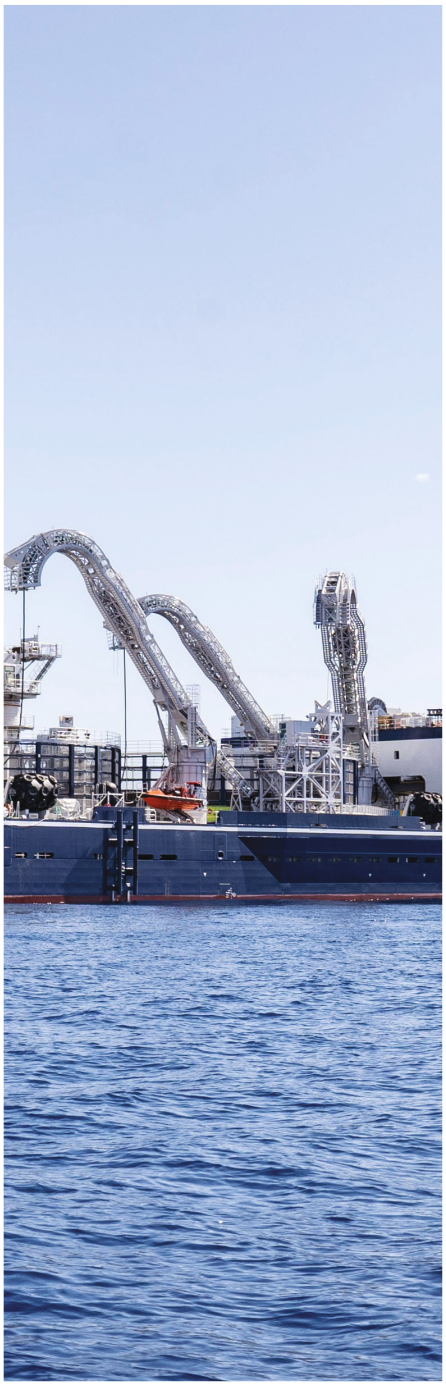
Prysmian Group

Linking the sustainable future

Task Force on Climate-related Financial Disclosures ("TCFD") Report 2021

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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About this report

Prysmian is committed to providing effective disclosure to its stakeholders on all the issues that could affect decisions regarding the Group and on the measures it has adopted to ensure business continuity over the long-term.

The objective of this document, in addition to other publications (e.g., Non-Financial Disclosure) and engagement actions (e.g., participation in the CDP and S&P Corporate Sustainability Assessment, multi stakeholder events on ESG topics), is to demonstrate Prysmian's transparent approach on sustainability and provide supplementary climate-related information that is both readily and easily accessible to investors and other users.

This report is based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD is a set of voluntary, consistent disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about the company's overall strategy and governance, their climate-related financial risks and opportunities, and relevant metrics and targets.

Prysmian - within the context of the Group decarbonization strategy and in consideration of the relevant role that it is playing in the energy transition (including also the SBT approved Net Zero targets) - has been constantly monitoring climate-related risks and opportunities. Furthermore, with this first TCFD Report, Prysmian endorses its commitment.

CORE ELEMENTS OF RECOMMENDED CLIMATE - RELATED FINANCIAL DISCLOSURES

Governance
The organization's governance around climate-related risks and opportunities.

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Risk Management
The processes used by the organization to identify, assess, and manage climate-related risks.

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Source: 2021 TCFD Implementing Guidance.

The data and information refers to fiscal year 2021. The perimeter of environmental and climate change data are aligned with what published in the Group Non-Financial Disclosure 2021.
Please direct comments, requests, opinions and ideas for improving the activities of Prysmian and the information contained in the TCFD Report to:

INVESTOR RELATIONS/CORPORATE AND BUSINESS COMMUNICATIONS
+39 02 6449 1
sustainability@prysmiangroup.com

Message from the Chief Sustainability Officer

I am pleased to share Prysmian's first standalone report replying to the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). The year 2021 was the year when the global economic and financial system realised it had to step up its commitment to sustainability. Indeed, the world Is facing global challenges, exacerbated by COVID-19, which has put to the test our societies and systems. Extreme weather events are causing significant destruction to lives and livelihoods, causing disruption to business activities and supply chains globally.

ESG considerations are a key element of Prysmian's strategy and, to make sure we have a sustainable future, Prysmian has been proactive, launching two initiatives that consolidate its present and future leadership on ESG matters: the Climate Change Ambition and the Social Ambition.

In particular, with the Climate Change Ambition, the Prysmian Group rolls out a new strategy that adopts science based targets aligned with the Paris Agreement and commits to a 2035 "Net Zero" target for emissions from its own operations (Scope 1 and 2), and 2050 for value chain emissions (Scope 3). The company will invest 100 million euro in this initiative over the next 10 years.

Along with these ambitious commitments, Prysmian is more convinced than ever that the integration of climate-related risks and opportunities into the strategic planning and enterprise risk management frameworks helps strengthen the resilience and adaptation to climate change.

This TCFD Report represents an important step in the execution of our strategy, by sharing a deep understanding of the strategic risks and opportunities

our group faces as a result of climate change, as well as the business responses and implementation plans we are carrying out in order to face such challenges.

Most importantly, we see that climate change poses risks to current business models of companies, but it can also create opportunities for those that act decisively toward a low carbon economy, and the Group will transparently report its progress on this journey.

Cristina Bifulco
Chief Sustainability Officer Prysmian Group

Message from the Chief Risk Officer

Awareness of the economic and financial consequences of climate change has been rising over the past few years. In Enterprise Risk Management We define a risk if the probability distribution of possible future outcomes is known, and of uncertainty if it is not. In this sense, many consequences of climate change are rather subject to uncertainty, as the current atmospheric concentration of CO2 and other greenhouse gases (GHGs) has been unprecedented in the past 800,000 years (IPCC). A further increase in global average temperatures by 5°C would constitute a unique environment never experienced before by humankind. Hence, we can only guess whether any subsequent damage would increase linearly or exponentially, or how such damage would be distributed across regions.

In classifying climate-related financial risks according to their origins, we cluster them into 'physical risks' or 'transition risks' with distinctive economic and financial implications. While physical risks are direct effects of climate change, transition risks stem from the process of decarbonisation, which is aimed at preventing or mitigating global warming. Both categories are correlated because the more transition policies enter into force, the fewer physical risks are likely to materialise. On the other hand, the harder the economy is hit by physical risks, the stronger the demand will be for effective transition measures.

It is important to bear in mind that climate change is one of several sources of risk to financial stability, along with issues like cybersecurity, rising inequality or geopolitical tensions.

In light of such a complexity and uncertainty, Prysmian conducted a serious, in-depth risk and opportunities analysis starting from an integrated and consolidated Enterprise Risk Management

Framework, which has been in place for many years, and utilising advanced methodologies for prediction and quantification. The result is a holistic approach that promotes a perfect and harmonised collaboration between all Company's functions, and in particular the Sustainability and Risk Management function, tasked with reassuring stakeholders about our company strategies and mitigation actions and with seizing potential opportunities.

Alessandro De Felice
Chief Risk Officer Prysmian Group


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01_COMPANY OVERVIEW

Company structure

Prysmian Group is world leader in the energy and telecom cable systems industry. With almost 140 years of experience, sales of over €12 billion, over 29,000 employees in over 50 countries and 108 plants, the Group is strongly positioned in high-tech markets and offers the widest possible range of products, services, technologies and know-how. It operates in the businesses of underground and submarine cables and systems for power transmission and distribution, of special cables for applications in many different industries and of medium and low voltage cables for the construction and infrastructure sectors. For the telecommunications industry, the Group manufactures cables and accessories for voice, video and data transmission, offering a comprehensive range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

In 2021, Prysmian Group finalised the acquisition of EHC Global, a leading manufacturer of strategic components and integrated solutions for the vertical transportation industry, with plants and R&D research centres in China, Brazil, Canada and Germany.

The diversified portfolio of activities is a strength for the Prysmian Group, as the only global leader with a business model balanced among areas with differing profiles, where each segment plays a precise role in the overall strategy, considering stability, growth potential and the generation of opportunities.

Historically, the Energy area has delivered the most stable results, while the Projects and Telecom areas have been marked by greater dynamism. Acquisitions have always fit in with the strategy of maintaining balance: General Cable enabled the Group to diversify geographically, with strong exposure to the North American market, which is structured differently with more consolidated dynamics.

Additionally, while the positioning of the Prysmian Group as a cable manufacturer remains central, part of our activities makes us a network solution provider, drawing on the ability to integrate ever more closely the various components - engineering, installation, network monitoring and after-sales services - to provide value-added services that ensure recurring revenue streams and build long-term partnerships with customers.

Alongside this, the Group is also able to identify and develop value-added market niches - such as solutions for the elevator industry, cables for multimedia applications, monitoring solutions developed by Prysmian Electronics - while releasing the synergies needed to be cost-effective and offer end-to-end solutions integrated with advanced digital equipment.

BUSINESS AREAS

The Group is organised in a matrix structure by reference market and business unit, identifying three macro-areas of activity.

Energy

Comprising business segments that offer a complete and innovative portfolio of products designed to satisfy the many needs of the markets served. This macro-area is organised as follows:

- Energy & Infrastructure, which includes Trade & Installers, Power Distribution and Overhead Transmission Lines;
- Industrial & Network Components, which includes Oil & Gas, Elevators, Automotive, Network Components, Specialties & OEM (serving in turn the following sectors: Cranes, Mining, Railways, Rolling Stock, Marine and Renewables - cables for the solar energy industry and for the operation and connection of wind turbines) and Electronics (Asset Monitoring Solutions).

The **ENERGY** business area generated 9,557 million euro in 2021, representing **75% of the total revenues** of the Group.

Projects

Comprising high-tech and high value-added businesses focused on the design, production and customisation of HV and EHV cabling systems for terrestrial and submarine applications. The Group develops pioneering "turnkey" submarine cable systems for installation at depths of up to 3,000 metres, assisted by its cable-laying fleet comprising the Giulio Verne, the Cable Enterprise, the Ulisse and the Leonardo da Vinci (operational from July 2021). Prysmian Group also offers advanced services for terrestrial and submarine interconnections between various countries and between offshore wind farms and the mainland, used for both the generation and distribution of electricity.

The **PROJECTS business** area generated 1,594 million euro in 2021, representing **13% of the total revenues** of the Group.

Telecom

Comprising businesses devoted to making the cabling systems and connectivity products used in TLC networks. The product portfolio includes optical fibre, optical cables, connectivity components and accessories, OPGW (Optical Ground Wire) and copper cables. The Group is also among the leaders in the production of optical fibre - the essential component of all types of optical cables. A wide range of optical fibres is designed and made using proprietary technology to cater to the broadest possible spectrum of customer applications: single-mode, multimode and specialty fibres. In both cables and connectivity, the Group focuses on the design of products that provided greater density in a smaller diameter, with ease of use and optimal fibre management.

The **TELECOM business** area generated 1,585 million euro in 2021, representing **12% of the total revenues** of the Group.

Values, Mission, Vision

The ESG Identity of a leading group must be supported by Values, Mission and Vision that guide operations, translate into products made and fuel the ambitions for our role in tomorrow's world.

Values

Drive - Our objective is to guide the evolution of our sector: we develop our people and our business, following a clear strategy while anticipating customer needs.

Trust - We intend to create an environment that inspires trust, where diversity and collaboration are recognised and people are empowered to make decisions with integrity.

Simplicity - Our challenge is to simplify all that we can, focusing on activities that generate considerable value and timely decisions that enhance the results achieved by the Group.

Vision

We believe in the efficient, effective and sustainable supply of energy and information as the main driver for the development of community.

Mission

The Prysmian Group provides its customers worldwide with superior cable solutions based on pioneering technology and consistent excellence in execution, ultimately delivering sustainable growth and profit.

GROUP STRATEGY: LEADERSHIP IN KEY SECTORS

Network infrastructures play a role of strategic importance in the great challenges posed by the energy transition and digitalisation. In detail, cable technology is a key component of infrastructure networks for power transmission and telecommunications. The crucial challenges set by the US Build Back Better Plan introduced by the Biden Administration and the European Union's Green Deal also attach great importance to infrastructural development, and thus open up significant opportunities for Prysmian Group. The Group's strategy is thus strongly focused on three main drivers:

- **ENERGY TRANSITION:** from fossil fuels to renewable resources for a low-carbon future;
- **DIGITALISATION OF THE WORLD:** channelling and transporting the explosion of big data;
- **ELECTRIFICATION OF SOCIETY:** enabling the application of electrical power throughout the world.

Supply chain efficiency and flexibility, customer proximity, technological innovation, and ongoing knowledge and skill development are the pillars of Prysmian's strategy aimed at grasping these growth opportunities. In addition, there are also other transversal factors such as the Group's financial solidity and its ability to generate resources to support investment in businesses with the greatest technological content and added value, as well as the continuous improvement of product and production process sustainability.

Sustainability commitment

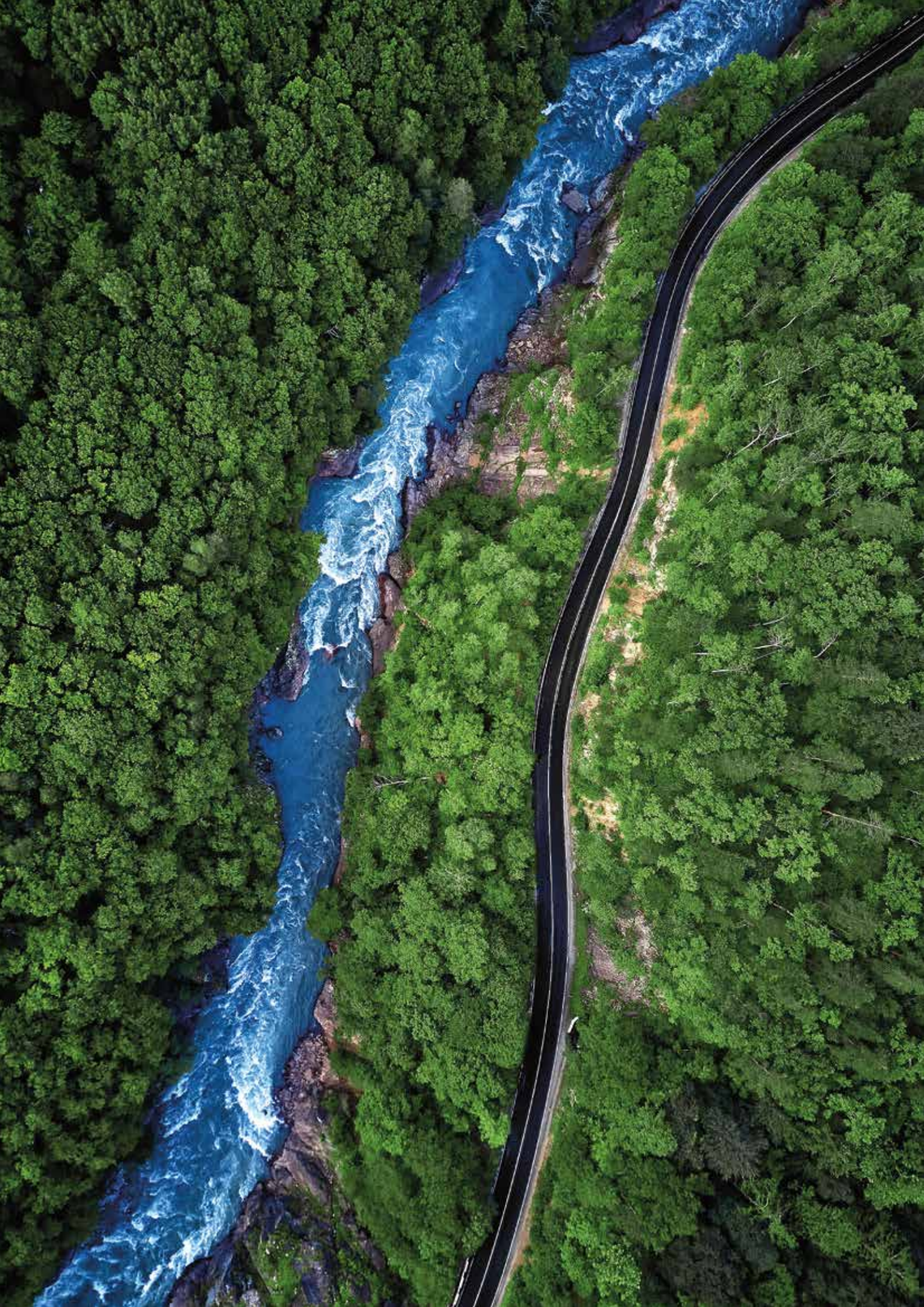
We seek to become a global leader in sustainability. This ambition has caused us to establish challenging climate and social objectives that promote the transition towards a low-carbon world and a more equal and inclusive working environment.

Prysmian introduced two new strategic ambitions during 2021 that will guide the actions of the Group over the medium-long term: the climate change ambition and the social ambition. Linking the social ambition with our environmental objectives is a fundamental element of the ESG identity of Prysmian, alongside the intention of the Group to contribute actively to the energy transition, promote actively the transition towards a more equal, diversified, inclusive and rich working environment, and impact positively the development of the communities and societies in which we are present.

The climate change ambition seeks to position the Group as one of the main technological players in the transition to low-carbon energy. The climate strategy adopts "science-based" targets aligned with the requirements of the Paris Agreement, which calls for net-zero emissions between 2035 and 2040 for those generated by internal activities (Scopes 1 and 2) and by 2050 for those generated by the value chain (Scope 3). In September 2021, Prysmian obtained approval for its targets from the Science-Based Target Initiative (SBTI), which is an organisation founded in 2015 to help businesses establish emission reduction objectives in line with the Paris Agreement objectives.

CLIMATE CHANGE AMBITION

- **100 MILLION EURO INVESTED** over the next ten years **TO IMPROVE THE ENVIRONMENTAL PERFORMANCE** of the Group's assets;
- **46% REDUCTION** in Scope 1 and 2 emissions, in absolute terms compared with 2019, **BY 2030** and **NET-ZERO EMISSIONS BY 2040;**
- **21% REDUCTION** in Scope 3 emissions **BY 2030** and **NET-ZERO EMISSIONS BY 2050**, based on a targeted strategy for the supply chain.



02_CLIMATE GOVERNANCE

TCFD RECOMMENDED DISCLOSURES	
Describe the board's oversight of climate-related risks and opportunities.	Describe management's role in assessing and managing climate-related risks and opportunities.

Our environmental and social sustainability journey is fundamental to Prysmian, and everyone affiliated with the company has a role to play. That includes our board of directors and our top-level management.

The Board's oversight

The **Board of Directors** has the responsibility to supervise the sustainability strategy associated with the Group's business, including climate change and environmental issues.

In 2020, a specific **Sustainability Committee** was established by decision of the Board of Directors with the task of supervising sustainability and climate change matters associated with business activities and the dynamics of its interactions with all stakeholders. The sustainability committee deals with:

- the promotion of guidelines that integrate sustainability and climate change in business processes in order to ensure the creation of sustainable value over time for shareholders and all other stakeholders;
- monitoring the company's positioning on the main sustainability indexes;
- providing advice on the main sustainability actions and programs developed by the Group;
- approving, before the Board of Directors, the Annual Sustainability Report/Non-Financial Disclosure.

Furthermore, the **Control and Risk Committee** is responsible for ensuring together with management (through the Group's Chief Risk Officer appointed to govern the ERM process) that the main risks and opportunities - including climate-related ones - faced by Prysmian and its subsidiaries are identified, assessed, managed and monitored on a timely basis.

Please refer to the Corporate Governance Regulation published on Prysmian website for additional details on Board and Committees

The management's role

The **Sustainability Steering Committee** is chaired by the Chief Sustainability Officer (CSO) and is responsible for:

- promoting a culture of sustainability within all company activities, including climate-related issues;
- defining and evaluating the implementation of GHG emission reduction projects/programs;
- monitoring the objectives of the Group Sustainability Policy, the progress with respect to the Climate Ambition, the Social Ambition, the Sustainability Scorecard and the progress of the actions to ensure compliance with the Group's policies;
- supervising all ongoing initiatives that have an impact, current and potential, on the performance of economic, social and environmental sustainability;
- ensuring the effective communication of our commitment and results achieved in the field of climate change and sustainability;
- supporting initiatives to protect diversity and inclusion both internally and externally.

The Sustainability Steering Committee supports and reports directly to the Sustainability Committee which in turn report directly to the Board of Directors, meaning that climate change-related issues are considered at the highest level of the organization and are integrated, mainly through the Climate Ambition, the Social Ambition, the Sustainability Scorecard and the ERM Model, into the business strategy while leading the decision making process.

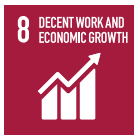
Within its mission, it meets periodically to discuss strategic sustainability priorities, the progress of the action plan and its implementation. The strategic lines of sustainability are defined and promoted at the corporate level and then integrated into local policies and all daily activities.
The **Chief Sustainability Officer** reports directly to the Chief Executive Officer.

Ultimately, the **Internal Risk Management Committee**, consisting of the Group's Senior Management ensures, through the **Chief Risk Officer**, a periodical assessment, review and reporting to the Control and Risk Committee, composed by three independent board members, of those risk - included climate-related - scenarios that might compromise the achievement of strategic objectives, including the related mitigation actions.
Climate and sustainability related risks and opportunities, as all the other risks at Group level, are assessed through the ERM process which is periodically updated and reviewed by the Internal Risk Committee.
The specific responsibilities of the Internal Risk Management Committee are:

- **TO IDENTIFY AND REPORT CIRCUMSTANCES/RISKS** related to climate change and sustainability;
- **TO ENSURE IMPLEMENTATION** of risk improvement recommendations;
- **TO BUILD AWARENESS ON CLIMATE AND SUSTAINABILITY RISK** at all levels of the organization.

Incentives

Prysmian promotes the creation of sustainable value, drawing inspiration from the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda. Therefore, the company has designed their "Sustainability Scorecard" which translates the sustainable development goals into concrete and measurable objectives and indicators. This represents an integral part of our remuneration strategy, through a direct link with the short-term (Management by Objectives Plan or MBO) and long-term (Long Term Incentive Plan or LTI) incentive systems.

PRYSMIAN GROUP SCORECARD 2021			
SDGs	KPI	Baseline 2019	Target 2022
	Percentage of product families covered by the carbon footprint measurement[1]	70%	85%
	Percentage of annual revenues from low carbon-enabling products[2]	48%	48% to 50%
	Percentage reduction in the emissions of greenhouse gases (Scopes 1 and 2 Market Based)[3]	870 $ktCO_2$ [4]	-16 % to -21%
	Percentage reduction in energy consumption	9,845 TJ [5]	-3%
	Percentage of plants certified ISO 14001	83%	95%
	Percentage of waste recycled	63% [5]	65%
	Percentage of drums (tonnes) reused during the year	46%	Maintain
	Number of sustainability audits carried out based on risks in the supply chain	15	30
	Percentage of cables assessed using Ecolabel criteria developed internally by Prysmian	0%	20%
	Employee Engagement Index (EI)[6]	65%	67% to 70%
	Leadership Impact Index (LI)[6]	57%	59% to 65%
	Average hours of training per employee each year[7]	26 hours	30 hours
	Percentage of women executives	12%	14% to 18%
	Percentage of white-collar women with permanent contracts	33%	40%
	Frequency rate (IF) - Internal employees[8] Frequency rate (IF) - Internal and external employees[9]	IF: 1.30 IF: 1.31	IF: 1.2
	Severity rate (IG) - Internal employees[8] Severity rate (IG) - Internal and external employees[9]	IG: 41.54 IG: 41.94	IG: 41

1 The value takes into account possible changes in the product portfolio, and consequently in the number of items, of the former General Cable area.

2 The figure was calculated on the sales at 31 December 2021 of the various business areas of Prysmian Group. The business areas, or part of them — considered as "low carbon enabling" — were identified by applying the taxonomy developed by the Climate Bond Initiative (CBI taxonomy).

3 Prysmian Group has defined its SBTs and decided to set market-based emission targets. Its 2022 targets, as well as its 2021 and prior year performances have thus been updated accordingly.

4 Relates to the fully-consolidated perimeter, including the plants in Chiplun (India) and Sohar (Oman).

5 Relates to the fully-consolidated perimeter, excluding the plants in Chiplun (India) and Sohar (Oman).

6 The Engagement Index is considered a result greater than or equal to 5 — on a scale from 1 (low) to 7 (high) — on two questions of a survey that measures employee engagement; the Leadership Impact Index is considered a result greater than or equal to 5 — on a scale from 1 (low) to 7 (high) — on five questions of a survey that measures employee engagement. The indices were developed in collaboration with SDA Bocconi.

7 Training hours include both local training and the Academy.

8 The data includes only Prysmian employees and not external staff and does not include the Prysmian Group fleet. In 2019 and 2020, however, the data includes only Prysmian employees, not external staff and not the Group's fleet.

9 The data includes Prysmian Group employees and external staff. It does not include the Prysmian Group fleet. 2019 and 2020 figures do not include the Group's fleet.

NEXT STEPS INTO PRYSMIAN TCFD JOURNEY

Prysmian will continue to involve the Board and the Top Management into strategic climate-change related discussions in order to improve awareness (also considering any regulatory changes that may occur), the responsiveness of the entire organization and the commitment towards a sustainable business model.

03_CLIMATE STRATEGY

TCFD RECOMMENDED DISCLOSURES		
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Prysmian recognises that climate change will have an impact on its business. The main objective of the climate strategy is to achieve carbon neutrality by 2035 (scopes 1 and2) and by 2050 for Scope 3, through initiatives to improve energy efficiency and increase the use of renewable energy in operations, to push towards the development of low-carbon solutions and to make greener the supply chain .

To achieve this objective, the Group has assessed the potential severity of the risks and the possible benefits of the opportunities with the aim of taking the necessary actions and countermeasures to maximise the positive impacts and minimise the negative ones on the business.Through careful analysis and the extensive involvement of its management, Prysmian has identified 8 risks and 4 opportunities relating to the climate that could have a potential material impact on its activities; these risks and opportunities, shown in **table A**, are considered in defining the Group's strategy, financial planning decisions and development of its operations.

Prysmian, to identify and assess the risks and opportunities that the Group will manage, has performed advanced scenario analysis based on quantitative models. This activity is described in more detail in the Risk Management section.

TABLE A: PRYSMIAN'S MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

	RISK DESCRIPTION	TCFD CLASSIFICATION	RISK IMPACT
#1	Climate-related emerging, alternative or substitutive technologies that may impact on the Group's activities.	**TRANSITION** **Technology:** Development and use of emerging technologies that could affect the competitiveness of the organization, its production and distribution costs, and ultimately the demand for own products and services from clients.	Reducing demand for products and services, resulting in decrease of revenue and potential write-offs and early retirement of existing assets.
#2	New entrants able to create production capacity through funding from large asset management companies attracted by the energy transition business	**TRANSITION** **Market:** Shifting demand for climate-related services and products may represent opportunities for new entrants and risks for incumbents.	Reducing Group's market share due to new entrant players, resulting in decrease of revenue and/or profitability due to stronger competitiveness.
#3	Impact on business of Carbon pricing scheme (Carbon tax and Emission Trading Scheme) and GHG price volatility.	**TRANSITION** **Policy & Legal:** Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change.	Increasing carbon offset pricing impacting Prysmian's operating cost.
#4	Cyber-attacks exposure due to acceleration of Physical asset digitalization required by transition energy plans.	**TRANSITION** **Technology:** Use of emerging management, control and monitoring technologies (IoT) that could affect the production activity of the organization (business interruption).	Increasing of exposure to ransom request and increasing costs for the adaption of countermeasures to protect and make more resilient physical assets against cyber-attacks and implement new practices and processes.

	RISK DESCRIPTION	TCFD CLASSIFICATION	RISK IMPACT
#5	Risks associated with the management of third-party patents due to the increased complexity of solutions (assembly of multiple technology) driven by the need to meet low-carbon product requirements.	**TRANSITION** **Policy & Legal:** Failure of organizations to mitigate direct and indirect impacts of climate change.	Rising in patent litigations, resulting in increase of operating costs. The complexity of claim management, in fact, requires fairly long periods and highly qualified external professionals.
#6	Risks related to water availability necessary for the Group's production activities and for key customers/ suppliers due to changes in precipitation patterns.	**PHYSICAL** **Chronic:** Chronic physical risks refer to longer-term shifts in climate patterns that may cause business interruption.	Increasing operating costs to improve the resilience of plants, and adopt/ implement new practices and processes.
#7	Risks of rising sea levels that may impact the Group's activities and key customers/suppliers.	**PHYSICAL** **Chronic:** Chronic physical risks refer to longer-term shifts in climate patterns that may cause business interruption.	Rising sea level leading to flooding and damage of infrastructure long all lifetime cycle of assets, resulting in increased operating costs to improve the resilience of the plants, and expenditures relative to loss retention (insurance deductible and Captive retention). Loss of revenue due to potential downsizing or default of suppliers and/or customers.
#8	Risks related to increased severity of extreme weather events that may impact the Group's activities and key customers/suppliers.	**PHYSICAL** **Acute:** Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.	Increasing operating costs to improve the resilience of the plants, increasing of expenditures relative to loss retention and potential rising of insurance premium for the 2022-2035 period. Loss of revenue due to potential downsizing or default of suppliers and/or customers.
	OPPORTUNITY	**TCFD CLASSIFICATION**	**OPPORTUNITY IMPACT**
#1	Development and expansion of low emission solutions, in particular in Energy Cable and Fiber markets.	**Products & Services** Innovation and development of new low-emission products and services may improve the organization's competitive position.	Growing in demand for lower emissions products and services and better competitive position that reflect shifting consumer preferences, resulting in increased revenues and attractiveness of low-carbon investors (sustainable financing access).
#2	Use of lower-emission sources through installation of renewable energy systems (e.g., photovoltaic) and purchase of renewable energy.	**Energy Source** Use of renewable energy to carry out operational activities with the aim of reducing the carbon footprint of the organisation.	Reducing greenhouse gas emissions and consequently less exposure to changes in energy and carbon costs.
#3	Intercept the expected global cable market growth and access to emerging markets.	**Market** Pursue opportunities in new markets improving the organization's position taking advantage of the transition to a lower-carbon economy.	Increasing in revenue through a strengthening of the market share and access to new and emerging markets (i.e., development of renewables, electric vehicle market, electricity transmission modernisation, improvement of energy efficiency in buildings).
#4	Greening the supply chain by evaluating options to reduce energy use and waste production and increase the use of recycled material.	**Resource Efficiency** Improving efficiency across production and distribution processes of the organization, buildings, machinery/ appliances, and transport/mobility.	Reducing operating costs and improving reputation with stakeholders.

Each risk and opportunity category related to climate change is described below and assessed against the scenarios analysed.

Transition Risks

The cable industry will play an important role in the ecological and energy transition process underway.

Prysmian has conducted an advanced analysis of four possible scenarios suggested by the International Energy Agency (IEA) to assess the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:

A. STEPS (a conservative benchmark for the future, based on uncertainty that governments will reach all announced goals, and temperature above 2°C);
B. APS (benchmark for the future based on the governments announced ambitions and targets, and temperature limited to 2°C);
C. SDS (pathway consistent with the "well below 2°C" goal of the Paris Agreement);
D. NZE (pathway for the global energy sector to achieve net zero CO_2 emissions by 2050, consistent with limiting the global temperature rise to 1.5°C).

Among the material risks identified were those related to:

- carbon taxation,
- emerging and replacement technologies (such as Hydrogen, Large battery storage, 5G Fixed Wireless Asset)
- lack of promise of achieving renewable targets,
- new entrants into the competitive arena, and
- the impact of cyber-attacks due to the growth of digitalization of production lines.

The analysis has also been extended to the assessment of the expected lifetime of the assets and the entire supply chain: a specific in-depth benchmarking was carried out to understand how customers and suppliers are facing transition risks to better identify those that could have impacted the Group's business the most.

Each risk identified is shown in **table B**.

TABLE B: TRANSITION RISKS

TRANSITION RISKS			TIME HORIZONS		
Climate factors	Risk	Scenario	Short-Term (2021-2022)	Mid-Term (2023-2025)	Long Term (2025-2035)
Emerging and/or substitutive technology (technology)	Climate-related emerging, alternative or substitutive technologies that may impact on the Group's activities (Hydrogen, Large battery storage, lack of promise of achieving renewable targets, 5G Fixed Wireless Asset)	A	○	○	●
		B	○	○	●
		C	○	●	●
		D	○	●	●
Enlargement of the competitive arena (market)	New entrants able to create production capacity through funding from large asset management companies attracted by the energy transition business	A	○	○	●
		B	○	○	●
		C	○	●	●
		D	○	●	●
Carbon taxation (policy and legal)	Impact on business of Carbon pricing scheme and GHG price volatity	A	○	○	●
		B	○	○	●
		C	○	○	●
		D	○	○	●
Digitalization and cyber vulnerability in physical asset (technology)	Cyber attacks exposure due to acceleration of Physical asset digitalization required by transition energy plans	A	○	●	●
		B	○	●	●
		C	○	●	●
		D	○	●	●
Integration and complexity of low-carbon solutions (policy and legal)	Risks associated with the management of third-party patents due to the increased complexity of solutions driven by the need to meet low-carbon product requirements	A	○	○	○
		B	○	○	○
		C	○	○	○
		D	○	○	●

Scenarios (2021)		Risk Evaluation/Negative Impacts on financial performance
EIA STEPS: Stated Policies Scenario	A (temperature higher than 2°C in 2050)	○ Low
EIA APS: Announced Policy Scenario	B (temperature limited to 2°C in 2050)	● Medium
EIA SDS: Sustainable Development Scenario	C (pathway "well below 2°C" - Paris Agreement)	● High
EIA NZE: Net Zero Scenario	D (pathway net zero in 2050)	● Critical

Business Response: Using the results of our scenario analysis, Prysmian constantly works to build treatment plans against each material risk and understand the level of mitigation to create further resilience.
For instance, in terms of mitigation actions:

- The Group strives to monitor constantly the changes in the laws and regulations governing GHG emissions at an international level, especially in the countries where production plants are located.
- A Chief Innovation Officer and Chief Digital Officer were appointed recently, reporting directly to the CEO. In addition, a Group Innovation Steering Committee chaired by the CIO has been established in order to consolidate the Prysmian Global Innovation Portfolio. New roadmaps have also been launched, dedicated to innovation, cost reduction and projects in the Projects and Telecom sectors.
- The Group maps the applications used to develop integrated solutions and the related proprietary patents, striving to respect the intellectual property rights of third parties when the existence of their pre-existing rights is known.

Physical Risks

Prysmian operates in over 50 countries worldwide, with 104 plants. The number of installations and the geographical coverage increases the exposure to the physical risks of climate change that could impact both infrastructure and production assets, including the whole supply chain, causing damage, loss to assets and business interruption. The analysis was conducted considering the expected lifetime of the assets.

Three key climate risks have been identified and assessed:

- sea water rise,
- water availability, and
- increased severity of extreme weather events.

To verify the consequences, Prysmian analysed the impact of these risks under two temperature scenarios, namely:

A. IPCC RCP 8.5 ("business as usual", society does not make concerted efforts to cut greenhouse gas emissions, and temperature upper 3°C);
B. IPCC RCP 2.6 ("very stringent scenario").

The analysis carried out through dedicated tools (CatNet®, a tool for profiling exposure to geo-specific risks developed by Swiss Re, and "Aqueduct", a web-based platform developed by the World Resources Institute) has allowed to assess a limited exposure to these risks.

In case of new operations, a specific risk assessment on climate change is carried out according to Group ERM policy. In order to understand how its supply chain (upstream or downstream activities and clients) could be impacted by physical risks, the Group verified how its business could be impacted through a specific benchmark on some key customers and suppliers.

Prysmian was able to verify the robustness of its resilience planning and assess the appropriate countermeasures to be taken, for production assets, also considering their expected lifetime, and supply chain, as shown in **table C**.

TABLE C: PHYSICAL RISKS

TRANSITION RISKS			TIME HORIZONS		
Climate factors	Risk	Scenario	Short-Term (2021-2022)	Mid-Term (2023-2025)	Long Term (2025-2035)
Water unavailability (chronic)	Risks related to water availability necessary for the Group's production activities due to changes in precipitation patterns	α	●	●	●
		β	●	●	●
Sea level (chronic)	Risks of rising sea levels that may impact the Group's activities and key customers/suppliers	α	●	●	●
		β	●	●	●
Extreme weather events (acute)	Risks related to increased severity of extreme weather events that may impact the Group's activities and key customers/suppliers	α	●	●	●
		β	●	●	●

Scenarios (2021)	
IPPC RCP 8.5	α (very high baseline emission scenario, temperature higher than 3°C)
IPPC RCP 2.6	β (keep global mean temperature increase below 2°C)

Risk Evaluation/Negative Impacts on financial performance

- Low
- Medium
- High
- Critical

Business Response: Prysmian is already implementing several mitigation actions in order to limit the impact of such risks, for instance:

- The Group established and continues to implement a loss prevention programme at all production plants, which seeks to foresee and mitigate material losses and stoppages, not least by monitoring changes in the weather. Local flood protection measures, such as dams, walls etc. also mitigate the risk of coastal flooding. Additionally, agreement has been reached with an international company specialised in "disaster recovery & restoration" services and insurance cover has been arranged for both direct losses and loss of profits due to production stoppages. The assessment of third-party sustainability risks, including risks linked to the rise in sea level, is a fundamental step in the entire supply chain management process and defines clear rules for i) the introduction of new suppliers, ii) the periodic evaluation of the supply chain, iii) the monitoring and improvement of the supply chain management strategy.
- Prysmian measures regularly the volume of water drawn at its production locations. The cooling process parameters are also analysed and checked in order to ensure the efficiency of water consumption; in this regard, water supply systems are maintained appropriately in order to avoid significant losses. For the majority of plants for which a potential risk has been evidenced, it must also be borne in mind that current production processes employ water recycling in order to reduce consumption. Lastly, the mitigation plan already envisages further improvements in the percentage of water recycled and/or the installation of new recycling systems for the optimisation of water consumption, where necessary or cost effective, thus lowering exposure to the risk.

Opportunities

Prysmian, to give consistency to its medium and long-term growth assessments, evaluated various outlooks relating to global cable market, both for the Energy and Telecommunication sectors.

Once the main growth drivers were identified, thanks to the extensive involvement of Group management, four key opportunities were identified for our business relating to climate change. These opportunities, enabled by the transition to a low carbon economy, were assessed in terms of positive impacts based on the same IEA scenarios used for the transition risk assessment: IEA STEPS, IEA APS, IEA SDS and IEA NZE.

The evaluation of the opportunities is shown in **table D**.

TABLE D: CLIMATE-RELATED OPPORTUNITIES

CLIMATE-RELATED OPPORTUNITIES			TIME HORIZONS		
Climate factors	Opportunities	Scenario	Short-Term (2021-2022)	Mid-Term (2023-2025)	Long Term (2025-2035)
Low Carbon products & services development	Development and expansion of low emission solutions, in particular in Energy Cable and Fiber markets	A			
		B			
		C			
		D			
Low Carbon energy source	Promoting decarbonisation towards net-zero emissions	A			
		B			
		C			
		D			
Market evaluation	Intercept the expected global cable market growth and access to emerging markets	A			
		B			
		C			
		D			
Resource efficiency	Greening the supply chain by evaluating options to reduce energy use and waste production and increase the use of recycled material	A			
		B			
		C			
		D			

Scenarios (2021)		Risk Evaluation/Positive Impacts on financial performance
EIA STEPS: Stated Policies Scenario	A (temperature higher than 2°C in 2050)	Low
EIA APS: Announced Policy Scenario	B (temperature limited to 2°C in 2050)	Medium
EIA SDS: Sustainable Development Scenario	C (pathway "well below 2°C" - Paris Agreement)	High
EIA NZE: Net Zero Scenario	D (pathway net zero in 2050)	Very High

Business Response: Each opportunity is analysed through dedicated business case with the aim of estimating the evolution of economic performance.

The business cases are the subject of in-depth analysis by top management for the selection of the most advantageous opportunities, and preparation of specific action plans. Nevertheless, playing Prysmian a pivotal role in the energy transition journey, the Group already embraced climate-related opportunities in terms of new products brought to the market, as well as the development cutting-edge assets, for example:

- the **P-Laser Cable**, the first 100% recyclable, eco-sustainable, high-performance cable technology based on a zero-emission **process that reduces CO_2 emissions by 40%**;
- **the** EcoCable, the first green label in the cable industry and vouches for the greenness of Prysmian cables;
- the **Sirocco HD 96f cable** for the first fibre-optic network with 90% recycled plastic and record reduced diameter
- the cable-laying vessel **Leonardo Da Vinci** that will allow Prysmian to achieve higher precision operations and to allow more cables to be transported thanks to the largest cable loading capability.

- the **P-LASER CABLE,** the first 100% recyclable, eco-sustainable, high-performance cable technology based on a zero-emission **PROCESS THAT REDUCES CO_2 EMISSIONS BY 40%;**
- the **ECOCABLE, THE FIRST GREEN LABEL IN THE CABLE INDUSTRY** and vouches for the greenness of Prysmian cables;
- the **SIROCCO HD 96F CABLE** for the first fibre-optic network with **90% RECYCLED PLASTIC** and record reduced diameter;
- the cable-laying vessel **LEONARDO DA VINCI** that will allow Prysmian to achieve **HIGHER PRECISION OPERATIONS** and to allow more cables to be transported thanks to the largest cable loading capability.

Strategy resilience

By analyzing temperature scenarios, Prysmian has developed a model that has allowed to verify the adequacy of its strategy in terms of resilience and adaptability to changes in the low carbon economy.

The business in which Prysmian operates will be among the most important in terms of achieving greenhouse gas reduction targets, which is why the Group has decided to address this issue through advanced approaches to assessing and monitoring, in a robust and systematic way, possible exposures to climate-related risks and the potential benefits of opportunities that could be seized.

The integration with the Group's ERM also ensures a constant alignment between the Group's assessments and strategies in the short, medium, and long term.

All scenarios have demonstrated how Prysmian's role is central to the Ecological-Energy transaction, being one of key element of systemic integration of low-carbon solutions in networks around the world.

In addition to the physical and transition risks related to climate change, which will be monitored and managed with the aim of reducing their potential impacts, both ex ante and ex post through risk-response and adequate recovery actions, the Group will continue monitoring the interesting climate-related opportunities for the sector thanks, above all, to the strong boost expected from the development of renewable sources, the use of energy-efficient technologies and from strong growth of digitalization. Indeed, the deep analysis conducted in 2021 has confirmed the opportunity outlook that Prysmian has already identified in its previous assessments.

Prysmian pays great attention to the impact that innovation has on the business. In fact, in its analyses and evaluations it has verified the impact of innovation as a driver capable not only of improving strategic positioning but also of accelerating the development of new technologies that will impact cable market performance or of increasing competitiveness by encouraging the entry of new competitors. Prysmian is also strongly committed to working closely with companies in the Energy and Telecommunications sectors to encourage investment and the implementation of low carbon solutions to combat climate change.

NEXT STEPS INTO PRYSMIAN TCFD JOURNEY

Prysmian has developed a TCFD program with the aim of introducing a robust and systematic methodology, integrated with the Group's ERM, to keep the business strategy constantly aligned with the risks and opportunities relating to climate change. This is substantiated through:

- Rigorous analysis of scenarios related to climate change to verify the evolution of the materiality of risks and opportunities, also identifying new ones.
- A continuous refinement of assessment methodologies, with a strong focus on the quality of data used in scenario analysis.
- The involvement of top management and all functions affected by the transformation process underway.
- Increasingly strong interaction with stakeholders, in particular with suppliers and customers.

04_RISK MANAGEMENT

TCFD RECOMMENDED DISCLOSURES		
Describe the organization's processes for identifying and assessing climate-related risks.	Describe the organization's processes for managing climate-related risks.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

The process of risks and opportunities assessment

Climate related risks and opportunities identification, assessment and response are fully integrated into Prysmian Group Enterprise Risk Management (ERM). Prysmian adopts a dynamic process of ERM, multi-disciplinary and company-wide, to identify, assess, treat, and monitor all events, risks, and opportunities, including those related to climate change, relevant to the achievement of the strategic business objectives and priorities of the Group. In 2020, in order to further confirm the Group's commitment to managing climate-related risks and opportunities, Prysmian, together with the Control and Risk Committee and the Sustainability Committee, launched the process for fully integrating the framework recommended by the TCFD. Most of TCFD's recommendations, and in particular those related to risk management, have already been adopted by the Group with the aim of fully integrating the framework by 2021. Climate related risks and opportunities identification, assessment and response are applied on direct operations, upstream e downstream.

In terms of identification and assessment of risks, Prysmian adopts a system of internal control and risk/opportunity management based on tools and information flows that enable the Board of Directors to take strategic decisions and establish guidelines for the system in an informed manner, considering the context in which the Group operates and the related risks and opportunities, including those related to sustainability and climate change matters.

Prysmian implements an Enterprise Risk Management (ERM) model, developed in line with internationally recognized models and best practices (in particular, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and standard ISO 31000), that allows the Board and management to evaluate in an informed manner those risk scenarios that might compromise the achievement of strategic objectives, and adopt additional tools that are able to foresee, mitigate and manage significant exposures. Evaluation of the context and the expectations of the Group, key activities of the ERM model adopted, also makes it possible to identify and assess potentially favorable circumstances that may increase the value of Prysmian in economic and other terms.

The guidelines for the System of Internal Control and Risk Management approved by the Board back in 2014 are part of the Group ERM Policy, which formalizes the ERM model adopted. This model adopts a top-down approach, being guided by senior management and our medium/long-term business objectives and strategies. This extends to all types of risk/opportunity that are potentially significant for the Group. These are shown in five families that each include internal and external issues characteristic of Prysmian's business model (so-called Group Risk Model): Strategic Risks, Financial Risks, Operational Risks, Legal and Compliance Risks, and Planning and Reporting Risks. The Group's Chief Risk Officer (CRO), appointed to govern the ERM process, is responsible for ensuring together with management that the main risks and opportunities faced by Prysmian and its subsidiaries are identified, assessed, managed, and monitored on a timely basis.

Each year, the Group's main business/function managers participate in the process of identifying and evaluating the most significant risk factors and opportunities, including sustainability and climate change. A common and clearly defined methodology is used to measure and evaluate specific risk events in terms of their impact, probability of occurrence and the level of adequacy of the control system in place. More information can be found in the Annual Report, in the section entitled "Risk Factors and Uncertainties". This describes those risks and opportunities linked to the topic of sustainability that are most important for the business activities of the Group.

Climate-related scenarios selected and analyzed

Prysmian to explore and assess the resilience of its business to climate change has conducted a scenario analysis, with different climate-related scenarios, including a 2°C or lower scenario, to model how the impact and likelihood of the material risks and opportunities identified might change in each scenario. Two types of models have been considered: IPCC RCP scenarios for the assessment of physical risks and IEA scenarios for transition risks and opportunities, as described in Figure X.

The analysis risks and opportunity has been performed across three time horizons and based on external datasets on climate drivers and internal datasets on Group's business activities to build advanced measurement models (time series and cross sectional iterate through Monte Carlo simulations). Below are the time horizons assessed.

- Short-term (2021-2022),
- Medium-term (2023-2025), and
- Long-term (2025-2035).

PHYSICAL SCENARIOS	
IPCC 2.6	**IPCC 8.5**
It is a "very stringent" pathway, namely considered by IPCC the best case for limiting anthropogenic climate change. It requires a major shift in climate policies and a start of concerted action in the coming years in all countries. Assumptions are based on high population growth and the global economy. Oil use declines but use of other fossil fuel increases and is offset by capture and storage of CO_2. Renewable energy increases albeit modestly.	It represents the highest emissions or 'business as usual' scenario: RCP8.5 assumptions are based on high population growth and relatively slow income growth with modest rates of technological change and improvements in energy intensity, leading in the long term to high energy demand based on fossil resources and GHG emissions. It is the result of totally ineffective climate change policies.
Expected to keep global temperature rise below 2 °C by 2100, above pre-industrial temperatures.	**Expected temperature rise between 3.2 and 5.4 °C by 2010, above pre-industrial temperatures.**
The choice of IPPC scenarios (RCP 8.5 and RCP 2.6) as well as being significant for the business made it possible to verify the impact of physical risks on business using applications and solutions that simplify the analysis activity, both in relation to chronic phenomena and acute events. Prysmian specifically used CatNet@ (geo risk tool of Swiss RE) and Aqueduct (World Resource Institute).	

TRANSITION SCENARIOS			
IEA STEPS	**IEA APS**	**IEA SDS**	**IEA NZE**
The STEPS provides a more conservative benchmark for the future, because it does not take it for granted that governments will reach all announced goals. Reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world. The STEPS explores where the energy system might go without a major additional steer from policy makers.	The APS assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer term net zero targets, will be met in full and on time. The Announced Pledges Scenario aims to show to what extent the announced ambitions and targets, including the most recent ones, are on the path to deliver emissions reductions required to achieve net zero emissions by 2050.	The SDS is based on a surge in clean energy policies and investment that puts the energy system on track for key SDGs. To demonstrate a plausible path to concurrently achieve universal energy access, set a path towards meeting the objectives of the Paris Agreement on climate change and significantly reduce air pollution. In this scenario, all current net zero pledges are achieved in full and there are extensive efforts to realise near-term emissions reductions.	The NZE sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050, with advanced economies reaching net zero emissions in advance of others. This scenario also meets key energy-related United Nations Sustainable Development Goals (SDGs), in particular by achieving universal energy access by 2030 and major improvements in air quality.
The rise in temperature in 2100 would be around 2.6 °C.	**The rise in temperature in 2100 would be restricted to around 2.1 °C.**	**The temperature rise could be reduced to 1.5 °C in 2100.**	**The rise in temperature reaches a maximum level of just over 1.5 °C around 2050 and then starts to decline slowly and by 2100 the rise in temperature has fallen to around 1.4 °C.**

Prysmian decided to choose the most recent scenarios of the International Energy Agency (IEA) because they capture the latest developments in energy demand and supply, which are key aspects and closely related to the Group's activities.
Given the assumptions and perspective sensitivity of these scenarios, Prysmian decided to test the resilience and flexibility of its strategies on four scenarios, as described above.

NEXT STEPS INTO PRYSMIAN TCFD JOURNEY

Prysmian will continuously improve its process of identifying and managing climate-related risks, in terms of assessment methodologies and their inclusion into the organization's overall risk management model.

05_METRICS AND TARGETS

TCFD RECOMMENDED DISCLOSURES		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Targets

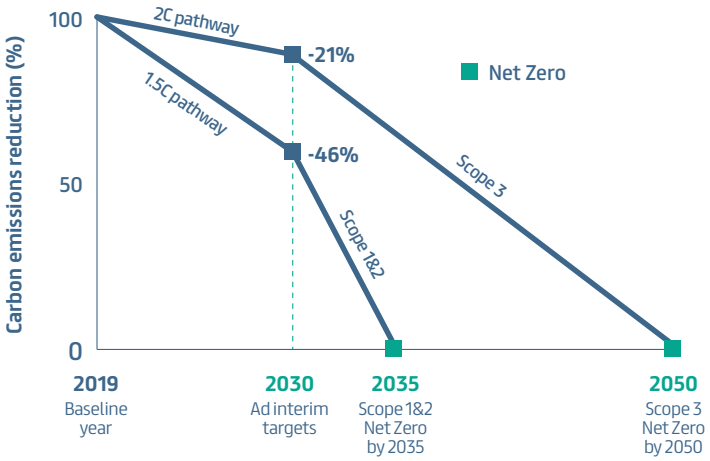
We are committed to measuring and reducing our share of global greenhouse gas emissions in line with the Paris Agreement, that is why Prysmian has set specific targets aligned with the Science-based Targets Initiative. The Group commits to reducing absolute Scope 1 and 2 GHG emissions by 46% by 2030, from the 2019 baseline. It also commits to reducing absolute Scope 3 GHG emissions from purchased goods and services and from the use of sold products by 21% within the same timeframe. The Net Zero emission target has been brought forward to 2035.

PRYSMIAN GROUP CLIMATE CHANGE AMBITION

APPROVED
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

OUR NET ZERO CLIMATE AMBITION
Prysmian Group has set carbon reduction targets aligned with the Science Based Targets initiative and Net Zero ambition

- **NET ZERO BY 2035** for our Scope 1&2 emissions, and by 2050 for our Scope 3 emissions
- Signed the **BUSINESS AMBITION FOR 1.5C COMMITMENT LETTER**[1]
- **SBTI APPROVAL ON SEPTEMBER 18, 2021**



Already working for an earlier delivery on carbon reduction targets

1 **DECARBONISE 80%**
of our Scope 1&2 carbon footprint
- phasing out SF6 emissions
- 100% renewable energy for electricity

2 Approx **100 €M** of Capex
- Over the next ten years
- Across our global operations of over 130 sites

1 The Business Ambition for 1.5°C is a campaign is led by the Science Based Targets initiative in partnership with the UN Global Compact and the We Mean Business coalition.

Prysmian's Climate Change Ambition aims to make the Company one of the leading technological players in the transition to low-carbon energy. The Group has announced an ambitious new climate strategy adopting science-based targets, in line with the requirements of the Paris Agreement, and endorsing the "Business Ambition for 1.5°C" campaign.

The Science Based Targets initiative (SBTi) mobilises companies to set science-based targets and boost their competitive advantage in the transition to the zero-carbon economy. It is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). The SBTi's call-to-action is one of the We Mean Business Coalition commitments. The initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

Metrics

TOTAL ENERGY CONSUMPTION (2021-2019)			
	2021	2020	2019
Energy consumed (GJ)	9,736,699	9,448,439	10,034,549

ENERGY CONSUMED PER KM/TON OF PRODUCT (2021)			
Power cables GJ/Ton	Telecom cables GJ/km	Optical Fiber GJ/km	Rod GJ/Ton
3.38	0.02	0.04	2.24

TOTAL GHG EMISSIONS (2021-2019)				
		2021	2020	2019
Scope 1	Total Scope 1	319,467	313,349	329,916
Scope 2	Scope 2 Location based	504,991	519,589	588,983
	Scope 2 Market based	358,395	422,675	540,565
Total GHG emissions	Scope 1 + Scope 2 (Location Based)	824,458	832,938	918,899
	Scope 1 + Scope 2 (Market Based)	677,862	736,024	870,481

GHG EMISSION PER KM/TON OF PRODUCT (2021)					
		Power cables tCO_2 eq/Ton	Telecom cables tCO_2 eq/Km	Optical fibers tCO_2 eq/Km	Rod tCO_2 eq/Ton
Scope 1	Total Scope 1	0.09378	0.00019	0.00110	0.10271
Scope 2	Location-based	0.18755	0.00136	0.00140	0.01529
	Market-based	0.12868	0.00116	0.00086	0.02233
Total	Scope 1 + Scope 2 (Location Based)	0.28133	0.00156	0.00250	0.11800
	Scope 1 + Scope 2 (Market Based)	0.22246	0.00136	0.00195	0.12504

2021 figures confirm the commitment of the Group towards the reduction of GHG emissions, even within a context of organic growth, and the journey towards Net Zero.

FOCUS ON: REDUCTION ON GHG EMISSIONS SCOPE 3

Since 2013, Prysmian has published its environment management initiatives, participating in the CDP global environmental reporting system. Prysmian uses CDP to report in GHG emissions throughout the value chain. In particular, the 2021 Scope 3 emissions of the Group will be reported in the 2022 CDP Climate Change questionnaire, which is published and made public every year.

The majority of the GHG emissions generated by Prysmian are classified as Scope 3, representing more than 99% of the total ecological footprint of the Group. In order to contribute even more significantly to the reduction of emissions and analyse in even greater depth the business activities at all levels in the value chain, during 2021 Prysmian decided to extend the monitoring and reporting of Scope 3 emissions by redefining the calculation of all Scope 3 categories. Detailed quantification of the Scope 3 emissions, carried out with reference to the Scope 3 standard of the GHG Protocol, highlighted that these emissions are mainly attributable to the "use of products sold", representing over 97% of the total ecological footprint of the Group and the total emissions generated throughout the value chain.

Despite the difficulties posed by the management of indirect emissions, the definition of Scope 3 targets will enable the Group to increase participation throughout the entire value chain and mitigate risks, as well as to propose innovative solutions and initiate new collaborations, thus responding effectively to the related pressures applied by investors, customers and civil society.

In 2021 Prysmian again identified suppliers deemed significant according to Group-defined sustainability criteria and included them in the reporting and allocation to Prysmian of their emissions, in collaboration with CDP.

In 2021, 142 significant suppliers (about 60% of the Prysmian Group's total spending) were invited to participate in the CDP Supply Chain programme, which involved filling in the CDP Climate Change Questionnaire. More suppliers responded than in the previous year, giving a clear indication of the efforts made to reduce GHG emissions within the supply chain.

Prysmian is considering broadening the scope of supply chain enquiries in order to be able to evaluate all types of supply chain risks, and in 2022 plans to analyse water issues as well as climate change.

Working together with Carbon Trust, Prysmian has commenced an in-depth analysis of the energy audits carried out in all business areas, the action plans adopted to increase energy efficiency and the specific self-audit questionnaires completed. This work has defined a range of possible additional emission-reduction initiatives to be implemented and their individual contributions to achievement of the science-based targets, as well as the extent of the decarbonisation obtainable by adopting the planned measures and any gaps between the targets and the overall impact of the measures identified.

This analysis has contributed to the preparation of a decarbonisation roadmap for the Prysmian Group, with the definition of a programme of priority activities and forecasts of the investment needed and the energy savings that may be obtained over the time period considered.

NEXT STEPS INTO PRYSMIAN TCFD JOURNEY

Prysmian will continue monitoring climate-change related metrics, therefore verifying the Science-based target's achievement.

Prysmian Group

Linking the sustainable future