



## **Forced Labour Report of Pirelli Tire LLC**

This annual report is prepared by Pirelli Tire LLC (the “Company”) in compliance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). It describes the approach and actions taken by the Company to address forced labour and child labour risks in its operations and supply chains during the year ended December 31, 2023.

### **Who We Are**

Pirelli Tire LLC, headquartered in Rome, Georgia, United States of America, manufactures, imports, and sells tires in the US and Canada. The Company includes the Modular Integrated Robotized System facility and research and development center at its Rome, Georgia headquarters, as well as sales, logistics and marketing offices in New York City, Atlanta, Detroit, and Montreal. The Company manufactures, distributes and markets original equipment and replacement tires for car/motorcycle applications. The Company is part of the multinational Pirelli Group (“Pirelli”), headquartered in Milan, Italy and unless otherwise indicated, follows and adopts Pirelli Group policies, practices and procedures. For more information regarding Pirelli Tire LLC, please visit <https://www.pirelli.com/tires/en-us/car/homepage>.

### **What We Do**

Pirelli Tire LLC’s core activities encompass the production and importation of high-quality tires and related services. The Company is a part of a group that is a globally recognized leader in the tire industry, specializing in products for cars, motorcycles, and bicycles. Pirelli is dedicated to manufacturing tires that excel in performance, safety, noise-reduction, and road grip. Pirelli’s technological advancements are also influenced by its extensive experience in motorsports.

Pirelli’s sustainable development planning aims to make a tangible contribution to the global effort to achieve the 2030 Sustainable Development Goals presented by the United Nations in September 2015. The Company is committed to Pirelli’s Sustainability plan with clear targets for 2025 and 2030; the plan is fully integrated into Pirelli’s Industrial plan.

The Company is committed to human rights and has a number of policies and practices in place.

## **Our Supply Chains**

The Company has a global chain involving diverse suppliers for raw materials and services across multiple countries. Moreover, the Supply Chain Management Model adopted by the Company fully meets the requirements dictated by the international guidelines for sustainable procurement ISO 20400 - "Sustainable Procurement Guidance". The Company's supply chain management emphasizes fairness, impartiality, and equal opportunities. Pirelli's purchasing department plays a crucial role in aligning supplier selection with its targeted sustainability objectives. Pirelli's Suppliers' Code of Conduct details what is required of the Company's suppliers, and it covers human rights, labour rights, environmental guidelines, sourcing of materials, and business ethics. The Company, as a part of a global group of companies, is committed to adopting increasingly advanced models of management of the economic, social and environmental responsibility of the supply chain with particular attention to the upstream supply chain. Furthermore, the economic, social, and environmental sustainability of the natural rubber supply chain is among Pirelli's top priorities.

Pirelli, in partnership with a group of global companies, is committed to increasing the transparency and traceability of the natural rubber value chain. In 2021, Pirelli announced the world's first ever Forest Stewardship Council ("FSC") certified tire, following an extensive chain of custody audit process. FSC certification confirms that plantations are managed in a way that benefits the lives of local people and workers.

Pirelli, along with many other companies around the world, has implemented a Sustainable Natural Rubber Policy. The first pillar of this policy is protecting human rights and promoting decent working conditions. Moreover, the policy has led to a significant increase in traceability of the natural rubber supply chain.

In the area of conflict minerals, Pirelli's process of risk identification and mitigation includes:

- Annual tracking of conflict minerals in the raw materials in its supply chain, aimed at identifying the origin of the minerals up to the mines or smelters and the existence of any conflict minerals;
- Assessment of the real need for use according to the safety and performance requirements of Pirelli products;
- Annual survey of suppliers using the tools defined by the Responsible Minerals Initiative (RMI), in particular through tools such as the Conflict Minerals Reporting Template (CMRT) for 3TG and the Extended Minerals Reporting Template (EMRT) for other conflict minerals such as Cobalt and Natural Mica;
- Analysis and mitigation of risks at Smelter/Refiner (SOR; Smelters Or Refiners) level by verifying compliance with the standards set by the Responsible Minerals

Assurance Program (RMAP), also considering the search for alternative sources of supply to support risk mitigation.

Over the years, Pirelli has progressively strengthened its model of management and mitigation of the risk associated with Conflict Minerals, 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.

### **We Are Aware of Risks of Forced Labour or Child Labour Use in Global Supply Chains**

The Company is acutely aware of the risks associated with forced labour and child labour in global supply chains. Likewise, the Company acknowledges that these risks are particularly prevalent in certain geographical areas and sectors, including the harvesting of rubber. As a responsible corporate entity, the Company, as part of a global group of companies, is committed to ensuring that its supply chains are free from such unethical practices. This commitment extends to sourcing materials from ethical suppliers who strictly adhere to internationally recognized labour laws and regulations and uphold high ethical and social standards.

Despite the identification of potential risks, Pirelli’s effective safeguard measures have significantly reduced the actual risk levels, both in its subsidiaries and in its supply chain. Pirelli has implemented specific activities, including enhanced training for employees and raw material suppliers, particularly in high-risk countries. Furthermore, Pirelli also continues to perform on-site audits at its sites and third-party audits at supplier locations in higher-risk countries. Additionally, Pirelli engages in Human Rights Impact Assessment activities annually to prioritize its actions and further strengthen due diligence processes.

### **How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour**

#### **Our Policies**

Several policies in connection to ethics and human rights can be found on Pirelli’s website, [www.pirelli.com](http://www.pirelli.com), including the Values and Ethical Code, the Social Responsibility Policy for Occupational Health, Safety and Rights, and Environment, the Global Human Rights Policy, the Diversity, Equity & Inclusion Policy, the Supplier Code of Conduct, the Sustainable Natural Rubber Policy, the Anti-Corruption Program, and the Whistleblowing Policy. These policies are adopted by all group companies, including Pirelli Tire LLC.

Pirelli's Supplier Code of Conduct outlines its stance against forced and child labour, detailing requirements in human and labour rights, environmental protection, and business ethics. These policies are enforced through contractual agreements with suppliers and are a

cornerstone of Pirelli's procurement process, and partners must adhere to Pirelli's Supplier Code of Conduct.

- **Employment Contracts:** Suppliers must provide clear written labour contracts to all employees, ensuring transparency in employment terms, wages, and benefits.
- **Wages and Benefits:** Suppliers are required to offer salaries that meet at least the minimum legal standards and are adequate for a decent standard of living. Compensation must be merit-based and equitable.
- **Working Hours and Overtime:** Suppliers must adhere to legal standards for working hours and overtime. They must ensure fair compensation for overtime and compliance with local laws regarding leaves and work schedules.
- **Child Labour and Young Workers:** Suppliers are obligated to prevent child labour, hiring only workers who meet the legal minimum age. Young workers must be protected from hazardous work.
- **Modern Slavery and Forced Labour:** Suppliers must not engage in any form of forced labour, human trafficking, or other abusive working conditions. Employment relationships must be voluntary with the right to terminate employment reasonably.
- **Health and Safety:** Suppliers should provide a safe and healthy work environment in compliance with national and international standards. This includes adequate facilities, risk management, and training programs.
- **Non-Discrimination and Fair Treatment:** Suppliers are expected to provide equal employment opportunities and ensure a workplace free from discrimination, harassment, and abuse.
- **Freedom of Association and Collective Bargaining:** Suppliers must respect employees' rights to association and collective bargaining as permitted by law.

#### **Our Due Diligence Processes**

Pirelli employs a rigorous due diligence process for supplier selection, including on-site audits conducted by third parties, particularly for raw materials and high-value goods suppliers. Pirelli's due diligence processes concerning forced labour and child labour are comprehensive and integrated into its overall corporate responsibility strategy. These processes are specifically designed to assess, manage, and mitigate risks related to these critical issues within its business and supply chains. Moreover, the Company's human rights commitments are specified in the Terms and Conditions included in contractual agreements with its suppliers who must agree to the Company's Sustainability Clause

which includes specific references to prohibitions against forced labour and zero tolerance for any form of child labour.

**Whistleblowing Procedure and Monitoring:**

- In 2023, no reports of violations relating to ILO Core Labour Standards, including forced and child labour, were made to the Company.
- The Pirelli Group Internal Audit Department conducts periodic audits at Pirelli's affiliates as part of a three-year auditing plan, covering all Pirelli sites. These audits assess compliance with human and labour rights, including aspects related to forced and child labour.

**Human Rights Due Diligence:**

- Pirelli has adopted a human rights due diligence process that integrates commitment within Pirelli policies and procedures, identifying and assessing risks and negative impacts, including through stakeholder involvement.
- Commitment to remedy any negative impacts includes establishing grievance mechanisms for individuals and groups to voice concerns.

**Global Human Rights Policy:**

- The SA8000® Standard (SA800) is used as a reference tool for managing Social Responsibility at Pirelli's affiliates and along the supply chain, ensuring compliance with labour standards. Moreover, SA800 is the leading social certification standard for factories and organizations across the globe. It provides a framework which organizations use to develop a robust social accountability structure. Through this approach, Pirelli has ensured a high level of social compliance within its workforce and supply chains. Below are the standards by which Pirelli governs its ethical and social commitments:
  - Child Labour
  - Forced or Compulsory Labour
  - Health and Safety
  - Freedom of Association and Right to Collective Bargaining
  - Discrimination
  - Disciplinary Practices

- Working Hours
- Remuneration
- Management System

#### **Annual Supplier Audits:**

- Third-party auditors are used to conduct sustainability audits on a number of tier 1 suppliers in each Pirelli Group region every year. These audits include verification of compliance with laws, regulations and Pirelli policies on human rights including forced labour and child labour, and includes verification of upstream supply chains of Pirelli's tier 1 suppliers.

#### **Employee Training on Forced Labour and Child Labour**

The Company is dedicated to ensuring its employees are well-trained and informed about the critical issues of forced labour and child labour. Pirelli's training programs are designed to educate and sensitize employees on these issues, emphasizing the importance of ethical sourcing and adherence to the Supplier Code of Conduct.

The Company conducts annual training sessions for various employees, focusing on the principles outlined in its Supplier Code of Conduct and Ethics Code. These training sessions cover various aspects of social responsibility, including the prevention of forced and child labour. The training includes a comprehensive overview of human rights due diligence processes, particularly focusing on issues related to forced and child labour. Employees are educated on identifying and reporting potential violations within the company and its supply chain.

The Company employs the SA8000® Standard as a reference tool for managing social responsibility at and along its supply chain. Employees receive training on the standards and practices outlined in SA8000®, ensuring they are equipped to maintain these standards in their daily operation.

Through these training initiatives, the Company aims to embed a deep understanding and commitment to ethical practices among its employees, particularly concerning the critical areas of forced and child labour.

#### **How We Monitor Ourselves and Our Suppliers**

The Company 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. Pirelli's internal monitoring includes regular reporting to senior management and

the board on sourcing practices and compliance with ESG criteria. Key performance indicators are used to assess and ensure the effectiveness of the Group's strategies to prevent forced and child labour in its supply chains.

Pirelli utilizes annual Supplier Sustainability Audits by a third-party administrator in order to verify compliance with all sustainability and human rights terms required by laws, regulations, and Pirelli policies.

**How We Have Addressed Reported Risks or Use of Forced Labour or Child Labour in our Supply Chains**

To date, Pirelli has not encountered instances of forced or child labour within its supply chains. Pirelli has proactively put in place procedures to address and remediate any potential occurrences of forced labour or child labour promptly, if they occur. The Company's commitment to ethical sourcing extends to supporting vulnerable families potentially impacted by measures taken to eliminate forced or child labour in its operations and supply chains.

**Attestation**

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Pirelli Tire LLC. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

By: Maureen S. Kline

Name: Maureen Kline

Title: Vice President, Public Affairs and Sustainability

I have the authority to bind Pirelli Tire LLC.