



Sustainability Strategy & Targets Update

6th March, 2024



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6 Strengthening our **Global Value Chains**

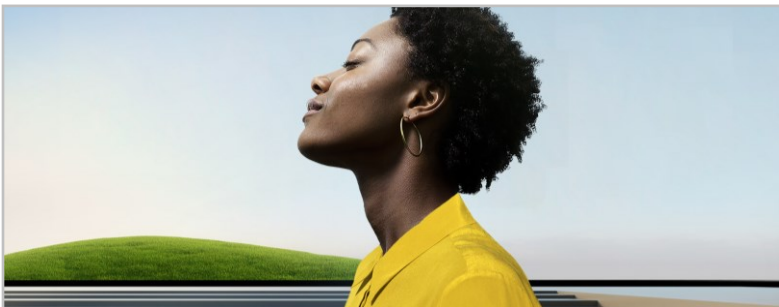
7 **ESG Indexes & Ratings:** performance

Context & Sustainability macro-trends in our industry



Mobility demand growing and evolving towards sustainable models

- » **Global demand for Mobility growing**
@ 2030 +40% vs 2015¹
- » **Electrification of Powertrains**
~80% of global Premium & Prestige car production is expected to be EV in 2030 vs ~25% in 2023²
- » **OEM pressure towards Sustainability**
Rolling resistance and sustainable materials are the key drivers for OE business, to reduce carbon footprint
- » **Rise of conscious Consumers**
80% of consumers consider sustainability in automotive purchases³
- » **Eco-limits for driving in cities**
All major cities considering lowering speed limits to reduce pollution and improve safety, with active/micromobility share growing from 10% to 13-17%¹



Social factors rising in prominence

- » **Greater Focus on Human Rights along the entire value chain**
Focus on safety, rights at work, living wage among others
- » **Diverse & Inclusive Work Environment**
Rising need for inclusion, gender representation, co-existing generation needs, multicultural environment
- » **People evolving expectations**
Purpose at work is central, with a workplace mindset shifting from 'what' to 'why' and 'how'. Rising work-life balance and wellbeing expectations
- » **New Skills shortage**
e.g. Digital/AI, Climate Science, Women in STEM. Competition on Talents and internal re-skilling needs

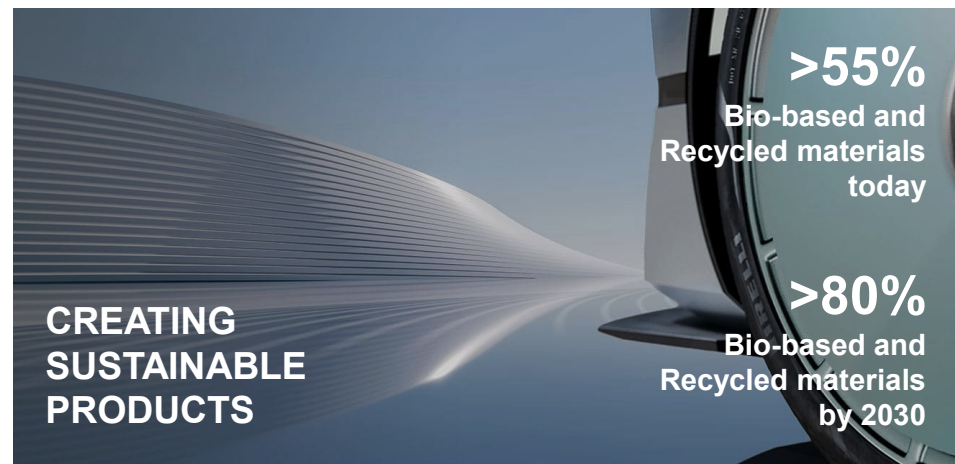


Key ESG Regulation impacting plan horizon

- » **European Deforestation Regulation (EUDR) - 30 Dec. 2024**
Legislation to curb the EU's contribution to global deforestation
- » **Corporate Sustainability Reporting Directive (CSRD) - 2025 on FY 2024**
Requires companies to report on the impact of their activities on the environment and society, risks and opportunities, considering both a retrospective and a forward-looking view
- » **Carbon Border Adjustment Mechanism (CBAM) – definitive regime in 2026**
EU's tool to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU
- » **EURO 7 – 2028-2030**
Sets updated rules for the exhaust gas emissions of road vehicles, but also for other types of emissions like from tyre abrasion and brakes

Our commitment

Lead a value chain creating a positive impact on People, Planet and Mobility, with ambitious Plans supported by Technology, Innovation and data driven Actions, setting challenging Targets fully embedded in day-to-day management and constantly checked for progress.



Reducing Climate Impact

- The most ambitious decarbonization plan of the industry



Fast forwarding our Transition: commitments to reach Net Zero by 2040

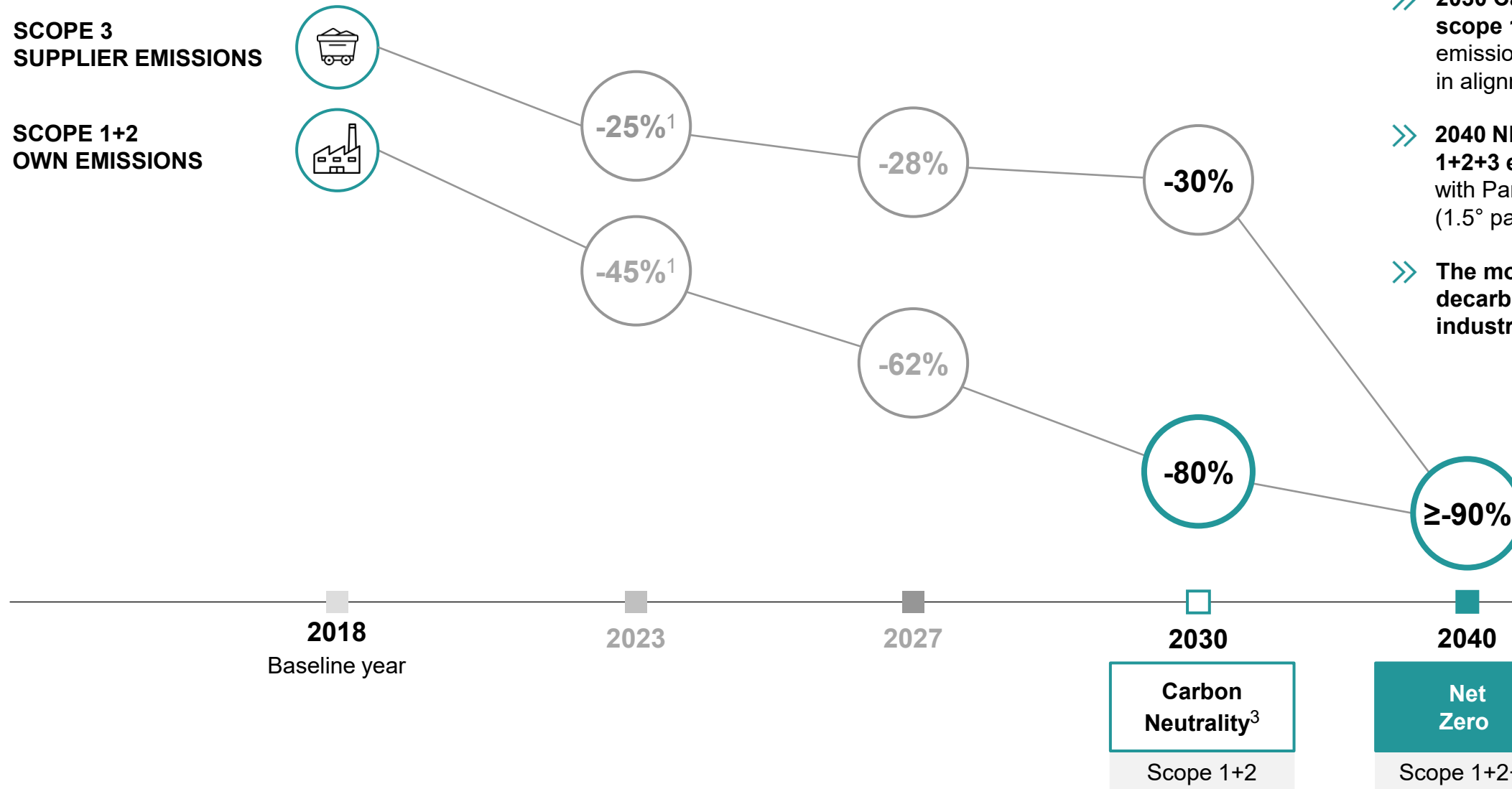


New Targets submitted to SBTi¹, after having reached previous ones 2 years in advance²

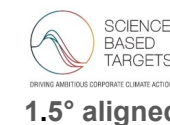
**SCOPE 3
SUPPLIER EMISSIONS**



**SCOPE 1+2
OWN EMISSIONS**

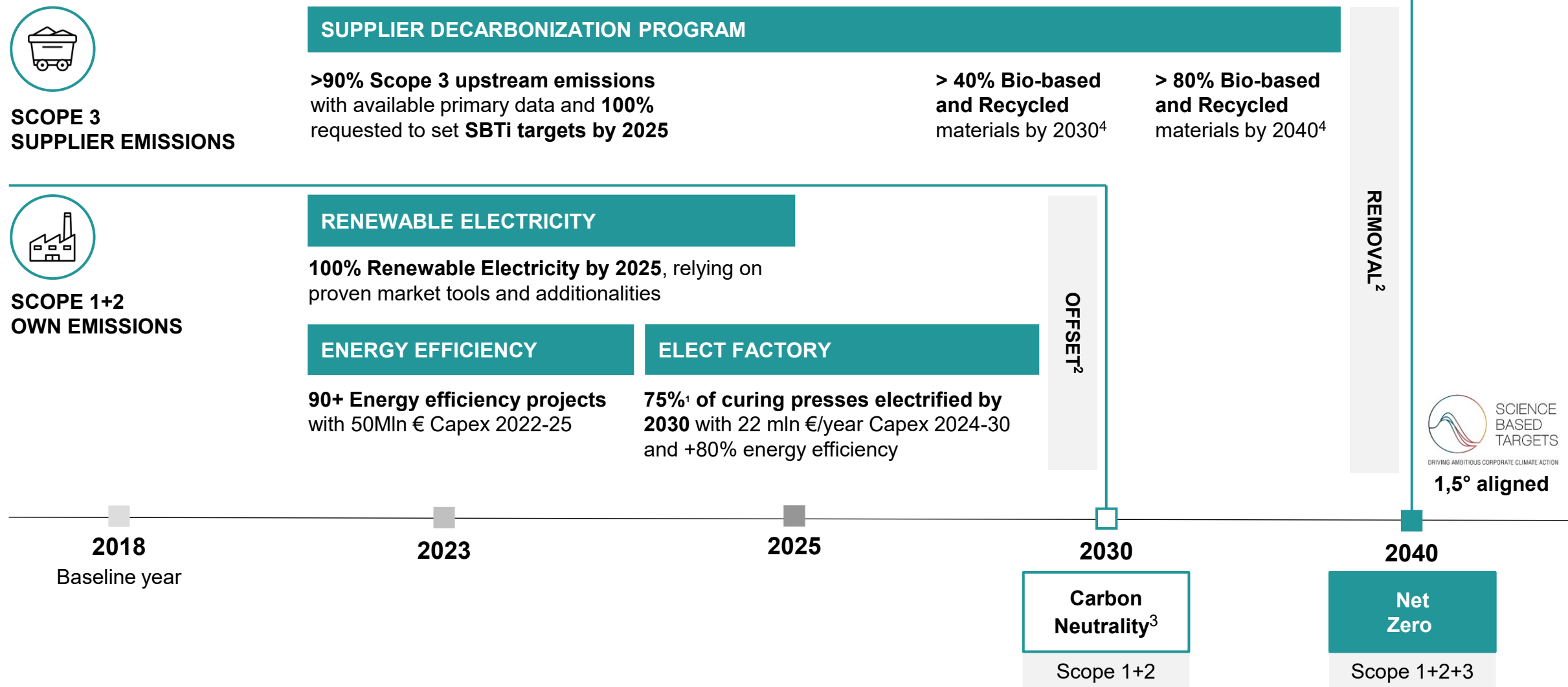


- » **2030 Carbon Neutrality on scope 1+2 emissions**; strong emission abatement managed in alignment with **ISO 14068**
- » **2040 NET ZERO on scope 1+2+3 emissions**, aligned with Paris agreement (1.5° pathway)
- » **The most ambitious decarbonization plan of the industry**



Meeting our climate goals: How and When

Increasing availability of **primary data on total emissions** (already **>90%** in 2024)

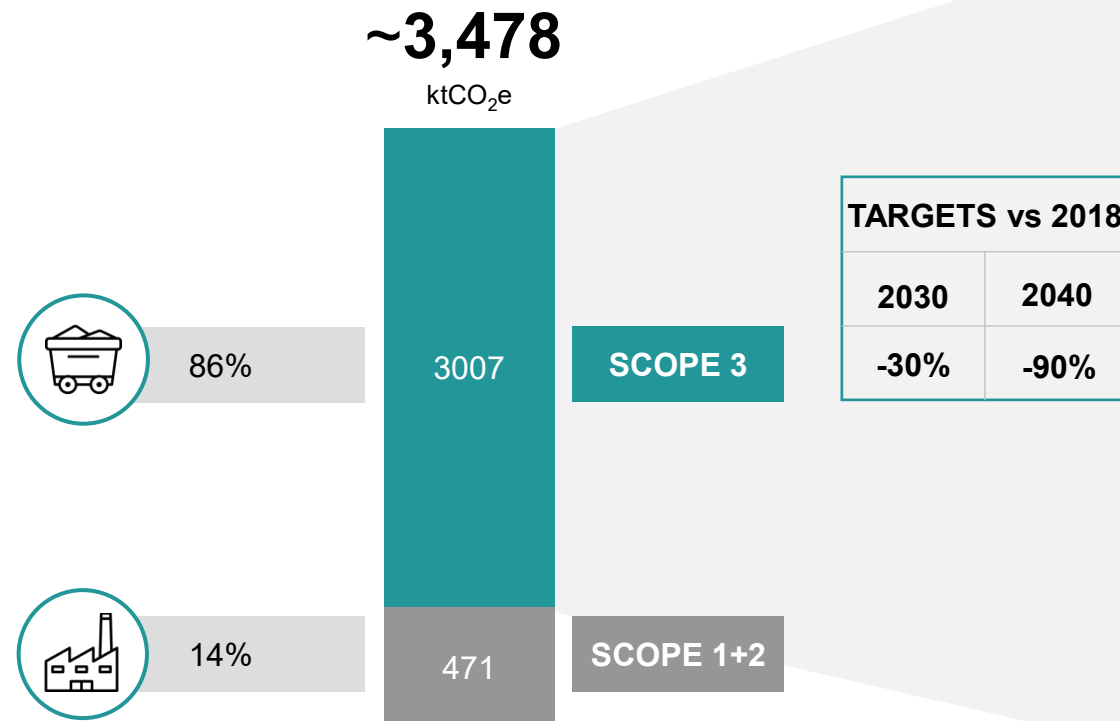


Focus on Scope 3: supply chain decarbonization strategy



Pirelli total absolute emissions @2023

(GHG Protocol and SBTi aligned)



Action on raw material suppliers

(Responsible for 90% of scope 3¹)



Increasing availability of **primary data on total emissions** (already >90% in 2024²)



Suppliers engagement in targets:

- 100% requested to set **SBTi Targets by 2025**
- 100% requested to **use only Renewable Electricity** attributed to Pirelli supplies by 2025



Increasing **local-for-local sourcing**, reducing logistics emission



Raw Materials switch to **bio-based and recycled**, targeting >40% of total production by 2030 and >80% by 2040

Creating Sustainable Products

- Designed for EV mobility, towards 100% materials of non-fossil origin, enabling our customers' decarbonization journey



New PZERO E: our lighthouse on the market

Pioneering sustainability of the High Value segment: pushing the limits of sustainable design key drivers



NEW TYRE GENERATION
P ZERO™ E



Less fossil materials

>55% Bio-based and Recycled materials¹

Validated by third party³

Reduced vehicle CO₂ emission

AAA² European Label

Designed for new EV mobility

ELECT

»RUNFORWARD™

Low wear rate

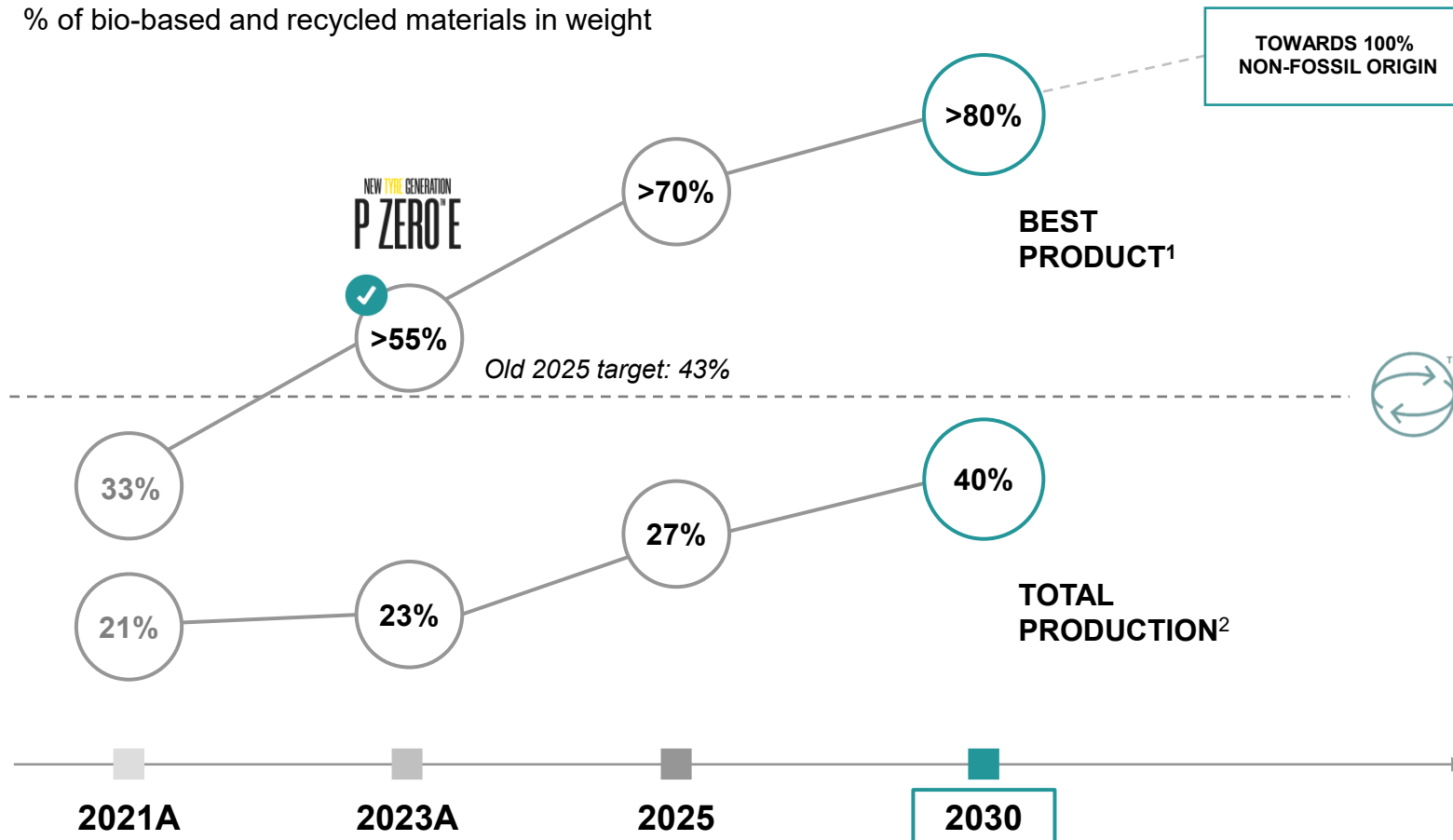
-42% wear rate vs previous product, as **certified** by Dekra

Materials | Towards 100% of non-fossil origin, third-party certified



Targets

% of bio-based and recycled materials in weight



✓ Old Target @2025 reached in 2023



We push innovation to increase bio-based and recycled materials while decreasing fossil ones



Transparency for consumers: New Pirelli logo identifying tyres with ≥ 50% of bio-based and recycled materials

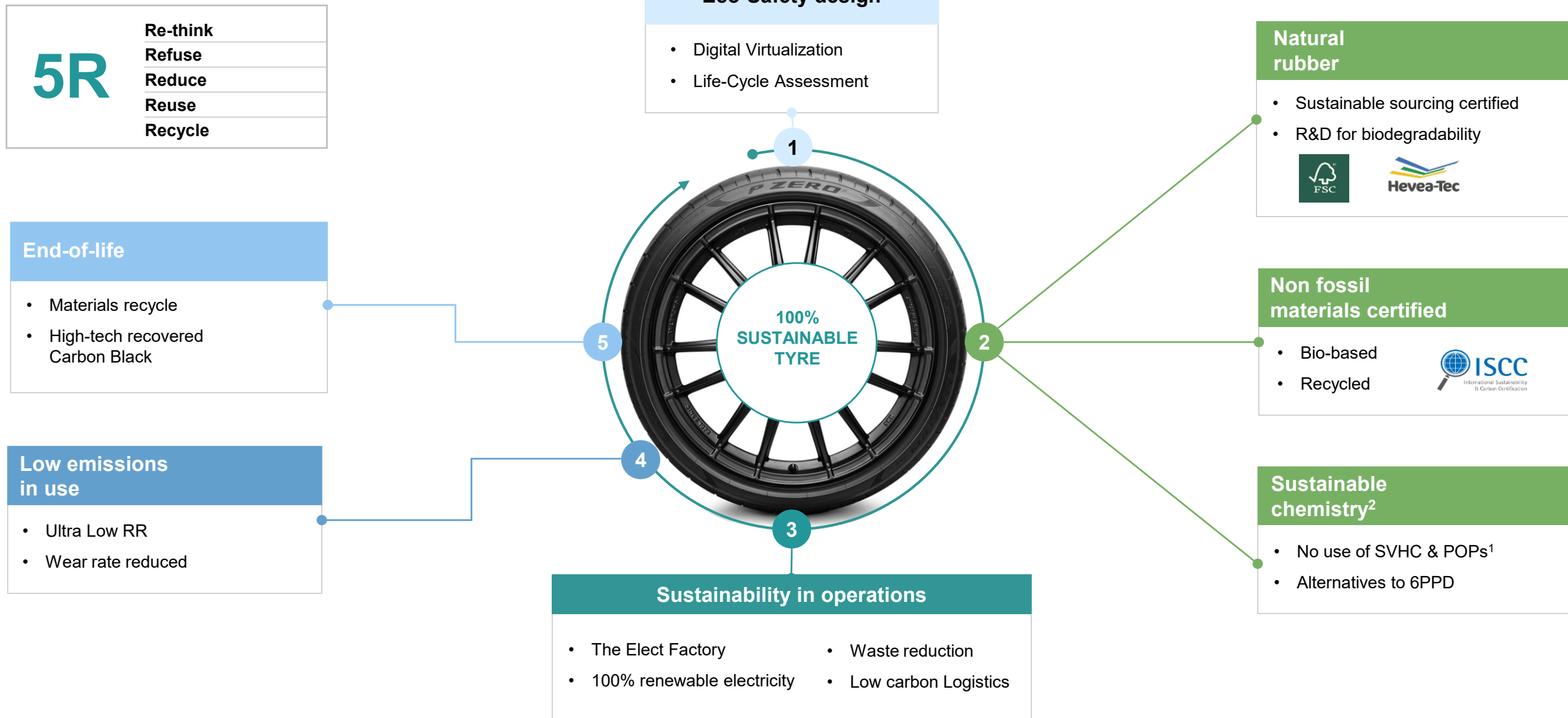


Sustainable content certified by third party



Circularity along our product life-cycle

Embedding the 5R in product life-cycle



Eco-Safety performance: enabling our customers decarbonization journey



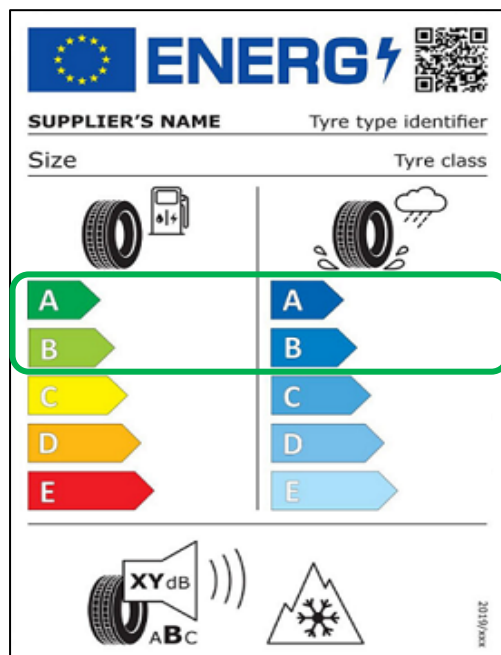
Expanding offer of low Rolling Resistance tyres, never compromising on safety



Tyre rolling resistance plays a key role in **reducing fuel and energy consumption** and thus vehicles CO₂ emissions.



Our **Eco-Safety** approach consists in a continuous reduction of rolling resistance without **any compromise on safety** in all driving conditions.



Targets

New IPCodes ¹	2023A	2025
Rolling Resistance	A+B=55%	A+B>70%
Wet Grip ²	A+B=98%	A+B>90% ✓
Life-Cycle Assessment: 100% for New Car Lines by 2025		

Eco-Safety Business ¹	2023	2025	2030
A+B+C revenues ³	73%	66% ✓	
A+B volumes ⁴	30%	35%	>50%

✓ Target 2025 already reached in 2023

Wear Rate: our reduction roadmap

Paving the way to anticipate EURO 7 compliance, addressing the higher weight of Electric Vehicles while improving mileage and consumers' satisfaction

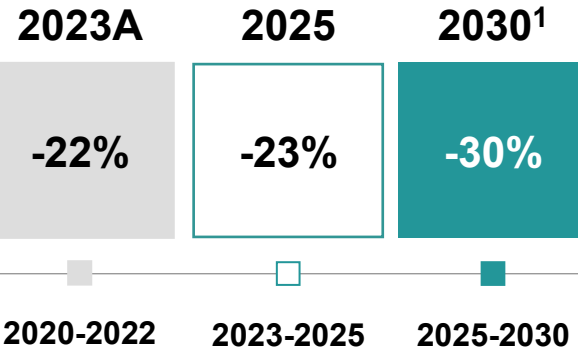


Targets

New lines

Wear Rate reduction

Average Wear Rate improvement vs previous reference product line (%) for line introduced in the years:



Additional Pirelli focus

>> Particulate size

>> Material composition

Full readiness vs upcoming regulations



EURO 7

?

WHAT IS

Euro 7 establishes updated rules for the exhaust gas emissions of road vehicles, **tyre abrasion** and brakes.



TIMING

Tyre abrasion limits will be mandatory from 2028-2030 depending on tyres classes.

Nature

- Redefining business interactions with Natural Capital



Our Global Biodiversity Strategy along value chain

Redefining business interactions with Nature



In line with new Global Standards, towards Science Based Targets for Nature (SBTN)



» All Life Cycle Assessments (LCAs) for new product lines include Biodiversity metrics on value chain impacts

100%
in 2024

» All Pirelli Industrial sites and track test areas have a Biodiversity Action Plan

100%
@2025

- based on LEAP¹ approach
- dealing the **five IPBES² Drivers**

» 2025: TNFD³ Reporting

» Preparing for SBTN⁴ aligned targets

BIODIVERSITY ACTION PLANS deal with the **five IPBES² Drivers** of Biodiversity loss and Ecosystems degradation

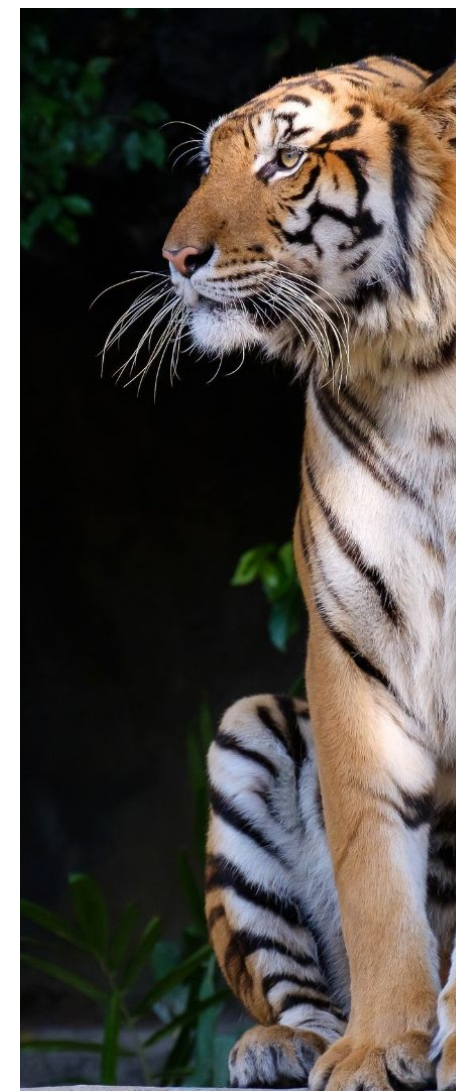
Land / water / sea use change

Resources exploitation

Climate change

Pollution

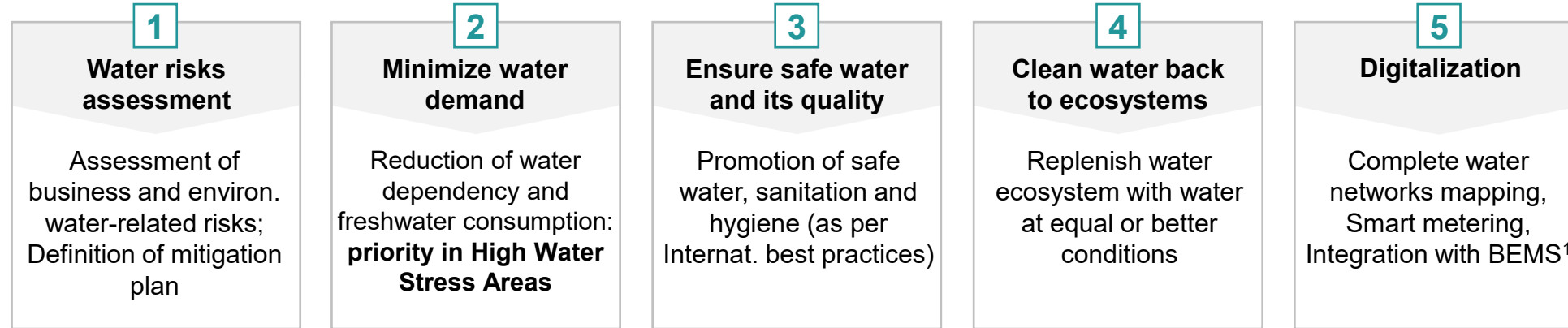
Invasive species



Freshwater: reducing dependency and preserving quality



Our Model and Targets according to Excellence in Water Management Program



Targets

		2023	Reduction vs 2015		
		m ³ /ton FP ²	2023	2025	2030
QUANTITY Specific water withdrawal	Group	7.0	-45%	-43% ✓	-60%
	High Water Stress Areas	5.4	-31%	-36%	-45%
QUALITY Water emissions	Group	Preserving water quality Towards maximization of water reuse and recycling			

✓ Previous Plan Target @2025 outperformed in 2023

Forest: Towards 100% of FSC™ Natural Rubber in European plants by 2026



We promote the development of a Sustainable Natural Rubber Economy based on traced and certified supply chains, engaging our major partners to be part of this journey

Pirelli unique FSC™ strategy



Forest Stewardship Council ensures that products from Forest origin are managed in a way that preserves biological diversity and benefits the lives of local people and workers

2021

2024

2026



World first consumer FSC™ certified tyres, made in Rome (Georgia, US) for BMW X5



World first F1® FSC™ certified tyres, from 2024 season



100% FSC™ Rubber used in European Pirelli plants

Full readiness vs upcoming regulations



European Deforestation Regulation



WHAT IS

EU rules to guarantee that the products EU citizens consume **do not contribute to deforestation or forest degradation** worldwide



TIMING

Tracing & Due Diligence
- 30 December 2024



SCOPE

Beef, wood, palm oil, soya, coffee, cocoa. **Rubber and derivatives.**

Tyre Road Wear Particles: facing the challenge

Context

What is TRWP?

Mixture of tyre tread fragments and road surface elements generated by the friction between the road and the tyre

Key influencing factors: tyre design, road characteristics, driving style, vehicles, weather

Where does it go?



» **Soil & Sediments**
~ 74-77%



» **Water (@ Estuary)**
~ 2-5%



» **Air**
~ 2%



» **Removal**
~ 18%

Potential adverse effects under study

Minor contributor of overall PM¹ air pollution (<1% PM₁₀)

How is industry moving?

Tire Industry Project (TIP)



CEO-led initiative, proactively working to **identify** and **address potential human health and environmental impacts of TRWP**



Bringing the scientific community together to advance the understanding on tyre unintentional emissions



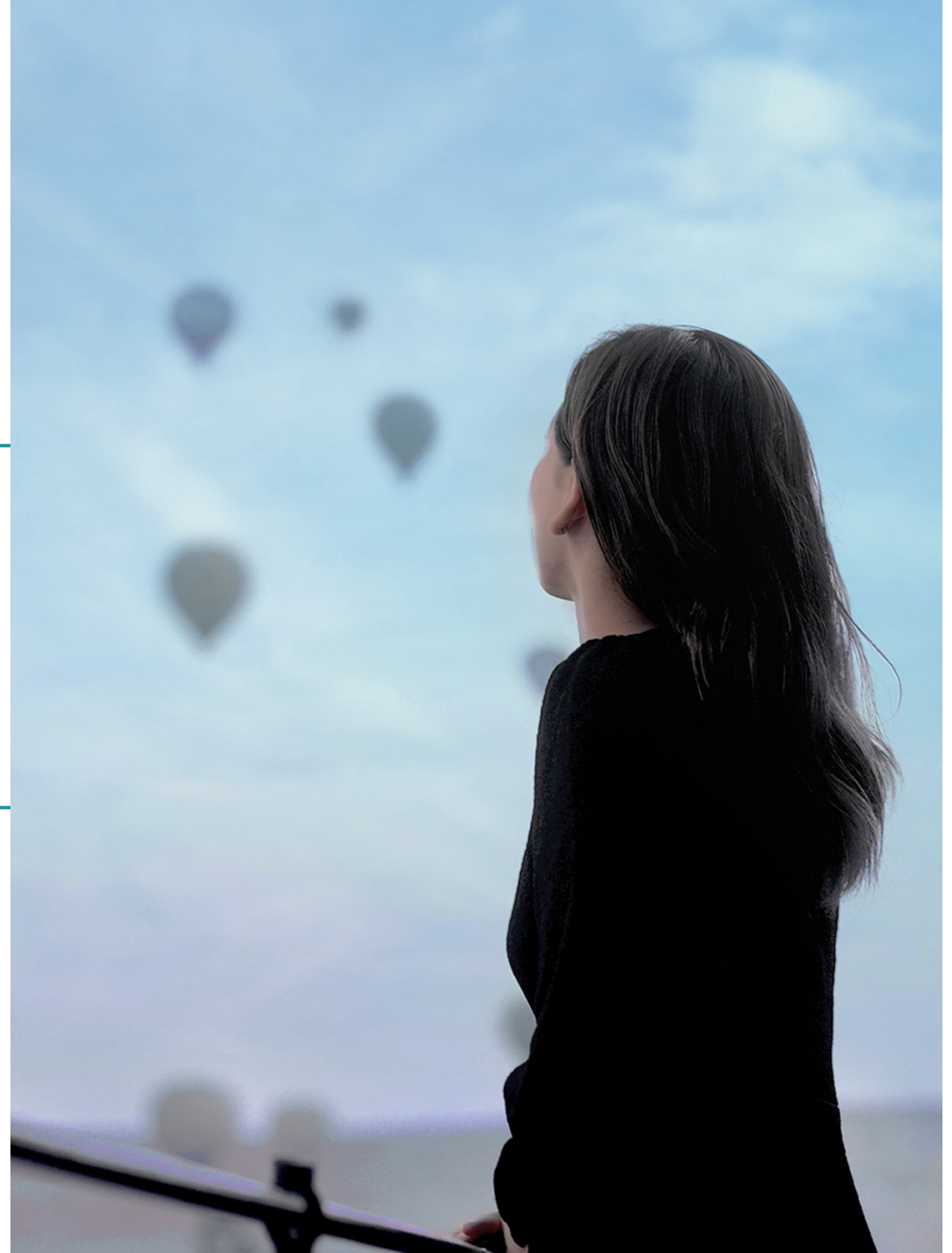
TRWP Mitigation task force engaging with relevant **stakeholders** and guiding **mitigation actions** through selected **pilot projects**

Our leverage on innovation and engagement

1. Reduction @source	2. Generation & Size	3. Biodegradability	4. Capturing	5. Industry initiatives
- 30% wear rate on new product lines by 2030	Cooperation with universities and research centers on airborne particle generation models and means to optimize particle size	Innovation through JDA s and universities on material biodegradability , also through extension of Natural Rubber use	Scouting TRWP capturing solutions , including rainwater collection systems	Active participation in industry initiatives (TIP and Regional Trade Associations)

People

■ At the heart of our growth



Our strategy for an engaged, diverse and talented global workforce



We are acting on 5 main pillars

	<div><div>SAFETY FIRST</div><div>Towards Zero Accident at work</div></div>	<div>>> Frequency Index</div>	<div>1.7¹ -65% vs 2015</div>	<div>~1¹ @2025 <1¹ @2030</div>
	<div><div>CARING & WELLBEING</div><div>New Pirelli <i>Global</i> Welfare Program</div></div>	<div>>> Enhanced welfare offer</div>	<div>Localized offer - by country</div>	<div>New global offer covering 100% employees @2026</div>
	<div><div>DIVERSITY, EQUITY & INCLUSION</div><div><div>Growing a gender balanced talents pipeline</div><div>Equality in remuneration</div></div></div>	<div>>> Women in management position</div> <div>>> Gender pay gap</div>	<div>27%</div> <div>+2.7% in favour of women</div>	<div>≥33% @2030</div> <div>±2% @2030</div>
	<div><div>SKILLS DEVELOPMENT</div><div>Upskilling and reskilling focus on digital transformation, excellence in operations, climate science</div></div>	<div>>> Average training days per employee per year</div>	<div>7.4</div>	<div>Constantly >5.0 days</div>
	<div><div>ENGAGEMENT & RETENTION</div><div>Leveraging on employees listening and experience</div></div>	<div>>> Global Sustainable Engagement Index</div>	<div>83% (Staff 80%; Operatives 85%)</div>	<div>Constantly ≥80%</div>

Strengthening our Global Value Chain



PIRELLI 2023 RESULTS AND 2024-25 INDUSTRIAL PLAN UPDATE
Wednesday, 6 March 2024

Partnering with our suppliers: managing risks while creating capacity



Risk Assessment & Mitigation

on Environment, Labour, Human Rights, Business Ethics

Drive excellence in responsible business conduct & mitigate risks



ANNUAL RISK ANALYSIS

to select potentially High, Mid and Low risk Suppliers (on all supplier base)

Scope

2023

2025

2027

Suppliers assessed - % on Total Spending from Suppliers selected as potentially High and Mid ESG Risk ⁽³⁾

High ESG Risk⁴

90%

96%

100%

Mid ESG Risk⁴

82%

96%

100%

- » Mandatory recovery plan for non-conformities
- » Mandatory ESG on-site Audit for all potential suppliers of Raw Materials during Homologation Phase
- » Continuous effort towards full upstream traceability

Business and Human Rights Management

100%

of Raw Materials suppliers and CAPEX strategic suppliers

100%

of High Risk ⁴ (all other categories)

100%

of Mid Risk⁴ (all other categories)

Nature & Biodiversity

FSC ENGAGEMENT

100%

of Raw Materials suppliers and CAPEX strategic suppliers

Raw Material Suppliers accounting for 90% of CO₂ upstream emissions

>90%

Raw Mat Emissions covered by primary data

- requested to have an SBTi
- requested to use 100% renewable electricity



TRAINING



DECARBONIZATION

Continuous engagement on primary data collection and CO₂ emission reduction initiatives"

Capacity Building & Engagement

Strengthening Partners' resiliency and accelerate transformation

Engaging with our customers on sustainability journey



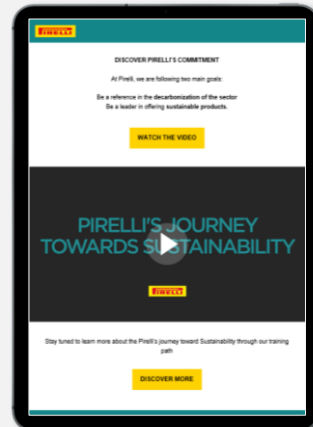
EUROPEAN SUSTAINABILITY MEETING

September 2023:
European Dealer
convention



SUSTAINABILITY NARRATIVE ON B2B CHANNEL

2023 Campaign on Pirelli
Sustainability Journey



SUSTAINABLE RETAIL NETWORK

Embedding sustainability
models into retail practices



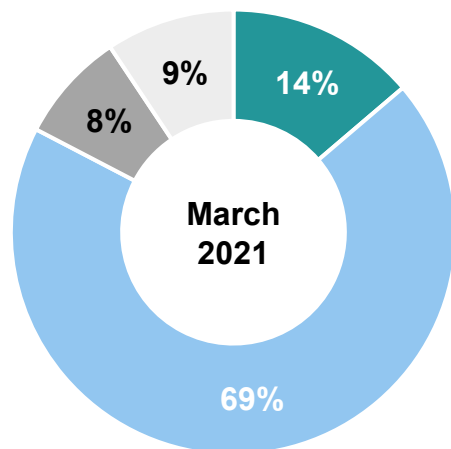
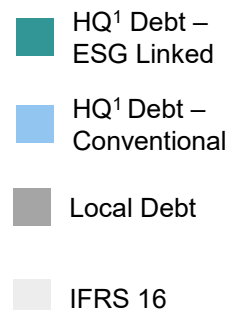
LINKING THE BRAND WITH SUSTAINABILITY VALUES

Conveying the value of
sustainability within
purchasing experience

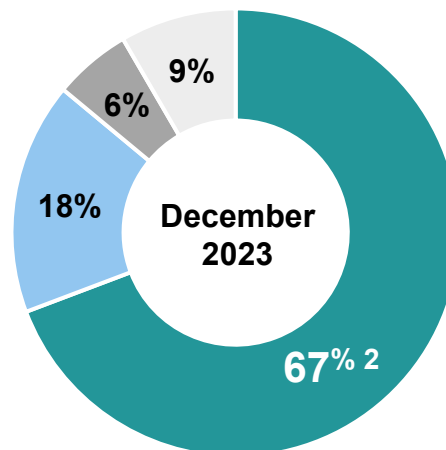


An ESG shaped finance

2021 Industrial Plan



Today



Vs Top 5 peers average 31%

with a strong ambition



Working on **100% HQ Funding** in Sustainability Linked Format by 2025









Pioneering Sustainability Linked Finance in the tyre industry

2022 ■ First Sustainability Linked Financing framework in the tyre industry

2023 ■ First Benchmark Sustainability Linked Bond in the tyre industry

ESG Indices: a globally acknowledged sustainability leadership

As @ 06 March 2024

Major rankings	Last update	Score	Positioning in the reference sector
 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	2023	84	Top score ATX Auto Components and automotive
 <p>Top 1% S&P Global ESG Leaders Index</p>	2024	TOP 1% ESG	Max Score
 <p>CDP A LIST 2023 CLIMATE</p>	2023	A	Max Score
 <p>CDP CLIMATE CHANGE LEADER 2023</p>	2024	A	Max Score
 <p>Corporate ESG Performance RATED BY ISS ESG Prime</p>	2024	B	Prime status and Top score Auto Components
 <p>FTSE4Good</p>	2023	4.5 / 5	Second score Auto parts
 <p>MSCI ESG RATINGS CCC B BB BBB A AA AAA</p>	2023	AA	ESG Leader
SUSTAINALYTICS	2024	11,0	Top score tyre industry (lowest risk); Awarded both <i>Industry</i> and <i>Region Top Rating</i>
 <p>PLATINUM 2023 ecovadis Sustainability Rating</p>	2023	Platinum	Top 1%





POWER IS NOTHING WITHOUT CONTROL.TM
BUT CONTROL IS NOT ENOUGH.
WE HAVE TO DO MORE.TM



FOR PEOPLE

We work for safety and caring for people is a fundamental part of our job.

FOR PLANET

There is no place for shortcuts and we consider the earth our most demanding stakeholder.

FOR MOBILITY

We are in the middle of a true revolution and nothing will be as before.