



PRESS RELEASE

PIRELLI: DURING 'SUSTAINABILITY DAY' SIGNS AGREEMENT WITH MINISTRY OF THE ENVIRONMENT TO REDUCE CLIMATE IMPACT FROM THE PRODUCTION AND USE OF ITS TYRES

Road safety, the consumer's role and attention to the environment as levers for business, the themes of the international conference held at Pirelli's headquarters

Without action, the World Health Organization estimates 2 million deaths annually by 2020. Economic impact of road accidents in some countries between 1% and 3% of GDP. Awareness of the quality and maintenance of tyres is essential for prevention

To improve the safety of its products, for the benefit of people and the environment, each year Pirelli invests 7% of revenues from the Premium segment in R&D, one of the highest levels in the tyre sector

Pirelli's plan for the containment of environmental impact entails a commitment to reduce CO₂ specific emissions by 15% and water specific withdrawal by over 50% by 2015

Marco Tronchetti Provera: the technologies needed to be "sustainable", a particular patrimony of European industry, represent a competitive advantage and an opportunity to spread a new model for growth

Jeremy Rifkin: the "prosumer", the producer-consumer, is the new protagonist of "distributed capitalism"

Ethical Corporation Study: for almost 90% of interviewees, attention to consumer safety is an essential element of social responsibility and an area of opportunity and innovation

Milan, 23 January 2012 – During its "Sustainability Day", Pirelli today signed a voluntary agreement with the Italian Ministry for the Environment and Land and Sea Protection to reduce the climate impact deriving from the activities relative to the production and use of its tyres. The agreement was signed by Minister Corrado Clini and Pirelli Chairman Marco Tronchetti Provera during the "**Driving Sustainability: a safe road to the future**" international conference. The agreement underscores the commitment of the company which through its own technology develops production systems and products which guarantee the reduction of environmental impact, quality and consumer safety. All elements which allow Pirelli to constantly increase its efficiency, also with significant economic benefits, and avail of an additional competitive lever on international markets, above all in those where these features are called for by law and appreciated by the consumer.

"To talk about sustainability today," said Pirelli's Chairman, "means first of all talking about technologies allowing a constant improvement of the quality of our life. The "old" Europe cannot compete with emerging countries from the point of view of production costs and internal demand, but something which can ensure our future, without doubt, is being more advanced in the development of industrial models for a sustainable

growth. In this sense, Italy and Europe have developed points of excellence which they export to the rest of the world”.

The conference addressed the theme of sustainability understood not as a cost but as an indispensable condition for companies’ future, which thanks to avant-garde technologies are able to develop more sustainable and efficient growth models. The debate also encompassed the theme of the consumer’s role within an economic system that in recent decades has seen profound changes both in the development models and in the market dynamics. For the economist Jeremy Rifkin, the "prosumer", the new producer-consumer, is the figure who will become ever more prevalent thanks to “distributed capitalism”, a complex figure who incarnates different and apparently conflicting interests with which companies must more frequently engage. Reconciling these interests will be a stimulus for companies to identify new models for a sustainable growth.

For Pirelli, growth also means responsibility towards the consumer, both through the protection of the environment and the development of ever safer products. Safety was, in fact, one of the conference’s central themes, with contributions from senior institutional, association, academic and corporate officials. As well as Marco Tronchetti Provera and Minister Corrado Clini, the participants included Antonio Tajani, vice president of the European Commission, responsible for Industry and Entrepreneurship, Peter Bakker, president of the World Business Council for Sustainable Development (WBCSD), Nikhil Chandavarkar, Chief of Communication and Outreach, Division of Sustainable Development, United Nations Department of Economic and Social Affairs, Carlo Fidanza, member of the Transport and Tourism Committee of the European Parliament, Francesco Gori, COO of Pirelli, Toby Webb, founder and president of the Ethical Corporation and Jeremy Rifkin, president of the Foundation on Economic Trends. The debate was moderated by Oscar Giannino.

PIRELLI AND SAFETY

Pirelli expresses its sustainable management also through its commitment to guaranteeing maximum safety with regard to its products, the environment and its employees, with an approach aimed at safeguarding all stakeholders for a long lasting growth. The results have been widely recognized at the international level. Pirelli has for many years been included, with ever higher ratings, in some of the most representative sustainability indices, including the Ftse4Good, Dow Jones, ECPI, Aspi and Axia. Further, in 2011 the company was recognized for the fifth consecutive year as the world sustainability leader in the *Auto Parts and Tyre* sector within the Dow Jones Sustainability Europe and World indices. These indices measure companies’ sustainability performances and constitute an essential basis for “ethical investors’ choices.

The growing centrality of themes linked to consumer safety is also confirmed by the study presented during the conference by the Ethical Corporation, an independent analysis firm focused on social responsibility themes. The study reveals that for almost 90% of the interviewees – drawn from the readers of the Ethical Corporation’s magazine – consumer safety is an essential component of social responsibility, becoming therefore not only an element to be included in corporate agendas but also an area of opportunity and innovation. Of the sample group, 42% also indicated that a socially responsible company’s main tasks should include the identification and limitation of risks associated with the product. The research cites 15 large groups, industrial and not, which symbolize sustainable action, acknowledging Pirelli’s responsible approach to the production of tyres, with products of quality focused in the premium segment of the market.

Tyres and road safety

Each year, Pirelli invests 7% of its revenues from the Premium segment in research and development, one of the highest levels in the tyre segment, to create products which improve safety for the benefit of people and the environment. According to a research from the World Health Organization, each year around 1.3 million people lose their lives in car accidents around the world. This number, without preventive actions, is destined to grow to 1.9 million in 2020. Road accidents represent the highest cause of death in the 15 to 29 age group. As well as deaths there are the injured, estimated at between 20 million and 50 million a year, with an economic and social impact estimated in some countries at between 1% and 3% of GDP.

Road safety, along with the reduction of harmful emissions, is one of the key planks of Pirelli's strategy, inspiring industrial and commercial choices for an ever more sustainable mobility. Research has allowed us to develop materials which are at the same time ecological and able to guarantee the best performance in terms of safety. In this sense, the new European labeling regulations providing for labels that identify a tyre's technical and environmental characteristics, will allow Consumers to make their choices in a more informed and aware way, in particular with relation to braking distance in the wet, noise and the impact on fuel consumption linked to rolling resistance.

In line with its "Green Performance" strategy, Pirelli produces tyres which on the one hand increase performance, reducing braking distance, improving handling and grip in the wet, and on the other reduce rolling resistance and the weight of the tyre with benefits for the environment. From the Scorpion Verde, the first ecological high-performance tyre for SUVs and Crossovers, to the P1, the green tyre for small and mid-size vehicles, to the PZero Silver, the Ultra High Performance tyre derived from Formula 1. Even the Cyber Tyre, now in the final pre-marketing testing phase, will represent a further evolution in terms of safety, thanks to its ability to "read" the road surface through an integrated chip which sends important information to the driver, for a safe driving.

With regard to prevention and the dissemination of the culture of safety, Pirelli intends to give its concrete contribution to the global plan "Decade of Action for Road Safety 2011-2020" launched by the UN and the World Health Organization and has signed on to the European Road Safety Charter, promoted by the European Commission. With its subscription to the Charter, Pirelli has committed to intensify its program of already launched initiatives at international level to contribute to the reduction of accidents linked to vehicle circulation. Promoted by the European Commission, the Charter aims to support all initiatives that help increase road safety. The activities planned by Pirelli embrace the criteria of feasibility, concreteness and verifiability required by the European Road Safety Charter, underwritten by over 1,900 institutions and companies at the European level, and share the 2020 goals in terms of development of technologies at the service of safety and planning of awareness initiatives at the international level. Among those launched by Pirelli, there is the protocol of understanding signed with Italy's Road Police (Polizia Stradale) and the Italian Ministry for Education aimed at raising the road safety awareness among students, the "Safe&Go" 2010 campaign, realized in conjunction with the Italian highway authority (Autostrade per l'Italia), to carry out free checks on the condition of tyres.

Reducing environmental impact

For Pirelli, sustainability also means achieving significant savings to protect and safeguard the environment. The last action undertaken was the voluntary agreement signed today with the Italian Ministry of the Environment and Land and Sea Protection to reduce the climate impact deriving from the production and use of a Pirelli tyre.

Within the framework of the agreement, Pirelli has committed to calculate, using internationally recognized calculation methods, the carbon footprint relative to the entire life cycle of a tyre, identifying the most economically sustainable and efficient interventions to reduce greenhouse gases emissions. Pirelli already applied a carbon management system aimed at planning, realizing, monitoring and verifying its interventions to reduce its carbon footprint.

The agreement is one of a number of actions conducted by Pirelli to contain environmental impacts. In 2011, in particular, these actions led the group to reduce its specific energy consumption by 6% compared with 2010, with a 20% reduction in the specific water withdrawal. In total, the measures implemented by Pirelli from 2009 to today have resulted in using 2 million cubic meters less of water each year, with CO₂ emissions reduced by 5% compared to 2009. The next targets in terms of environmental sustainability, announced when the industrial plan was updated last November in London, call for a reduction of at least 15% in specific carbon emissions and a decrease of over 50% in specific water withdrawal by 2015.

Each year about 1.5 billion tyres are produced in the world, which must in the end be disposed of: European producers, and also those of the USA and Japan, have created recovery chains with positive results, covering above 90% of the used tyres. Also on this front, Pirelli is actively committed, both in the management of the gathering procedure and in terms of creating new ways of re-using end of life tyres .

Employee safety and attention to local communities

Making safety a culture, more than a mere application of rules, is one of the objectives within the actions aimed at the 30,000 Pirelli employees in the world. Among recent initiatives in this direction, Pirelli held a “Settimana HSE” (Health, Safety and Environment week) which last September saw the group, for years a partner of the European Agency for Safety and Health at work, involve all employees worldwide in meetings, courses and exercises regarding environmental and safety themes. But also the “Excellence in Safety” project, in which production units are introduced to new work methods which emphasize safety as a cultural as much as a strategic factor. These are projects which contribute to the achievement of the target of reducing by 2015 workplace accidents frequency index by 60% compared with 2009, already down by 26% between 2009 and 2011.

Pirelli’s actions also aim to benefit the communities in which it operates, through support for education, training and health. In December 2010, Pirelli, for example, signed an agreement with the Italian Ministry for Equal Opportunities and the Lombardy Region government to renew health sector cooperation through 2013, which began in 2008, between Milan’s Niguarda hospital and the Romanian hospital in Slatina, where Pirelli has been present since 2005. After the earthquake in Japan in March 2011, Pirelli launched the “My time for Japan” fund raising campaign among its employees, which was used to acquire “travelling libraries” for children living in temporary housing. There were also many training initiatives. The latest of these were “Joint Labs” signed with Milan’s Politecnico in support of research and training in the tyre sector and with the ‘Qufu Normal’ Chinese University to finance 25 scholarships.

In line with the global sustainability strategy adopted by Pirelli, the “Sustainability Day” is subject to certification according to the BS8901 standard for the sustainable management of events, which covers all social, health, safety and environmental aspects along the entire supply chain involved in the planning and realization of the event.
