



## **Pirelli implementation Plan and Performance 2021**

2021 Plan is focused on continuous improvement of the Pirelli's supply chain traceability in partnership with T1 Suppliers, capacity building through training on the key topics identified during 2019-2020 activities and risk mapping.

On resume the on-site engagement activities disrupted in 2020 due to the COVID-19 situation; on-site engagement activities deemed the most effective way to implement our Sustainable Natural Rubber Policy.

- Traceability:
  - Engage with our suppliers to improve the traceability of Pirelli supply chain:
    - KPI: % of natural rubber purchased in 2021 with a level of traceability up to the municipality level.

→ **Update at the end of 2021:** Suppliers corresponding to >95% of Pirelli 2021 purchases have shared the areas of sourcing (municipality/province level).

- Risk mapping and assessment through on-site audit – where feasible according to pandemic conditions:
  - Perform on-site audit to keep mapping socio-environmental risks along Pirelli natural rubber supply chain.
    - KPI: N° of audits performed in the natural rubber supply chain in 2021.

→ **Update at the end of 2021:** Almost 100% of our natural rubber purchases in 2021 were sourced from Tier 1 suppliers which have been audited on-site for ESG. Due to the pandemic, most audits were done remotely. 15 Natural Rubber processing factories have been audited under the 2021 annual auditing campaign.

- Capacity Building – Training:
  - Training of suppliers and sub-suppliers based on risk mapping and assessment outcomes.
    - KPI: % of natural rubber purchased in 2021 coming from suppliers having joined onsite trainings (where delivered prior the pandemic) or virtually organized trainings (in persistence of pandemic).

→ **Update at the end of 2021:** >99% of natural rubber purchased in 2021 is from suppliers which have joined trainings on the Pirelli Sustainable Natural Rubber Policy

- Training cascading along the chain also through Infographics:
  - Design and printing of infographics to facilitate the cascading of training learnings along the supply chain.



- KPI: % of suppliers who have distributed infographics along the supply chain.

→ **Update at the end of 2021:** Whilst infographics have been prepared for suppliers in all regions, close to 80% of our suppliers have received infographics for distribution. Delivery of Infographics for the remaining suppliers is delayed (related to distribution difficulties) and will be completed in H1/2022.

- Support T1 Suppliers' in the implementation and update of Roadmap of activities along the supply-chain and in alignment with Pirelli Policy
  - KPI: % of natural rubber suppliers that have progressed on their roadmap of activities to implement the Roadmap along Pirelli supply chain.

→ **Update at the end of 2021:** >95% of suppliers have shared with Pirelli their roadmaps with respective implementation activities. Onsite training activities typically were again placed on hold in 2021 due to the pandemic and related risks for farmers/middlemen and staff.

- Community support:

Since 2014 Pirelli and Kirana Megatara have organized the "tapping competition", an event held in Indonesia that sees local tappers compete on the best method of tapping and to cascade good farming practices among the participating smallholders. While in 2020 the "tapping competition" was put on stand-by due to the pandemic, Pirelli and Kirana Megatara continued to provide scholarships to farmers' children. These activities are carried out on an annual basis, in the belief that the future sustainability of the natural rubber supply chain cannot be separated from adequate training and development of the new generations, and their right to study. The 2021 plan is thus structured as follows:

  - Reactivation of the "tapping competition", which was suspended in 2020 due to the pandemic risks.
    - KPI: N° of farmers who joined the tapping competition

→ **Update at the end of 2021:** unfortunately, this activity has been suspended due to the pandemic situation.

- Continue support to local communities through scholarships for children.
  - KPI: N° of farmers' children who have received the scholarships

→ **Update at the end of 2021:** 65 farmer children have received scholarships.



At the time this document is drafted, **additional on-site Projects are under evaluation.**

- **Global Platform for Sustainable Natural Rubber – GPSNR**

As a proud co-founder In 2021 Pirelli will continue to actively engage in [GPSNR](#) and will join the following four working groups launched by the platform, co-chairing the first two:

- The “Smallholder Representation Working Group” (co-chaired) which aims to support the creation of an active smallholder community within GPSNR and to extend the on-boarding of smallholders from rubber producing countries
- The “Capacity Building Working Group” (co-chaired) with the scope to build capacities among smallholders and industrial plantations to adopt best practices in sustainable natural rubber production
- The "Traceability and Transparency working group" which aims to define the requirements that a traceability tool needs to have in order to comply with the requirements set by GPSNR.
- The “Shared Responsibility Working Group” with the scope to define principles of shared responsibility for the platform, ensuring that the burden of developing sustainable natural rubber practices does not disproportionately fall on any single node of the value chain.

- **Reporting:**

At the beginning of 2022 Pirelli will communicate the progress made vs. defined targets and KPIs through its institutional channels, including the Company web site and the Annual Report.