chamber of Commerce in Rome, Georgia, which aims to develop skills applicable in the local industrial fabric.

In Italy, during 2022, the Percorsi per le Competenze Trasversali e per l'Orientamento (PCTO) project continued in Settimo Torinese. The project involves classes from chemical and technological high schools in the area and aims to accompany the students belonging to the classes involved, in order to guide them to discover what a company is, to support them in understanding the main dynamics of company management and to help them in the delicate phase of professional choice and orientation. Adhering to the project, Pirelli supports the territory in the promotion of school excellence and internally promotes the management of generational diversity thanks to the involvement, within the project, of senior Pirelli colleagues in the role of mentors and guides for the young students involved.

Pirelli continued its collaboration with natural rubber supplier Kirana Permata in Indonesia to train natural rubber farmers on sustainable farming methods, preserving and prolonging the life of hevea trees. In addition, the collaboration concerned the provision of scholarships for the children of these farmers. The beneficiaries of the projects were approximately 90 farmers and 80 students.

Sport and Inclusion

There is a close link between solidarity and sport, in a virtuous circle where commitment to sports becomes synonymous with the commitment to promoting solidarity and ethics, especially amongst young people. Getting young people involved in sport is a way to teach the notion of integration to children from different social groups and helps prevent negative situations like isolation and solitude.

Since 1997, Inter Campus has developed social, flexible cooperation and long-term actions, in 30 countries around the world with the support of 300 local operators, using football as an educational tool to offer needy boys and girls aged between 6 and 13 the right to play.

Since 2008, Inter and Pirelli, along with a local partner, have been running the Inter Campus social project in Slatina, Romania. The sports and recreational activities are organised for the entire year, involving over 100 children from different social contexts who have been learning team spirit, social integration and the values of friendship through football for years.

Since 2012, Pirelli and Inter have replicated the experience of Inter Campus in Mexico: Inter Campus Silao, near the Pirelli factory, inaugurated by President Felipe Calderon, involves about 120 children from the area. Following the pandemic, sporting activity resumed with much enthusiasm on the part of the participants.

In Russia, Pirelli organised sports activities for children from three orphanages in the Voronezh area.

In France, Pirelli contributed to the Special Olympics in support of activities for athletes with disabilities.

In Brazil, Pirelli supported football, volleyball and judo programmes, and sponsored karting lessons for 80 youngsters. The Seci Social football programme in Santo André involves some 532 children in after-school activities. As a matter of interest, music and dance activities are also available. Meanwhile judo classes were held online due to the pandemic involving more than 1400 children.

In the United States, Pirelli sponsors a football programme at the YMCA in Rome, Georgia, while in Germany Pirelli has supported a jump rope team for participation in the European Championship in Bratislava. The company in Germany also donated sports equipment to the primary school in Sensbachtal.

Social Solidarity

The responsible approach taken by Pirelli to involvement and inclusion takes the form of social solidarity activities worldwide. The pandemic has severely affected millions of people around the world.

In Spain, Pirelli made a donation to the NGO Caritas Catalunya to support about 18 families for about three months. In addition, the Company supports the Santa Clara Convent Foundation, which manages programmes that provide food to needy families. Pirelli has made a warehouse available for the storage of food for the needy.

In Moscow, Pirelli since 2015 has contributed to the “Chance” project, which provides private lessons to about 600 orphans from various orphanages. In Kirov, Pirelli donated funds and chairs to the Nadezhda orphanage, and in Voronezh Pirelli gave gifts to the elderly, support to motherless children, and support to the orphanage in Anna.

In Romania, Pirelli participated in a fundraising event for the Parada Foundation to support homeless children. Social and cultural activities for the Slatina community continued in 2022, such as the street food festival and local charity markets.

In China, Pirelli supported 32 orphaned and/or impoverished children in Yanzhou. In Indonesia, Pirelli made a donation to support 70 elderly people for a year. In Turkey, Pirelli donated tyres for the service vehicle of the Association of the Disabled, and supported an institute that fights discrimination against people with Down syndrome.

Meanwhile, in Germany, Pirelli made a donation to “Aktion behindertes Kind” to support the Finkennest youth home for children with disability.

In Brazil, Pirelli supported several social solidarity activities: “Aprender Brincando”, an after-school project with activities for 200 children (run online during the pandemic); “Servico de Convivencia Meninos e Meninas”, also an after-school activity involving 50 children; and “Projeto Guri”, an important musical activity involving more than 290 children and young people.

In Mexico and the United States, donations were made to the non-profit organisation United Way and the local government, a new after-school project in Puerto Interior in Silao, near the Pirelli factory. The initiative, called “Rodando Juntos por la Niñez”, involves about 200 children from the disadvantaged population, aged between 6 and 12. The children are offered workshops divided into five areas: socio-emotional, educational reinforcement (to resume the teaching lost in the Covid-19 era), hygiene and health, environment, and life projects (to stimulate the children to set short- and long-term goals and learn discipline and decision-making).

Also in Mexico, Pirelli, facing an emergency following an increase in stray dogs, created a kennel adoption service. A team of Pirelli volunteers took care of collecting the dogs, their hygiene and vaccinations, and an adoption programme with local families. The project was a great success.

Pirelli also contributed to emergency response activities with a donation to the Jiaozuo Red Cross in China, with the Fucheng Sub District Office, Zhongzhan District. In Indonesia, Pirelli donated funds for the rehabilitation of a road following a landslide. Also in Germany the company supported a local fire brigade initiative for aid to Ukraine, and in the UK Pirelli supported the NGO Homes for Ukraine. In Romania, Pirelli employees made a fundraiser and donation through the Red Cross to support Ukrainian families affected by war.

In March 2022 Pirelli donated €500,000 to help Ukrainian refugees affected by the war, supporting UNHCR and the Italian Red Cross, as well as promoting a collection campaign among its employees.

Health

It should also be mentioned that in Brazil Pirelli supported the Pequeno Principe paediatric hospital and the Casa da Crianca Paralitica, an institute that offers free rehabilitation treatment for children with physical and neurological disabilities.

In Turkey, Pirelli employees ran a marathon to raise funds and donate them LOSEV, a foundation for children with leukaemia. In Indonesia Pirelli donated vitamins and kits to fight malnutrition and support the growth of children. It also helped with the collection of blood donations.

In the UK Pirelli has dedicated many donations to health initiatives, such as Hospice at Home, Birmingham Children’s Hospital, Cancer Research UK, Eden Valley Hospice Light Up A Life, Prostate Cancer UK, Alzheimer’s Society, Derby & Burton Hospitals’ Charity, Parkinsons UK, and Rainbow Children’s Hospice.

Environmental Initiatives

In line with the company's vision of sustainability, Pirelli supports various environmental projects around the world.

In Mexico, Pirelli coordinated a "*llantaton*" (a "tyre-a-thon"), i.e. the collection of about 13,000 end-of-life tyres in the municipality of Leon, to promote local hygiene. The collected tyres were used as fuel for cement factories.

Reforestation is a core value for Pirelli. In Mexico, Pirelli renewed the agreement with the Institute of Ecology of the State of Guanajuato to care for an additional 10 hectares, for a total of 50 hectares, in the "Cuenca de la Esperanza," a protected area. Over the years, Pirelli has been responsible for planting more than 35,200 native trees in the area.

In the US, Pirelli partnered with The Nature Conservancy and Berry College in Rome, Georgia, to restore the Longleaf Pine species to the local mountains. Pirelli also made a donation to the Coosa River Basin Initiative.

In Indonesia, Pirelli employees collaborated with the NGO Massal and the Subang district government to replant 200 trees. Pirelli also collaborated with the Sea Turtle Conservation Group in Sukabumi to adopt 400 sea turtles, which were then released into the sea.

Furthermore, in 2022, Pirelli's commitment, in partnership with BMW, continued alongside Birdlife International for the long-term production of sustainable, deforestation-free natural rubber in Indonesia. The initiative involves part of the rainforest area of Hutan Harapan (Sumatra Island) and will be developed through a series of initiatives aimed at protecting the indigenous community, preserving a deforestation-free area of 2,700 hectares and protecting endangered animal species. The various activities will be carried out in line with the objectives of the Global Platform of Sustainable Natural Rubber (GPSNR). For more information, please refer to the chapter "Sustainability of the natural rubber supply chain".

Culture and Social Value

The internationality of Pirelli also emerges from a love for culture, with initiatives that again in 2022 found a place in a number of countries around the world. The attention to culture, and even more the commitment to preserve it, spread it and enhance it, are part of the DNA of the creation of social value.

In Italy, the company's commitment to activities that generate value for the territory is demonstrated by its numerous and consolidated partnerships with prestigious national and international cultural bodies and institutions: in particular, in the world of art, culture and history with FAI (Fondo Ambiente Italiano), Premio Campiello and Fondazione Isec - Istituto per la Storia dell'Età Contemporanea; in the world of theatre with Piccolo Teatro di Milano, Teatro Franco Parenti and Teatro No'hma Teresa Pomodoro; in the world of music, with Fondazione del Teatro alla Scala, Orchestra da Camera

Italiana, Orchestra Sinfonica G. Verdi Symphony Orchestra, the Portofino International Opera Competition, the Ravenna Festival and the MITO SettembreMusica Festival.

In the field of music, Pirelli sponsors the Mozarteum project in Brazil, in which major international classical music orchestras participate. In 2022 the concerts were also broadcast online. Also in Sao Paulo, Pirelli in 2022 sponsored the Museum of Modern Art, one of the most important museums in Latin America, and the Pinacoteca de Sao Paulo. Still in São Paulo, Pirelli will be sponsoring plastic arts workshops for the elderly, social institutions, students and teachers in 2023, courses aimed at restoring manual skills and dignity following the pandemic. Pirelli also supports the Em Busca da Infancia Prometida project, an arts education programme for teachers in children's schools. In 2022, Pirelli also sponsored a festival for motorcyclists with music and art events, as well as sponsoring the Italian Film Festival in São Paulo.

In Germany, Pirelli supported a musical night of the Verein zur Forderung der Kirchenmusik in Michelstadt. And in the US, Pirelli supported the Rome Symphony Orchestra.

FONDAZIONE PIRELLI (PIRELLI FOUNDATION)

One of the missions of the Fondazione Pirelli, or Pirelli Foundation, established in 2008, is the **preservation of the Group's historic and cultural heritage and the enhancement of its corporate culture** through **initiatives with a strong social and cultural impact**, exhibitions, as well as in collaboration with other cultural institutions. During 2022, as the health emergency situation continued, the alternation of digital and in-person activities continued, with short periods of closure of exhibition and archive spaces in the first period of the year only. The year 2022 was especially dedicated to the company's 150th anniversary celebrations. Among the main ones, the following are worth mentioning:

Publishing project “Una storia al futuro. Pirelli, 150 anni di industry, innovazione, culture” (A History Aimed at the Future. Pirelli, 150 years of industry, innovation, culture”

The book is a multi-voice account of **Pirelli's main technological innovations** and the protagonists of the company's research world. The book, published by **Marsilio** in Italian and English versions, includes contributions from representatives of institutions, including the former Minister of Universities and Research Maria Cristina Messa and the rectors of the Polytechnic Universities of Milan and Turin, Ferruccio Resta and Guido Saracco, from great Italian authors, such as Bruno Arpaia and Ernesto Ferrero, and international authors, such as **Ian McEwan**, **Geoff Mulgan** and **David Weinberger**, as well as protagonists from the worlds of architecture, music, culture and journalism such as **Renzo Piano**, **Salvatore Accardo**, Giuseppe Lupo and Monica Maggioni. The book is also enriched by an iconographic and documentary apparatus from the company's Historical Archive and by an unpublished **reportage on innovative and sustainable raw materials and materials** in the **Research & Development laboratories of the Pirelli Headquarters in Milan Bicocca** commissioned to photographer Carlo Furgeri Gilbert.

“Pirelli, When History Builds the Future” exhibition at the Pirelli Foundation

The exhibition set up in the Pirelli Foundation documents the company’s history of research and innovation: from **technical know-how**, which has its roots in the tests conducted in **sporting competitions** “from the track to the road”, to the activities of heritage enhancement, passing through the technical documentation relating to the design and development of products and machinery displayed in a new area of the Historical Archive. The multimedia installation “**Inner Future**”, curated by NEO [Narrative Environments Operas], and the report “**Shapes, Patterns, Movements and Colors**” by Carlo Furgeri Gilbert complete the narrative by offering a glimpse into the future. The exhibition also has a digital development at pirellibuildsthefuture.org.

Triptych of coins and commemorative stamps

In January, the **Poligrafico e Zecca dello Stato** and the **Ministry of Economy and Finance** presented the Stamp Collection 2022, which also includes a triptych of commemorative gold and silver coins dedicated to the Pirelli Group in the “Eccellenze Italiane” series of its catalogue. A stamp dedicated to the company was also issued on 28 January 2022 as part of the thematic series “The Excellence of the Production and Economic System”.

Travelling exhibition “Pirelli, tales of enterprise. 150 years of history between passion and innovation”

In collaboration with the Communications Department, the Pirelli Foundation created an **exhibition itinerary**, with digital development, **for corporate markets abroad**. Among the countries that have realised the exhibition route for initiatives dedicated to the domestic, business, cultural and institutional community, in company premises or at museums, embassies, consulates, are Brazil, China, France, Spain, Switzerland, USA and the UK. The exhibition was also set up for the launch of the Pirelli Diablo 4 Corsa, organised by the Moto BU at Mugello, and was also shown in the Pirelli Pzero Experience Lounge (WW).

Digital projects for the leveraging of historical heritage and corporate culture

The expansion of digital tools and the schedule of communication activities continued, in order to reach an increasing number of users. The graphic restyling of the fondazionepirelli.org website has been designed and completed, and new sections have been implemented dedicated to the virtual tours of the **Pirelli Foundation**, the **Bicocca degli Arcimboldi** and the “**Storie del Grattacielo**” exhibition. The fondazionepirelli.org website, together with the other digital projects, were visited a total of **102,208 times** (+4.4% vs. 2021). The **chatbot** on the website’s home page underwent a graphical overhaul. The monthly issues of the **newsletter “Fondazione Pirelli e-news”** reached an average of about **3,000 contacts**. The “**Foundation Recommendations**” **section of the website** was implemented with the publication of **97 book reviews**. In the context of digital projects dedicated to the promotion of reading, it is also worth mentioning the reviews and video interviews published on social channels and Vimeo for the “**Premio Campiello 2022**”, an initiative sponsored by Pirelli (post coverage: **39,464**). The social accounts of the Pirelli Foundation (Facebook, Instagram, Twitter) have reached **14,777 followers** (+ 4.5 vs 2021), with a total coverage of **21,714,978** (+ 389.2% vs

2021). What was produced was **1,173** pieces of content, including **145** stories. The published videos reached a **total of 655.7K views** on the Facebook platform and were also channelled through the Vimeo channel, which totalled **4,584 views**. Also in 2022, the Pirelli Foundation contributed to the implementation of **editorial plans for the Pirelli Corporate channels**.

Reading Promotion Initiatives

- As part of the sponsorship of the Campiello Prize, the **first edition of the Campiello Junior Prize**, an award for Italian works of fiction and poetry for children, came to an end and the **second edition** was launched, with the introduction of two separate categories: children between the **ages of 7 and 10** and children between the ages of **11 and 14**. Between March and April, two events were organised to promote the three finalist authors of the first edition of the Prize and interviews were conducted and published on the Foundation's social channels. On 6 May at H-Farm, in Roncade (TV), the winner of the Prize was announced: Antonella Sbuelz with the novel "Questa notte non torno", published by Feltrinelli. On **16 December, the selection of the two finalist trios** for the second edition of the Campiello Junior Prize took place live via streaming from the Pirelli HQ Auditorium.
- **Pirelli corporate libraries**: the combined **library holdings** of the Bicocca and Bollate libraries now exceeds **9,000 catalogue titles**; the Bicocca library recorded over **1,400 loans**, more than **2,000 movements** in total and about **600 users** registered between the two libraries. The **Biblionews** newsletter, with reviews and regular updates on books and libraries, reaches around **330 subscribers**.

Pirelli Educational Foundation: educational and training projects for students and teachers

- Educational workshops aimed at primary and secondary schools: the courses for the second quarter of the 2021/2022 school year and the October-December 2022 period involved a total of **over 3,320 students** and **over 220 teachers**. In the first part of 2022, teaching activities continued mainly in digital mode, while in-person visits to the Pirelli Foundation headquarters also started again in September. On 19 September, the 2022/2023 educational programme "Quando la cultura fa il pneumatico" ("When culture makes the tyre") was presented and in-person and virtual tours were organised for teachers, with a total of **around 70 people** registering. Where requested and subject to an agreement, training credits were recognised under the PCTO - Percorsi per le Competenze Trasversali e l'Orientamento (Courses for Cross-Competencies and Orientation). **Co-operation with colleagues in the Research and Development Department** for visits to experimental and chemical laboratories was reactivated. In addition, more than **200 teachers** attended the 10th edition of the **training and refresher course for Cinema & History teachers**, entitled "L'Italia tra declini e rinascite. Una storia economica" ("Italy Between Decline and Rebirth. An Economic History"), organised in collaboration with Fondazione Isec and Cinema Beltrade.
- Projects aimed at **universities** and **graduate schools**: in 2022 about **130 students** took part in workshops organised by the Pirelli Foundation with specific focuses: technological innovations related to tyre production, business history, advertising graphics. The institutions involved were:

Politecnico of Milan (Architecture and Design Faculty), University of Milan-Bicocca, Raffles Milano-Istituto di Fashion e Design, Darmstadt Technical University (Germany).

- Other projects in the educational field: - support for the **National Chemistry Competition** at the Molinari Institute in Milan and guided tours of Pirelli's chemistry laboratories, the Pirelli Foundation and Headquarters **for 36 teachers from all over Italy**; - participation in the **10th Festival of Innovation and Science** in Settimo Torinese with the talk *Pirelli e il nostro futuro sulle strade. Mobilità sostenibile, pneumatici innovativi e sicurezza stradale (Pirelli and Our Future on the Road. Sustainable mobility, innovative tyres and road safety)*, meeting dedicated to secondary schools (**74 participants**); - *Parole in viaggio. Un gioco che parte dalla scuola (Words on the road. A game that starts at school)*: on the occasion of the **21st Corporate Culture Week**, an event dedicated to students aged 10 to 14 on the theme of reading was organised in the Pirelli HQ Auditorium (**155 participants**).

Initiatives to promote corporate culture

More than 2,100 people took part in online and in-person activities dedicated to **promoting corporate culture** in **2022**, including: - **Museocity** with the online game “Back to Bicocca. Pirelli and the places of industry”; - **Trento 2022 Festival of Economics**, with the presentation of the book “Una storia al futuro” and the performance of the musical piece *Il Canto della Fabbrica* by the Italian Chamber Orchestra conducted by Maestro Salvatore Accardo; - **21st Corporate Culture Week**, with guided tours of the exhibition *Pirelli, When History Builds The Future*; - **Bookcity** with the event *Una storia al futuro. Racconti d'impresa tra ricerca, innovazione e cultura (History aimed at the future. Tales of business between research, innovation and culture)*, at the Corriere della Sera Foundation; - **Archivi Aperti**, with guided tours and workshops for children. Also in 2022, the Foundation supported the P Lunga training course, organised by the HR Department.

Lending of materials to the external community, historical and iconographic research and production of editorial content to support the brand

There were **145 requests** relating to the setting up of plants, fairs, events, Pirelli offices in Italy and abroad, loans of materials for exhibitions and publications edited by other institutions, historical videos and documentaries, interviews, theses by scholars and researchers.

Among the main ones:

- for **trade fairs, events, offices and factories**: new fitting out of the **Cycling factory in Bollate**, fitting out of the offices in the **Campinas factory in Brazil**, the **Pirelli offices in Atlanta, Yanzhou (China)** and the new **Digital Solution headquarters in Bari**; the Pirelli stand at **MIMO (Milan Monza Motor Show)**, **Tyre Fair Cologne**, **Eurobike**, **Autopromotec** in Bologna.
- for **exhibitions**: participation in the **27th Edition of the ADI Compasso d'Oro Award** and the related exhibition at the **ADI Museum in Milan** with the project “Storie del Grattaciolo” (“Skyscraper Stories”); “**Motion. Autos, Art, Architecture**” at the Guggenheim Museum Bilbao; “**Italy and the International Graphic Alliance. 25 charts from the 1900s**” at the Magazzino

delle Idee in Trieste; **“Ovunque è Legnano. Da Legnano al mondo su due ruote”** (Everywhere is Legnano. From to the world on two wheels” at the Fratelli Cozzi Museum; **“Antonio Bassanini Constructor from the 1900s** at the ADI Design Museum in Milan.

- for **publications**: the **catalogue** of the exhibition **“Donne in equilibrio”** (“Women in Balance”), produced by the **Salvatore Ferragamo Museum**; an unpublished game-book signed by **Pino Tovaglia “Una storia lunga come”**, published by Lazy Dog, and the monograph **“Alberto Rosselli. Architettura, design e Stile Industria”** (“Alberto Rosselli. Architecture, Design and Style Industry”), published by Quodlibet.
- for films and documentaries: the **documentary “Il tempio della velocità”** (“The Temple of Speed”), on the centenary of the **Monza circuit**, and the **film** dedicated to the life of **Enzo Ferrari**.

Also in 2022, participation in seminars and conferences dedicated to Pirelli’s corporate culture.

Processing of Pirelli Group Historical Archive materials and asset management

- **Historical Archives: 3,592 documents catalogued, 25,673 digitalised, 1,463 restored** (documentary, iconographic, photographic - with focus on rallies - product data sheets relating to the Research and Development section).
- Uploading of more than **8,600 digital assets** (photographs, videos, documents) for a total of **45,246 assets uploaded onto the Digital Asset Management platform** for the long-term preservation of digital material.

In addition, the recovery and transfer of the **historical archive of the former Pirelli factory in Manresa (Spain)**, containing photographs, advertisements, audiovisual items on film and technical documentation related to products and machinery, was carried out and started.

PIRELLI HANGARBICOCCA™

Pirelli HangarBicocca™, which with its 15,000 square metres is one of the largest exhibition venues in Europe, is a space dedicated to the production, exhibition and promotion of contemporary art, created in 2004 from the reconversion of a vast industrial facility into an arts centre. The vocation of Pirelli HangarBicocca™ is that of a place open to the city and its hinterland, of an institution that accompanies the normal exhibition activity with a range of programmes intended to bring contemporary art closer to an Italian and international public, made up of art experts, representatives of the most important museum institutions, trade journalists and the general interest press, as well as an equally vast audience of enthusiasts, students, families and non-specialist users.

In line with its mission, in 2022 Pirelli HangarBicocca™ held solo exhibitions by the most important international artists in the context of a programme distinguished by a character of research and experimentation and special attention to site-specific projects which are capable of maintaining a dialogue with the unique characteristics of the space. The 2022 artistic programme, curated by Artistic Director Vicente Todolí, presented artists of great international profile, alternating exhibitions of very successful names with exhibitions of emerging artists.

During the year there was a total attendance of about 165,703 visitors who visited the 4 major exhibition projects dedicated to Italian and international artists, and the permanent installations *I Sette Palazzi Celesti 2004-2015* by Anselm Kiefer and *La Sequenza* by Fausto Melotti, and the *Efêmero* mural by OSGEMEOS: This number of visitors was achieved while maintaining flow-restricting measures during part of the year.

- Anicka Yi, “Metaspore” (from 24 February 2022, closure extended to 7 August 2022). The exhibition stimulated visitors’ sensory and perceptual experience through odours, mutant shapes and disorienting biological elements. Examples of this are the multi-coloured microbial ecosystems of the work *Biologising the Machine (zoonotic spillover)*, 2022 produced by Pirelli HangarBicocca™ in collaboration with the University of Milan-Bicocca;
- Steve McQueen, “Sunshine State” (31 March to 31 July 2022). The exhibition, organised in collaboration with Tate Modern, brought together some of the most important works from the career of the Turner Prize and Oscar-winning artist and film-maker Steve McQueen. The works on display also include the new video installation *Sunshine State* commissioned by the International Film Festival Rotterdam (IFFR) and premiered at Pirelli HangarBicocca™;
- Bruce Nauman’s “Neons Corridors Rooms” (15 September 2022 to 26 February 2023), organised in collaboration with Tate Modern, London and Stedelijk Museum Amsterdam, offered an in-depth look at the spatial and architectural research of one of the most prominent living artists in the history of contemporary art. The exhibition project shed light on this specific, lesser-known and lesser-studied area of Nauman’s expressive research, which, throughout his career, investigated the human condition and the deeper meaning of making art;
- Dineo Seshee Bopape, “Born in the first light of the morning [moswara’marapo]” (6 October 2022 to 29 January 2023). The anthological exhibition, which also included the new production *Ierato laka le a phela le a phela / my love is alive, is alive* (2022) commissioned by TBA21-Academy and co-produced with Pirelli HangarBicocca™, generated a poetic visual landscape through materials such as soil, water, clay, coal, bricks, ash, grasses, wood, and natural light, offering the public a reflection on the concepts of memory and reconciliation.

The presentation of the exhibitions was accompanied by the publication of specific catalogues and texts. To accompany Anicka Yi’s exhibition, the most extensive monograph ever dedicated to the artist was produced (Marsilio Editori), *Metaspore* (2022), which includes critical texts by art historians and an unpublished interview of the artist with biologist Merlin Sheldrake. In addition to a comprehensive exhibition chronology of Anicka Yi, the volume includes a previously-unpublished

“cosmology” designed in close collaboration with the artist’s studio: a glossary with some of her most significant literary, scientific and philosophical references.

For the exhibition “Sunshine State” by Steve McQueen, the catalogue of the same name (Marsilio Editori) presents an in-depth look at the work that gives the exhibition its title, presented in the spaces of Pirelli HangarBicocca™ in a world premiere. The book brings together several essays and a rich iconographic apparatus that focus on a new selection of works conceived by the British artist and filmmaker over the last twenty years. The monograph - the first to be published in Italian - was conceived in close collaboration with the artist and designed by designer Irma Boom, whose graphic design is embellished by a series of papers that alternate to enhance the different contents they support.

Dineo Seshee Bopape’s exhibition is accompanied by the first monograph on the artist, “Born in the first light of the morning [moswara’marapo]” (2022), which explores the essential themes of his practice, including the relationship between rituality, spirituality and nature and reflections on healing practices and forms of political resistance. The book, designed by the graphic studio bruno (Venice), features three alternative covers that present drawings and a poetic text by the artist together with a plurality of visions and voices, including contributions from international art historians and critics.

Finally, to coincide with Bruce Nauman’s solo exhibition “Neons Corridors Rooms”, a volume was published containing the most recent studies on the artist’s spatial and architectural research, delving into the aspects of corridors, rooms and neon works. In addition to an extensive photographic documentation of the works, the publication analyses the works in the exhibition through detailed fact sheets containing a selection of images and archive documents. In addition, the catalogue includes contributions commissioned from international researchers, conservators and art historians such as Francesca Esmay, Joan Simon and Gloria Sutton.

Pirelli HangarBicocca™ produced the third edition of the Annual Journal, which contains an account, through text and images, of the institution’s activities in 2021. The new edition emphasised the institution’s role in relation to the communities it serves, for example with the creation of a vaccination hub within the exhibition spaces during the pandemic period, and the digital transformation plan with the introduction of a Customer Relationship Management system and the launch of the Bubbles project.

The Public Programme was inaugurated with an event dedicated to Maurizio Cattelan’s exhibition: a walk through the spaces of the “Breath Ghosts Blind” exhibition led by Andrea Pinotti, lecturer in Aesthetics at the Università Statale di Milano. In April, the symposium *Sensory Ecologies* was held, dedicated to Anicka Yi’s exhibition, which involved international scholars in a multidisciplinary meeting that addressed issues related to art, science and technology. A video made by the artist was also screened during the evening. In connection with the Steve McQueen exhibition, a conversation was organised in May between the artist and Cora Gilroy-Ware, art historian and author of a contribution to the exhibition catalogue. In June, a DJ set by musician and producer Dennis Bovell took place in the museum’s outdoor spaces.

On 13 June, Pirelli HangarBicocca™ hosted the opening moment of the international conference *Immersi nell'opera. Dall'ambiente alla realtà virtuale (Immersed in the work. From environment to virtual reality)* dedicated to the interactions between environmental images, immersive media and contemporary artistic practices promoted by the University of Milan within the ERC project AN-ICON “An-Iconology. History, Theory, and Practices of Environmental Images”. The opening day event, entitled *Superfici e profondità. Cinema e scultura nell'opera di Giorgio Andreotta Calò e Rosa Barba (“Surfaces and Depths. Cinema and sculpture in the work of Giorgio Andreotta Calò and Rosa Barba”)*, saw the artists in dialogue with scholars Riccardo Venturi and Giuliana Bruno.

Pirelli HangarBicocca™ has also promoted the special project *Milano Re-Mapped*, conducted in collaboration with the Milano-Bicocca University and with the support of Fondazione Cariplo with the aim of promoting awareness of the various independent situations existing in the Milanese territory and fostering exchange between them and the city's cultural institutions. Following a research phase, which gave rise to a series of workshops and meetings at the University, the *Re-Mapped Summer Festival* took place on 11 and 12 July in the indoor and outdoor spaces of the Museo Milano. The *Re-Mapped Summer Festival* is the multidisciplinary festival dedicated to music, performing arts, video, publishing, graphics and other languages that presented content produced by different curatorial projects active in Milan selected by Pirelli HangarBicocca™.

Between November and December, events were organised in connection with Bruce Nauman's exhibition: a walk through the “Neons Corridors Rooms” exhibition led by Stefano Bartezzaghi, lecturer, semiotician and writer, who explored the artist's reflections on language, and a meeting with the art critic and writer Teresa Macrì, who instead addressed the themes related to the body in his work.

The Education Department presented new projects in the field of training.

Between January and February, there was “*Vedere significa comprendere? Dalle opere d'arte ai meme*” (“*Does seeing mean understanding? From works of art to memes*”), a training course for secondary school teachers, designed together with the artistic duo The Cool Couple, with the collaboration of the Degree Course in Primary Education, “Riccardo Massa” Department of Human Sciences for Education of the University of Milan-Bicocca. The course participants were involved in a participatory design process consisting of several meetings in blended mode.

May saw the presentation of “*Something extraordinary - The art of leadership*”: an unprecedented and innovative training course, designed for managers and entrepreneurs, born out of the collaboration between Pirelli HangarBicocca™ and the employment agency Umana with the involvement of the artist and performer Marcella Vanzo, which focused on the transformative potential of contemporary art and the innovative and complex thinking skills on which the practice of today's most interesting artists is based.

Also in May, a project was developed with the aim of providing the broader and more diverse public with inclusive tools for the enjoyment of the installations: with the patronage of Pio Istituto dei Sordi and the collaboration of the LIS art historian Carlo di Biase, an audio-visual guide in LIS (Italian Sign

Language) was produced, illustrating the permanent installation *The Seven Heavenly Palaces* by Anselm Kiefer.

At the same time, as part of the *No Barriers to Communication* service of the City of Milan, a collaboration was developed with the Istituto dei Sordi di Torino for the production of LIS videoguides illustrating the exhibition space, its history and the works *La Sequenza* by Fausto Melotti and *Efêmero* by OSGEMEOS.

All LIS audio-videoguides are available on the Pirelli HangarBicocca™ website on a dedicated page.

Since the beginning of the year, all School and Kids activities of the Education Department have been planned in presence, intensifying the number of courses with the workshop part taking place directly in the exhibition space. Despite numerous difficulties on the part of the schools in organising educational outings in the first half of the year due to the outbreak of anti-coveting regulations, the School routes were attended by students of all levels (from kindergarten to secondary school).

Between June and July, the Education Department presented “Edu Summer 2022”, a month-long project to explore Anicka Yi’s exhibition in collaboration with science populariser Agnese Sonato, didactics and experiential education expert Roberto Sartor and the art duo The Cool Couple. Edu Summer included workshops and summer camps in presence with the involvement of participants aged between 6 and 12.

For the Kids programme, in-presence activities were conducted in relation to all hosted exhibitions involving participants between 5 and 12 years old and their families. December saw the presentation of the second edition of the special programme “Winter is coming!”: in-person workshops designed to explore Dineo Seshee Bopape’s exhibition through experimentation with natural materials and creative processes related to speech with poet Fedouà El Attari and rhythm with musicians Magatte Dieng and Elena Russo. These activities were dedicated to children between 6 and 10 years old with their families.

The production of Kids Guides for exhibitions continued, integrating text and images with interactive and exploratory activities for the whole family.

For adults, guided tours were offered with the involvement of Pirelli HangarBicocca™ cultural mediators.

Pirelli HangarBicocca™ continued its usual communication activities - through social planning, WEB content, ADV, SEO, SEA - and press activities (through the training of international journalists, the realisation of press strategies and press conferences) to support the promotion and dissemination of the institution, exhibitions, cultural events and activities dedicated to members, children and families. Direct Email Marketing was intensified following the launch of Pirelli HangarBicocca™’s Customer Relationship Management system. Through the activation of the proprietary system of booking - on-site and online - the free ticket to the museum and the integration of the sales system of paid products and services provided by the institution - membership programme, guided tours, Kids activities and e-shop - the institution can acquire the data of visitors who access the exhibition space and those who purchase a service, constantly increasing its Customer Base to whom targeted

communications are addressed. The e-shop, which became fully operational during the year, generated revenues of 10.2% of the total sales of products and services.

During 2022, 339 visitors joined the Pirelli HangarBicocca™ membership programme. The new season started on 1 October 2022 and had 340 active members at the end of 2022. Members were granted preview access to the exhibitions and guided tours by the curators. Reserved seats at Public Programme events and discounts at the Bookshop or affiliated institutions were also guaranteed. Since April, the membership programme has been integrated into the CRM system for managing the database and sending dedicated communications to members.

Pirelli HangarBicocca™ has hosted several major events, including the presentation of new car models by Ferrari, Land Rover and Bentley. The annual Fideuram Sales Force Convention, the Mastercard Innovation Forum 2022, Ideal Standard's Dinner at the Salone del Mobile, Tod's PE 2023 fashion show, the launch of the new Pirelli Calendar, Quattroruote's Ruote Classiche event and Progetto Itaca's Charity Dinner were all hosted. The year ended with Christmas events at KPMG, Prysmian and Humangest as well as the Pirelli Executive cocktail dinner. The foyer hosted small events such as the presentation of sailor Ambrogio Beccaria's solo ocean navigation project in collaboration with Pirelli and Mapei, the BCC annual convention and a training day at Banca Generali.

During 2022, the selection of exhibition publishing and merchandising proposals available at the Pirelli HangarBicocca™ Bookshop was also expanded. On the occasion of the Pirelli Group's 150th anniversary, a selection of dedicated merchandising was made available.

GRI CONTENT INDEX

Statement of use	Pirelli has reported in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate website (www.pirelli.com) Pirelli and its Management Model Report on the Corporate Governance and Share Ownership of Pirelli & C SpA- Glossary Company Profile Significant shareholdings of capital Scope of consolidation - Companies consolidated line-by-line	Corporate website (www.pirelli.com) 71-74, 294-296, 297-298, 301, 555-562	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	Methodological note Scope of Reporting Scope of consolidation - Companies consolidated line-by-line	69-71, 176-177, 555-562			
	2-3 Reporting period, frequency and contact point	Methodological note	69-71			
	2-4 Restatements of information	Methodological note	69-71			
	2-5 External assurance	Methodological note Independent auditor's report on the consolidated non-financial disclosure	69-71, 708-712			
	2-6 Activities, value chain and other business relationships	Corporate website (www.pirelli.com) Company Profile Pirelli and its Management Model Our customer Trend of Purchases	Corporate website (www.pirelli.com) 297-298 71-74, 112-125 145-146			
	2-7 Employees	Pirelli employees around the world Diversity, equity and inclusion	217-224, 224-232			
	2-8 Workers who are not employees	Pirelli employees around the world	217-224			
	2-9 Governance structure and composition	Model of Corporate Governance Role of the Board of Directors Functioning of Committees Pirelli and its Management Model Diversity Policies Diversity, equity and inclusion	299-300, 310-311, 329-330, 71-74, 316-317, 224-232			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
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	2-10 Nomination and selection of the highest governance body	Corporate website (www.pirelli.com) Pirelli and its Management Model Appointment and Replacement Induction Program	Corporate website (www.pirelli.com) 71-74 311-313, 318			
	2-11 Chair of the highest governance body	Composition	313-316			
	2-12 Role of the highest governance body in overseeing the management of impacts	Pirelli and its Management Model Stakeholder Engagement Impact Materiality Sustainability of the Natural Rubber Supply Chain Policy on Conflict Minerals	71-74, 92-93, 75-88, 134-137, 140-143			
	2-13 Delegation of responsibility for managing impacts	Pirelli and its Management Model Impact Materiality	71-74, 75-88			
	2-14 Role of the highest governance body in sustainability reporting	Pirelli and its Management Model Impact Materiality Role of the Board of Directors	71-74, 75-88, 310-311			
	2-15 Conflicts of interest	Interests of the Directors and related-party transactions	345-346			
	2-16 Communication of critical concerns	System of Internal Control And Risk Management - Audit, Risks, Sustainability And Corporate Governance Committee	335		Confidentiality constraints	Pirelli do not disclose this information for Business related constraints
	2-17 Collective knowledge of the highest governance body	Corporate website (www.pirelli.com) Pirelli and its Management Model Induction Program	Corporate website (www.pirelli.com) 71-74, 318			
	2-18 Evaluation of the performance of the highest governance body	Board of Directors Self-Assessment Process	320-322			
	2-19 Remuneration policies	Remuneration Policy For The 2023 Financial Year Elements of the 2023 Policy Compensation in the event of resignation, dismissal or termination of relations Clawback Clauses Office Termination Payment and non-monetary benefits Diversity, equity and inclusion Remuneration and Sustainability	377-381, 385, 408-410, 407-408, 399, 224-232, 233-234			

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	2-20 Process to determine remuneration	Report on the Remuneration Policy and Compensation Paid Remuneration Policy For The 2023 Financial Year	373-376, 377-381			
	2-21 Annual total compensation ratio	NA		a;b;c	Confidentiality constraints	Pirelli do not disclose this information for Business related constraints
	2-22 Statement on sustainable development strategy	Corporate website (www.pirelli.com) Sustainability Area/ Pirelli's Model	Corporate website (www.pirelli.com)			
	2-23 Policy commitments	Main Policies Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations Supply Chain Sustainable Management System Policy on Conflict Minerals Respect for Human Rights Diversity, equity and inclusion Training on Sustainability and Corporate Governance	93-95, 96-98, 126-128, 140-143, 212-216, 224-232, 240-241			
	2-24 Embedding policy commitments	Sustainability of the Natural Rubber Supply Chain The "Green Sourcing" Policy Supplier award Respect for Human Rights	134-136, 138-139, 144-145, 212-216			
	2-25 Processes to remediate negative impacts	Grievance Mechanism - Natural Rubber Materiality of ESG Impacts on the Supply Chain Sustainability of the Natural Rubber Supply Chain Focus: Reporting Procedure - Whistleblowing Policy Diversity, equity and inclusion	103, 133-134, 134-137, 100-103, 224-232			
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	2-27 Compliance with laws and regulations	Compliance Focus: ESG On-Site Audits Energy Management European Works Council (EWC)	125, 131-133, 177-181, 247-248			
	2-28 Membership associations	Main International Commitments for Sustainability Contributions for the benefit of the External Community Respect for Human Rights Tyre Wear and TRWP	265-275, 105-107, 212-216, 174			
	2-29 Approach to stakeholder engagement	Stakeholder engagement Policy for managing dialogue with Shareholders and the main Financial Market Stakeholders	92-93, 351-352			
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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sharing of Added Value Relations with Investors and the Financial Market Consolidated Financial Statements at December 31, 2022	104-107, 108-111, 434-562			

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GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Diversity, equity and inclusion	224-232			
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GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sharing of Added Value Company initiatives for the external community Fondazione Pirelli Pirelli Hangar Bicocca	104-107, 275-283, 283-287, 287-292			
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GRI 3: Material Topics 2021	3-3 Management of material topics	Pirelli and its Management Model Main Policies Compliance Programmes, Anti- Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations Focus: Reporting Procedure - Whistleblowing Policy Respect for Human Rights	71-74, 93-95, 96-98, 100-103, 212-216			
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GRI 3: Material Topics 2021	3-3 Management of material topics	Pirelli and its Management Model Main Policies Compliance Programmes, Anti- Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations Focus: Reporting Procedure - Whistleblowing Policy Respect for Human Rights	71-74, 93-95, 96-98, 100-103, 212-216			

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	207-2 Tax governance, control, and risk management	Taxes	537-539			
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GRI 3: Material Topics 2021	3-3 Management of material topics	Product Safety, Performance and Eco-Sustainability Product: Research and Development of Raw Materials Product: Eco & Safety Performance Targets Tyre Wear and TRWP Management of End-of-Life Tyres Pirelli's approach to the Circular Economy: the 5 Rs	117-121, 165-167, 168-173, 174, 175-176, 163-164			
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	301-2 Recycled input materials used	Product: Research and Development of Raw Materials	165-167			
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	302-3 Energy intensity	Energy Management	177-181			
	302-4 Reduction of energy consumption	Energy Management	177-181			
	302-5 Reductions in energy requirements of products and services	Product: Eco & Safety Performance Targets	168-173			
Responsible Management of Natural Resources						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability of the Natural Rubber Supply Chain Biodiversity Pirelli's approach to the Circular Economy: the 5 Rs Product: Research and Development of Raw Materials Water Management	134-137, 156-158, 163-164, 165-167, 188-191			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management	188-191			
	303-2 Management of water discharge-related impacts	Water Management	188-191			
	303-3 Water withdrawal	Water Management	188-191			
	303-4 Water discharge	Water Management	188-191			
	303-5 Water consumption	Water Management	188-191			
Biodiversity Protection						
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity Sustainability of the Natural Rubber Supply Chain Energy Management Water Management Waste Management	156-158, 134-137, 177-181, 188-191, 192-194			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity	156-158			
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity Water Management	156-158, 188-191			
	304-3 Habitats protected or restored	Management of Greenhouse Gas Emissions and Carbon Action Plan Biodiversity	181-187, 156-158			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity	156-158			
Climate Change and Greenhouse Gas Emissions Reduction						
GRI 3: Material Topics 2021	3-3 Management of material topics	Joining the Task Force on Climate-Related Financial Disclosures (TCFD) The Pirelli Group Environmental Strategy and Footprint Energy Management Management of Greenhouse Gas Emissions and Carbon Action Plan	151-155, 158-162, 177-181, 181-187			
		Scope of Reporting Management of Greenhouse Gas Emissions and Carbon Action Plan	176-177 181-187			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Scope of Reporting Management of Greenhouse Gas Emissions and Carbon Action Plan	176-177 181-187			
	305-2 Energy indirect (Scope 2) GHG emissions	Scope of Reporting Management of Greenhouse Gas Emissions and Carbon Action Plan	176-177 181-187			
	305-3 Other indirect (Scope 3) GHG emissions	CDP supply chain Environmental Dimension The Pirelli Group Environmental Strategy and Footprint Management of Greenhouse Gas Emissions and Carbon Action Plan	143-144, 148-212, 158-162, 181-187			
	305-4 GHG emissions intensity	Management of Greenhouse Gas Emissions and Carbon Action Plan	181-187			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	305-5 Reduction of GHG emissions	Management of Greenhouse Gas Emissions and Carbon Action Plan	181-187			
	305-6 Emissions of ozone-depleting substances (ODS)	Other Emissions and Environmental Aspects	196-197			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Solvents No _x Emissions Other Emissions and Environmental Aspects	195, 195-196, 196-197			
Responsible Management of Natural Resources, & Circular Economy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability of the Natural Rubber Supply Chain Biodiversity Pirelli's approach to the Circular Economy: the 5 Rs Product: Research and Development of Raw Materials Waste Management Management of End-of-Life Tyres	134-137, 156-158, 163-164, 165-167, 192-194, 175-176			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	The Pirelli Group Environmental Strategy and Footprint Waste Management	158-162, 192-194			
	306-2 Management of significant waste-related impacts	Pirelli's approach to the Circular Economy: the 5 Rs Waste Management Other Emissions and Environmental Aspects	163-164, 192-194, 196-197			
	306-3 Waste generated	Waste Management	192-194			
	306-4 Waste diverted from disposal	Waste Management	192-194			
	306-5 Waste directed to disposal	Waste Management	192-194			
Responsible Management of the Supply Chain						
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Suppliers	126-147			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	The ESG Elements in the Procurement Process Focus: ESG On-Site Audits	128-130, 131-133			
	308-2 Negative environmental impacts in the supply chain and actions taken	Risk factors and uncertainty Focus: ESG On-Site Audits Policy on Conflict Minerals CDP supply chain	42-56, 131-133, 140-143, 143-144			
Talent Acquisition, Development and Retention						
GRI 3: Material Topics 2021	3-3 Management of material topics	Employer Branding Development	234-235, 235-237			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee flows by geographic area, gender and age bracket	221-224			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Supplementary Pension Plans, Supplementary Health Plans and other Social Benefits	250-251			
	401-3 Parental leave	Diversity, equity and inclusion	224-232			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Industrial Relations	247-251			
	Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational health, safety and hygiene	251-261			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Model Management System	251-252, 254			
	403-2 Hazard identification, risk assessment, and incident investigation	Safety Culture and Training Monitoring of Health and Safety Performance and Main Indicators	254-256, 256-261			
	403-3 Occupational health services	Safety Culture and Training Monitoring of Health and Safety Performance and Main Indicators	254-256, 256-261			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Model Management System	251-252, 254			
	403-5 Worker training on occupational health and safety	Safety Culture and Training	254-256			
	403-6 Promotion of worker health	Welfare and initiatives for the internal community Safety Culture and Training	244-247, 254-256			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The ESG Elements in the Procurement Process Product: Eco & Safety Performance Targets Safety Culture and Training	128-130, 168-173, 254-256			
	403-8 Workers covered by an occupational health and safety management system	Model Management System	251-252, 254	a. iii	Information unavailable/incomplete	number of contractors not available

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	403-9 Work-related injuries	Monitoring of Health and Safety Performance and Main Indicators	256-261	a. v, b. v	Confidentiality Constraints	Pirelli do not disclose this information for Business related constraints
	403-10 Work-related ill health	Monitoring of Health and Safety Performance and Main Indicators	256-261			
Training and Development						
GRI 3: Material Topics 2021	3-3 Management of material topics	Development Training Training on Sustainability and Corporate Governance	235-237, 237-242, 240-241			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Statistics on Pirelli Training	241-242			
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Development Training	236-237, 237-242			
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management	235-236			
Diversity, Equity and Inclusion & Human Rights						
GRI 3: Material Topics 2021	3-3 Management of material topics	Impact Materiality Main Policies Respect for Human Rights Diversity, equity and inclusion Our Suppliers Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	75-88, 93-95, 212-216, 224-232, 126-147, 248-249			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pirelli employees around the world Diversity Policies Composition	217-224, 316-317, 313-316			
	405-2 Ratio of basic salary and remuneration of women to men	Diversity, equity and inclusion	224-232			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Diversity, Equity and Inclusion & Human Rights						
GRI 3: Material Topics 2021	3-3 Management of material topics	Impact Materiality Diversity, equity and inclusion Main Policies Respect for Human Rights Our Suppliers Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	75-88, 224-232, 93-95, 212-216, 126-147, 248-249			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity, equity and inclusion Focus: Reporting Procedure - Whistleblowing Policy	224-232, 100-103			
Human Rights & Responsible Management of the Supply Chain						
GRI 3: Material Topics 2021	3-3 Management of material topics	Main Policies Respect for Human Rights Diversity, equity and inclusion Our Suppliers Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	93-95, 212-216, 224-232, 126-147, 248-249			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The ESG Elements in the Procurement Process Focus: ESG On-Site Audits Respect for Human Rights Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	128-130, 131-133, 212-216, 248-249			



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Human Rights & Responsible Management of the Supply Chain						
GRI 3: Material Topics 2021	3-3 Management of material topics	Main Policies Respect for Human Rights Diversity, equity and inclusion Our Suppliers Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	93-95, 212-216, 224-232, 126-147, 248-249			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	The ESG Elements in the Procurement Process Focus: ESG On-Site Audits Respect for Human Rights Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	128-130, 131-133, 212-216, 248-249			
Human Rights & Responsible Management of the Supply Chain						
GRI 3: Material Topics 2021	3-3 Management of material topics	Main Policies Respect for Human Rights Diversity, equity and inclusion Our Suppliers Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	93-95, 212-216, 224-232, 126-147, 248-249			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	The ESG Elements in the Procurement Process Focus: ESG On-Site Audits Respect for Human Rights Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	128-130 , 131-133, 212-216, 248-249			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures				Information unavailable/incomplete	% of security personnel trained on human rights currently not available
Human Rights						
GRI 3: Material Topics 2021	3-3 Management of material topics	Main Policies Respect for Human Rights Diversity, equity and inclusion Our Suppliers Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour	93-95, 212-216, 224-232, 126-147, 248-249			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Focus: Reporting Procedure - Whistleblowing Policy	100-103			
Corporate Citizenship						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sharing of Added Value Company initiatives for the external community	104-107, 275-283			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Stakeholder engagement Respect for Human Rights Sustainability of the Natural Rubber Supply Chain Water Management Compliance with Legislative-Contractual Requirements on Overtime, Rest Periods, Association and Bargaining, Equal Opportunities and Non-Discrimination, Prohibition of Child and Forced Labour Biodiversity, The Pirelli Group Environmental Strategy and Footprint External Community, Company initiatives for the external community	92-93, 212-216, 134-137, 188-191, 248-249, 156-158, 158-162, 262-292, 275-283		Information unavailable/incomplete	information currently unavailable
	413-2 Operations with significant actual and potential negative impacts on local communities	Respect for Human Rights Sustainability of the Natural Rubber Supply Chain, Biodiversity, The Pirelli Group Environmental Strategy and Footprint, Water Management, External Community, Company initiatives for the external community	212-216, 134-137, 156-158, 158-162, 188-191, 262-292, 275-283			
Responsible Management of the Supply Chain						
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Suppliers Respect for Human Rights Policy on Conflict Minerals	126-147, 212-216, 140-143			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	The ESG Elements in the Procurement Process Focus: ESG On-Site Audits	128-130, 131-133			
	414-2 Negative social impacts in the supply chain and actions taken	Risk factors and uncertainty Focus: ESG On-Site Audits	42-56, 131-133			
GRI 415: Public Policy 2016	415-1 Political contributions	Contributions for the benefit of the External Community	105-107			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Business Ethics and Integrity & Product Quality and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Safety, Performance and Eco-Sustainability Product: Research and Development of Raw Materials Product: Eco & Safety Performance Targets Tyre Wear and TRWP Management of End-of-Life Tyres Pirelli and its Management Model Main Policies Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations Compliance Focus: Reporting Procedure - Whistleblowing Policy	117-121, 165-167, 168-173, 174, 175-176, 71-74, 175-176, 96-98, 125, 100-103			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Safety, Performance and Eco-Sustainability The ESG Elements in the Procurement Process	117-121, 128-130			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Compliance	125			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Transparency, Information and Customer Training Quality and Product Certification Product: Eco & Safety Performance Targets Management of End-of-Life Tyres Product: Research and Development of Raw Materials	113-115, 123-124, 168-173, 175-176, 165-167			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Compliance	125			
	417-3 Incidents of non-compliance concerning marketing communications	Compliance	125			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	Page	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Cybersecurity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Information and Cyber Security	98-100			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations	96-98			



SASB CONTENT INDEX

Sustainability Accounting Standards Board (SASB) - Auto Parts

Topic	Accounting Metric	Page Number	SASB Code
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	178-181	TR-AP-130a.1
Waste Management	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	192-193	TR-AP-150a.1
Product Safety	Number of recalls issued, total units recalled	125	TR-AP-250a.1.
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	7	TR-AP-410a.1.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	138-143	TR-AP-440a.1.
Materials Efficiency	Percentage of products sold that are recyclable	175	TR-AP-440b.1.
	Percentage of input materials from recycled or remanufactured content	165	TR-AP-440b.2.
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	98	TR-AP-520a.1.

Activity Metrics	Page Number	SASB Code
Number of parts produced	NA	TR-AP-000.A
Weight of parts produced	177	TR-AP-000.B
Area of manufacturing plants	7-8	TR-AP-000.C



TABELLA RIASSUNTIVA PRINCIPI UNGC

Areas of the Global Compact	Global Compact Principles	Directly Relevant GRI Indicators	Indirectly Relevant GRI Indicators
<p>Human Rights</p>	<p>Principle 1 – Business should promote and respect internationally proclaimed human rights in their respective spheres of influence.</p>	<p>Disclosure 407: Freedom of Association and Collective Bargaining Disclosure 408: Child Labor Disclosure 409: Forced or Compulsory Labor Disclosure 410: Security Practices Disclosure 411: Rights of Indigenous Peoples Disclosure 414: Supplier Social Assessment Disclosure 2-25: Processes to remediate negative impacts</p>	<p>Disclosure 413: Local Communities</p>
	<p>Principle 2 – Business should ensure that they are not, albeit indirectly, complicit in human rights abuses.</p>	<p>Disclosure 410: Security Practices Disclosure 414: Supplier Social Assessment</p>	

Areas of the Global Compact	Global Compact Principles	Directly Relevant GRI Indicators	Indirectly Relevant GRI Indicators
Labour Standards	<p>Principle 3 – Businesses should uphold the freedom of association of workers and recognise the right to collective bargaining.</p>	<p>Disclosure 402: Labour/Management Relations Disclosure 403: Occupational Health and Safety Disclosure 407: Freedom of Association and Collective Bargaining Disclosure 410: Security Practices Disclosure 2-23: Policy commitments Disclosure 2-30: Collective Bargaining Agreements</p>	
	<p>Principle 4 – Business should uphold the elimination of all forms of forced and compulsory labour.</p>	<p>Disclosure 409: Forced or Compulsory Labor Disclosure 410: Security Practices</p>	
	<p>Principle 5 – Business should uphold the effective elimination of child labour.</p>	<p>Disclosure 408: Child Labor Disclosure 410: Security Practices</p>	
	<p>Principle 6 – Business should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Disclosure 401: Employment Disclosure 404: Training and Education Disclosure 405: Diversity and Equal Opportunity Disclosure 406: Non-Discrimination Disclosure 410: Security Practices Disclosure 2-7: Employees</p>	<p>Disclosure 202: Market Presence Disclosure 401: Employment Disclosure 414: Supplier Social Assessment Disclosure 2-30: Collective Bargaining Agreements</p>

Areas of the Global Compact	Global Compact Principles	Directly Relevant GRI Indicators	Indirectly Relevant GRI Indicators
Environment	<p>Principle 7 – Businesses should support a precautionary approach to environmental challenges.</p>	<p>Disclosure 2-23: Policy commitments Disclosure 201: Economic Performance</p>	<p>Disclosure 301: Materials Disclosure 302: Energy Disclosure 303: Water and Effluents Disclosure 304: Biodiversity Disclosure 305: Emissions Disclosure 306: Effluents and Waste Disclosure 307: Environmental Compliance</p>
	<p>Principle 8 – Business should undertake initiatives to promote greater environmental responsibility.</p>	<p>Disclosure 301: Materials Disclosure 302: Energy Disclosure 303: Water and Effluents Disclosure 304: Biodiversity Disclosure 305: Emissions Disclosure 306: Effluents and Waste Disclosure 308: Supplier Environmental Assessment Disclosure 2-25: Processes to remediate negative impacts</p>	<p>Disclosure 201: Economic Performance</p>
	<p>Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Disclosure 301: Materials Disclosure 302: Energy Disclosure 303: Water and Effluents Disclosure 305: Emissions</p>	
Anti-Corruption	<p>Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Disclosure 205: Anti-Corruption Disclosure 2-23: Policy Commitments Disclosure 2-26: Mechanism for seeking Advice and raising Concerns</p>	<p>Disclosure 205: Anti-Corruption Disclosure 2-23: Policy Commitments Disclosure 2-26: Mechanism for seeking Advice and raising Concerns</p>

TABELLA RIASSUNTIVA SDGS

Sustainable Development Goals (SDGs)	Paragraphs describing the Group’s activities in support of the SDGs and relevant targets (from Sustainability Plan 2025-2030)
1 - No Poverty	Company Initiatives for the External Community (Social Solidarity p. 282-283)
2 - Zero Hunger	Company Initiatives for the External Community (Social Solidarity p. 282-283)
3 - Good Health and Well-being	Welfare and Initiatives for the Internal Community (pp. 245-248) Occupational Health, Safety and Hygiene (pp. 252-263) Company Initiatives for the External Community (Road Safety pp. 278-280, Sport and Inclusion pp. 281-282, Health pp. 283) <u>Target:</u> <ul style="list-style-type: none"> Accident Frequency Index: ≤ 0.1 by 2025
4 - Quality Education	Training (pp. 238-243) Company Initiatives for the External Community (Training pp. 280-281, Culture and Social Value pp. 284-285) <u>Target:</u> <ul style="list-style-type: none"> Training: training on Diversity, Equity and Inclusion and Human Rights
5 - Gender Equality	Diversity, Equity and Inclusion (pp. 225-233)
6 - Clean Water and Sanitation	Water Management (pp. 188-191) <u>Target:</u> <ul style="list-style-type: none"> Specific water withdrawal: -43% by 2025 compared to 2015
7 - Affordable and Clean Energy	Joining the Task Force on Climate-Related Financial Disclosures (TCFD) (pp. 151-155) Energy Management (pp. 177-181) Management of Greenhouse Gas Emissions and Carbon Action Plan (pp. 181-187) <u>Targets:</u> <ul style="list-style-type: none"> Specific Energy Consumption: -10% by 2025 compared to 2019 Renewable Electricity purchased at Group level: 100% by 2025 Group Carbon Neutrality by 2030
8 - Decent Work and Economic Growth	Our Suppliers (pp. 126-147) Internal Community (pp. 218-263)
9 - Industry, Innovation and Infrastructure	Company Initiatives for the External Community (Training pp. 280-281) <u>Target:</u> <ul style="list-style-type: none"> For new product segments, by 2025: > 40% renewable materials, > 8% recycled materials and < 40% fossil-based materials; by 2030: > 60% renewable materials, > 12% recycled materials and < 30% fossil-based materials
10 - Reduced Inequalities	Diversity, Equity and Inclusion (pp. 225-233)



Sustainable Development Goals (SDGs)	Paragraphs describing the Group’s activities in support of the SDGs and relevant targets (from Sustainability Plan 2025-2030)
<p>11 - Sustainable Cities and Communities</p>	<p>Main International Commitments for Sustainability (WBCSD pp. 271-274) Company Initiatives for the External Community (Road Safety pp. 278-280, Social Solidarity pp. 282-283)</p> <p><u>Target:</u></p> <ul style="list-style-type: none"> • Absolute CO₂ Emissions: -42% by 2025 compared to 2015 • Group Carbon Neutrality by 2030 • Eco & Safety Performance Revenues: > 66% on total car tyres revenues e > 71% on High Value revenues by 2025 • Raw Materials Suppliers Absolute CO₂ Emissions: -8.6% by 2025 compared to 2018 • Evolution of the total product range, by 2025: <ul style="list-style-type: none"> o more than 70% of new products will be in Rolling Resistance Class A/B; o more than 90% of new products will be in Wet Grip Class A/B.
<p>12 - Responsible Consumption and Production</p>	<p>Joining the Task Force on Climate-Related Financial Disclosures (TCFD) (pp. 151-155) Energy Management (pp. 177-181) Management of Greenhouse Gas Emissions and Carbon Action Plan (pp. 181-187) Water Management (pp. 188-191) Waste Management (pp. 192-194) Company Initiatives for the External Community (Environmental Initiatives p. 284)</p> <p><u>Targets:</u></p> <ul style="list-style-type: none"> • Specific Energy Consumption: -10% by 2025 compared to 2019 • Absolute CO₂ Emissions: -42% by 2025 compared to 2015 • Renewable Electricity purchased at Group level: 100% by 2025 • Group Carbon Neutrality by 2030 • Water Specific Withdrawal: -43% by 2025 compared to 2015 • Waste Recovery: ≥ 98% by 2025

Sustainable Development Goals (SDGs)	Paragraphs describing the Group’s activities in support of the SDGs and relevant targets (from Sustainability Plan 2025-2030)
13 - Climate Action	<p>CDP Supply Chain (pp. 143-144)</p> <p>Joining the Task Force on Climate-Related Financial Disclosures (TCFD) (pp. 151-155)</p> <p>Management of Greenhouse Gas Emissions and Carbon Action Plan (pp. 181-187)</p> <p>Main International Commitments for Sustainability (International Commitments against Climate Change pp. 276-277)</p> <p><u>Targets:</u></p> <ul style="list-style-type: none"> • Specific Energy Consumption: -10% by 2025 compared to 2019 • Absolute CO₂ Emissions: -42% by 2025 compared to 2015 • Renewable Electricity purchased at Group level: 100% by 2025 • Group Carbon Neutrality by 2030 • Eco & Safety Performance Revenues: > 66% on total car tyres revenues e > 71% on High Value revenues by 2025 • Evolution of the total product range, by 2025: <ul style="list-style-type: none"> o more than 70% of new products will be in Rolling Resistance Class A/B ; o more than 90% of new products will be in Wet Grip Class A/B;
14 - Life below Water	Water Management (pp. 188-191)
15- Life on Land	<p>Sustainability of the Natural Rubber Supply Chain (pp. 134-137)</p> <p>Company Initiatives for the External Community (Environmental Initiatives p. 284)</p>
16- Peace, Justice and Strong Institutions	Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations (pp. 96-98)
17 - Partnerships for the Goals	<p>Sustainability of the Natural Rubber Supply Chain (pp. 134-137)</p> <p>Main International Commitments for Sustainability (WBCSD pp. 271-274)</p> <p>Company Initiatives for the External Community (Road Safety pp. 278-280)</p>



CORRELATION TABLE WITH TOPICS LISTED IN ART. 2, D. LGS 254/2016

	Topics from D. Lgs 254/2016	Reference Paragraph	Page Number
Environmental Aspects	Use of Energy Resources (from renewables and non-renewables)	<ul style="list-style-type: none"> Risks Related To Environmental Issues Energy Management 	49, 177-181
	Use of Water Resources	<ul style="list-style-type: none"> Risks Related To Environmental Issues Emerging risks related to climate change and water stress Water Management 	49, 53-56, 188-191
	Greenhouse Gas Emissions and Air-Polluting Emissions	<ul style="list-style-type: none"> Emerging risks related to climate change and water stress Joining the Task Force on Climate-Related Financial Disclosures (TCFD) Management Of Greenhouse Gas Emissions and Carbon Action Plan Solvents NO_x Emissions Other Emissions and Environmental Aspects 	53-56, 151-155, 181-187, 195, 195-196, 196-197
Social Aspects	Health and Safety	<ul style="list-style-type: none"> Employee Health and Safety Risks Occupational Health, Safety and Hygiene 	49-50, 252-263
	Training and Development	<ul style="list-style-type: none"> Risks associated with Human Resources Development Training 	49, 236-238, 238-243
	Welfare	<ul style="list-style-type: none"> Welfare and Initiatives for the Internal Community 	245-248
	Dialogue with Employees	<ul style="list-style-type: none"> Litigation Risks Listening & Engagement Industrial Relations 	50, 243-245, 248-252
	Actions for Gender Equality	<ul style="list-style-type: none"> Diversity, Equity and Inclusion Diversity Policies 	225-233, 318-319
	Respect for Human Rights: Measures Taken and Prevention	<ul style="list-style-type: none"> Risks relative to Corporate Social and Environmental Responsibility, and Business Ethics Respect for Human Rights Diversity, Equity and Inclusion 	53, 213-217, 225-233
Governance Aspects	Fight against Active and Passive Corruption	<ul style="list-style-type: none"> Risks Relative to Social and Environmental Responsibility and Business Ethics Compliance Programmes, Anti-Corruption, Privacy, Trade Compliance, Antitrust, Compliance with Laws And Regulations 	53, 96-98



PIRELLI & C SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL DISCLOSURE IN ACCORDANCE WITH
ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE
254/2016 AND ARTICLE 5 OF CONSOB REGULATION
20267/2018**

**CONSOLIDATED NON-FINANCIAL DISCLOSURE FOR THE YEAR
ENDED 31 DECEMBER 2022**



Independent auditor's report on the consolidated non-financial disclosure

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of CONSOB regulation 20267/2018

To the board of directors of Pirelli & SpA

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016 (the Decree) and article 5 of CONSOB Regulation 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial disclosure of Pirelli & C SpA and its subsidiaries (the Pirelli group) for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree, and included in section "Report on Responsible Management of the Value Chain" of the Pirelli annual report 2022 (NFD). The NFD was approved by the board of directors on 5 April 2023.

Our review does not extend to the information set out in the paragraph "The European Regulation on the Taxonomy of sustainable economic activities" of the NFD, required by article 8 of European Regulation 2020/852.

Responsibilities of the directors and the board of statutory auditors for the NFD

The directors are responsible for the preparation of the NFD in accordance with articles 3 and 4 of the Decree, with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2021 by the GRI - Global Reporting Initiative (GRI Standards) and with the SASB indicators (Sustainability Accounting Standards), international standards issued by the International Sustainability Standards Board, with reference to the "Auto-parts" industry, identified by them as the reporting standards, and with the process suggested by AA1000APS (AccountAbility Principles Standards).

The directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFD that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for identifying the content of the NFD, within the matters contained in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the group and to the extent necessary to ensure an understanding of the group's activities, its performance, its results and related impacts.

Finally, the directors are responsible for defining the business and organisational model of the group and, with reference to the matters identified and reported in the NFD, for the policies adopted by the group and for the identification and management of risks generated and/or faced by the group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFD with the Decree, with the GRI Standards and SASB and with the process suggested by AA1000APS. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements.

The standard requires that we plan and perform procedures to obtain limited assurance that the NFD is free from material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFD were based on our professional judgement and consisted of interviews, primarily of company personnel responsible for the preparation of the information presented in the NFD, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFD relating to the activities and characteristics of the group, to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted and considering AA1000SES (Stakeholder Engagement Standard);
2. analysis and assessment of the criteria used to identify the consolidation area, to assess the compliance with the Decree;
3. comparison of the financial information reported in the NFD with the information reported in the consolidated financial statements of Pirelli group;
4. understanding of the following matters:
 - a. business and organisational model of the group with reference to the management of the matters specified by article 3 of the Decree;
 - b. policies adopted by the group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - c. key risks generated and/or faced with reference to the matters specified in article 3 of the Decree.



With reference to these matters, we compared the information obtained with the information presented in the NFD and carried out the procedures described under point 6 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFD.

In detail, we held meetings and interviews with the management of Pirelli & C SpA and with the personnel of Pirelli Deutschland GmbH and Pirelli Neumáticos SA de CV and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFD;

6. analysis of policies and procedures in place and of the coherence of the sustainability management model compared to UNI ISO 26000 principles, among which: governance, human rights, relationship and work conditions, and environment.

Moreover, for material information, considering the activities and characteristics of the group:

- at a group level,
 - a) with reference to the qualitative information included in the NFD, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the industrial sites located in Breuberg (Germany) and Silao (Mexico), which were selected on the basis of their activities, their contribution to the performance indicators at consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFD of Pirelli group for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree, with the GRI Standards and with the SASB selected indicators with reference to the “Auto-parts” industry, and with the principles of inclusivity, materiality and responsiveness of AA1000APS, as described in the Methodological note of the “Report on the Responsible Management of the Value Chain”.



Our conclusions on the NFD of Pirelli group do not extend to the information set out in paragraph “The European Regulation on the Taxonomy of sustainable economic activities” of the NFD, required by article 8 of European Regulation 2020/852.

Milan, 6 April 2023

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

Paolo Bersani
(Authorized signatory)

This report has been translated from the Italian original solely for the convenience of international readers.