

Pirelli: CSR applied to tyres

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"In 2010, for the fourth year in a row, **Pirelli** was the Autoparts & Tyres World Sustainability Leader among producers of components and tyres for the four-wheeler market. More precisely, the company rating was 90 against an industry average of 55".

The company from Bicocca, worldwide famous for its tyres, works in over 160 countries with its twenty industrial sites. The group has long produced active corporate accounts on Corporate Social Responsibility and has been given numerous awards and certifications by the most important audit and monitoring entities. **Filippo Bettini**, Head of Sustainability and Risk Governance at Pirelli, tells us what social responsibility means to the company.

"Pirelli is a more than a hundred years old company. We began paying attention to people long before the idea of 'stakeholder' was formalized. We have always given special value to the training of our staff and of the communities where our production sites are located: in a sense this is in our DNA".

How is your relationship with your suppliers? Have you set standards?

"We pay special attention to responsibility in the management of the companies we work with. Through a specialized external auditor we monitor our suppliers' compliance with all labour regulations applied in the countries where our sites are located. If there are irregularities the company in question is given a few months to prepare a recovery plan. However, we have not encountered any critical cases so far. This is because we impose a certain way of working with us right from the start of our relationship. We make sure that at least one quarter of the turnover related to suppliers in Western countries falls within the control panel of our audit systems. Besides, these panels change over time to improve the reliability standards of the samples chosen from time to time. We also decided to audit a number of natural Rubber Suppliers covering a quarter of the total amount spent for raw material purchases in the so-called 'Countries of Concern', that is countries with a higher social or environmental risk.

You have planned to make € 1.9 billion investments by 2015: how much will be invested in sustainability and how?

"We certainly have many ambitious projects for the coming years. We have developed several markets in this period and are acquiring a 'local for local' perspective; in other words, we focus on production through a direct industrial presence that satisfies, first of all, the demand of domestic and neighboring markets. We make tyres in China for China, in Mexico for Mexico or North America, in Brazil for South America. This approach also entails, in practice, substantial savings on logistics costs and on the cost of transporting goods. It also means applying once again the 'Gaining from Sustainability' approach, i.e. the idea - a great idea, we believe - that corporate responsibility can also create business and income opportunities."

As for environmental protection, what goals have you set?

"Do you know what the 20-20-20 imposed by the European Union is? Well, we look beyond that. At Settimo Torinese, in particular, we are completing the most technologically advanced and efficient site of the group, whose goals to reduce energy consumption will go well beyond those expected at EU level. An Italian 'jewel' which features of excellence, within our global perspective, may then be 'exported' elsewhere. This will help us achieve the targets we have set for 2015: a 15% reduction in CO2 emissions, a 15% reduction in energy consumption and a 35% reduction in water consumption compared to 2009 data. Furthermore, in a more wide-ranging perspective, we should mention our several hundred million Euro investments in our new sites: by 2015, 60% of our sites will be no more than ten years old."

I believe that you have also reduced water consumption...

"We will cut it by a quarter by 2015, and we are extending our best practices also to countries where these are not required by any specific regulations. We need water in different manufacturing processes and much of it is also used in the manufacturing of 'steel cords', the metal cords that make the skeleton of a tyre. Our sites have water reclamation systems and we are planning to reduce water consumption".

The effect of your products on the environment is also indirect: do you work also on the consumption of cars fitted with them?

"We have always paid great attention to the quality and safety of our tyres other than to their environmental impact. We took steps long before the law on tyre labelling was enacted, which will become enforceable in Europe in 2012: our tyres already limit rolling resistance to a minimum, which affects fuel consumption and thus environmental pollution, they last longer and respect noise limits. Other than these features, our tyres give excellent road grip on wet roads or in critical weather conditions, which means safe driving. Respect for the environment and safety rightly fall within the scope of a 'socially responsible' business model: an example of this is the 'Cinturato P7' tyre whose excellent performances have been acclaimed by international specialized magazines."

If I'm not mistaken, you have also calculated energy consumption for each product.

"That's right. We believe it is essential to reason in this perspective, and therefore we have calculated energy consumption per ton of finished product, aiming to cut it by 15% by 2015 when compared to 2009. As you can see, many challenges still lie ahead."