

A NOTE ON METHODOLOGY

This, the sixth edition of the Pirelli Group Sustainability Report, is a comprehensive expression of the Pirelli corporate culture based on the **integration of the economic choices together with the environmental and social choices, according to the triple bottom line approach**. Therefore, this description of sustainable performance, instead of being published separately, is included in the Pirelli Annual Financial Report, as Volume 3 (Volume 1: Annual Financial Report at December 31, 2010; Volume 2: Report on Corporate Governance and Share Ownership).

In light of this integration, note that:

- the **Chairman's Letter** at the beginning of Volume 1 of the Pirelli Annual Financial Report addresses Group sustainability issues;
- the **scope** of this annual report is the same as the Group's consolidated report;
- this report gives a summary of the **corporate identity, Group structure and operating performance in 2010**, insofar as these topics are discussed in detail in Volume 1, to which reference is made for further information.

The report has been drawn up according to the **Sustainability Reporting Guidelines** issued by the **Global Reporting Initiative (GRI)**, and the principles of **completeness, materiality and responsiveness** set out in **Standard AA1000**. The analysis of sustainable performance is based on a set of **Key Performance Indicators (KPIs)**, developed in accordance with the GRI indicators (updated to the G3 standard) and the principles of the **Global Compact** (which Pirelli adopted in 2004) while also taking account of data periodically monitored by the leading **rating agencies** of sustainable finance. The sections on economic and social dimensions

have also drawn on the **Reporting Standards** issued by the Italian **Social Report Study Group (GBS – Gruppo di Studio per il Bilancio Sociale)**.

In this report, we have concentrated on what we believe will be of most interest to the Group's wide variety of stakeholders, highlighting and explaining **the progress made in 2010** in relation to the contents of the **2009** report, with an **overview of trends** during the **past three years**. **Achievement of the qualitative and/or quantitative targets set for 2010 has been reported both inside the front cover and in the sections** dedicated to the specific **stakeholders** to which the targets refer, **as well as the new 2011 and/or multi-year targets**.

The **Summary Tables** found at the end of the report illustrate the topics discussed in the text in reference to the specific GRI (G3) performance indicators, as well as to the Global Compact principles.

This report includes **Assurance Statement by an independent third party**.

Finally, it is **published** – in Italian and English – in the Sustainability and Investor Relations sections of the website **www.pirelli.com**.

For further explanations and information on what is reported here, please refer to the **Contacts** published in the section of the website mentioned above. From that section, site visitors can access the **Sustainability Channel**, which is the interactive channel of communication between Pirelli and the web community interested in sustainability news and events regarding the Group. Through the Sustainability Channel interested users may also comment on the news.