Supply Chain & Vendor Management Strategy

Group Purchasing

GROUP PURCHASING

Supply Chain Strategy and Vendor Management

FOREWORD

Following the increasing development of activities related to sustainability within the supply chain, in 2016 Prysmian Group has started an activity of further integration of ESG factors within its supply chain strategy, to emphasize their importance as a fundamental part of it. This document aims to summarize the main features of the Prysmian supply chain strategy and the actions done to integrate ESG factors.

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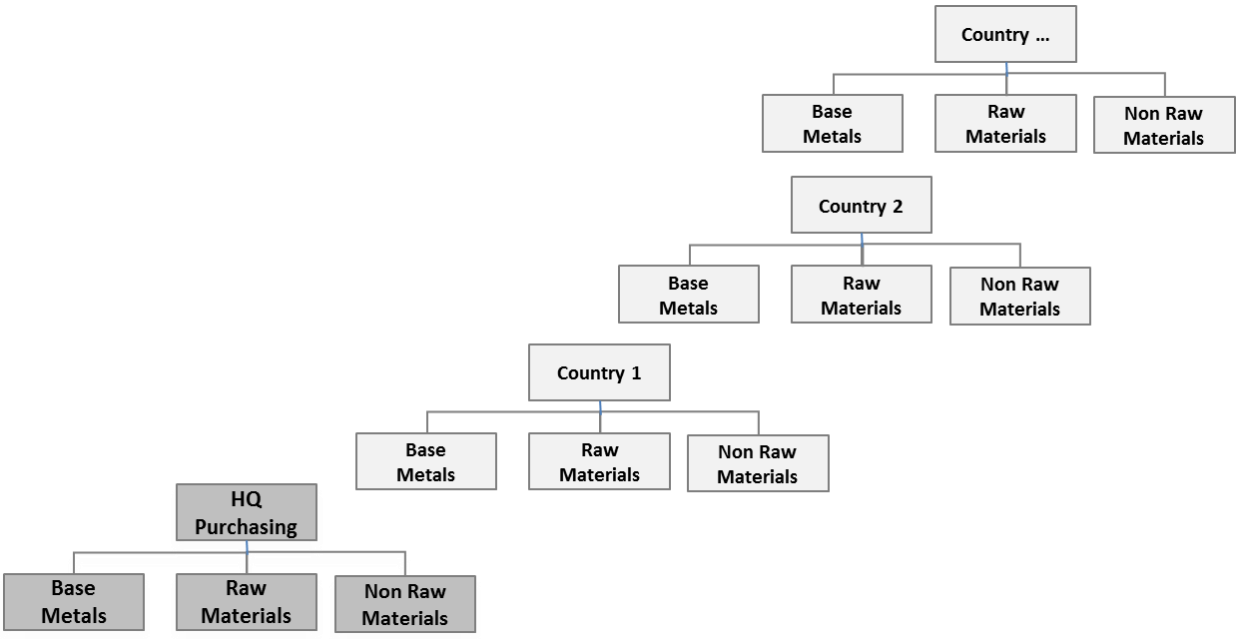
1. Prysmian Group Purchasing Organization

Purchasing is a Group global function with the mission of supporting Countries and BU's, enhancing Group results through cost competitive advantage and full leverage of Group dimension and global presence, acting as one team worldwide.

Group Purchasing Organization has the following characteristics:

- One mirror organization across the Group based on three Commodities: Base Metals, Raw Materials, Non-Raw Materials (Indirect, Capex and Services)
- One responsible for each commodity identified in each Country/Region with strong functional link with the related HQ Commodity Head;
- One common commodity management deployed at the buyer's level creating Global Teams led by Global Commodity Leaders, with the aim to define and develop related sourcing strategy, sourcing pipeline and volume bundling, product benchmark and cost drivers;
- Common rules/systems/processes and common KPI's, monitoring, reporting.

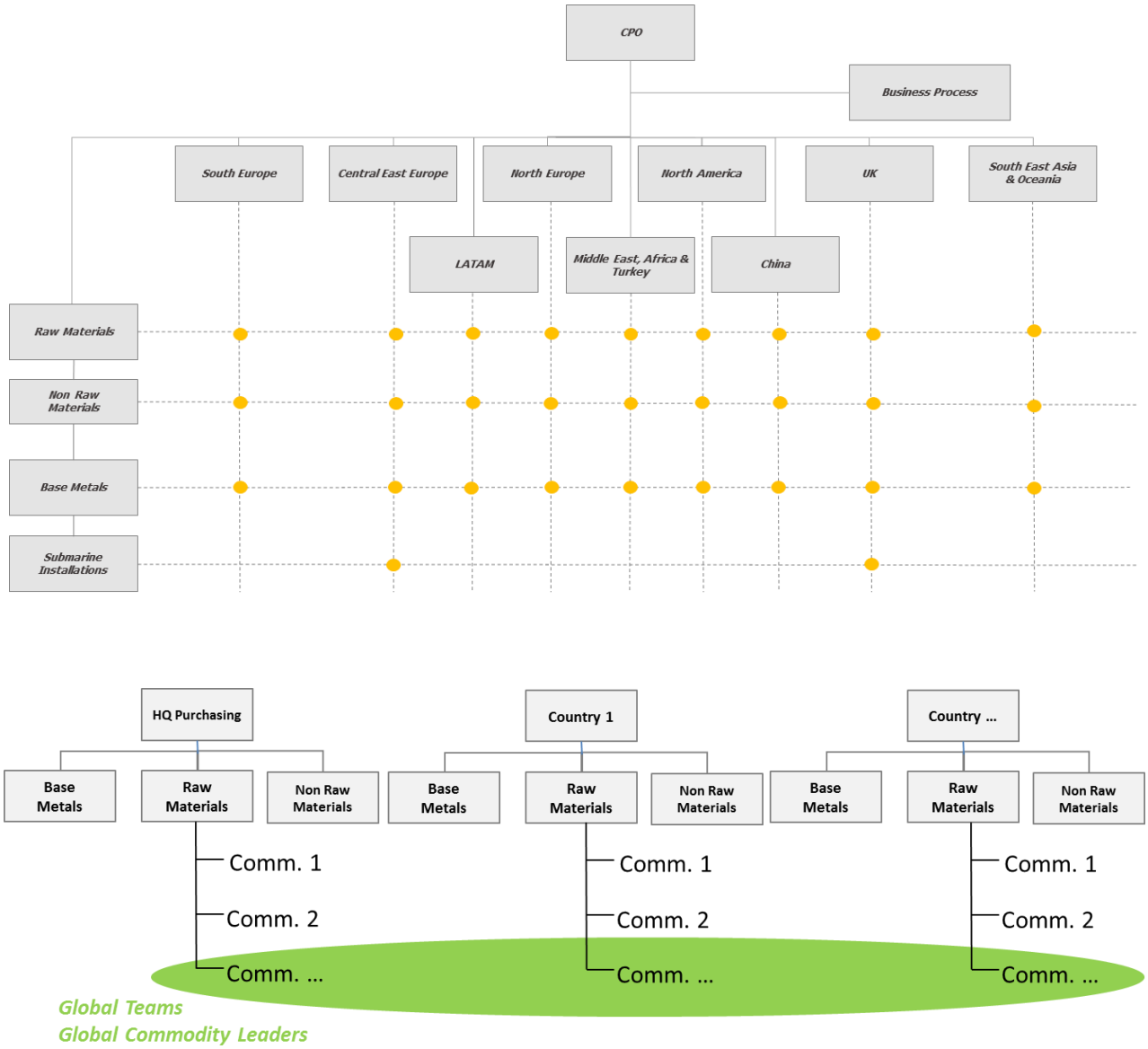
The Group Purchasing Organization, at different levels (Corporate, Regions and Countries) is organized as follows:



- Corporate Head of Commodities (Base Metals, Raw Materials, Non-Raw Materials) are globally responsible to implement and manage the Global Teams with the support of each Global Commodity Leader;
- Regional and Country purchasing Directors are responsible to optimize the overall purchasing strategy by facilitating the identification of possible synergies in terms of alternative sourcing. They hierarchically report to the Group Chief Purchasing Officer

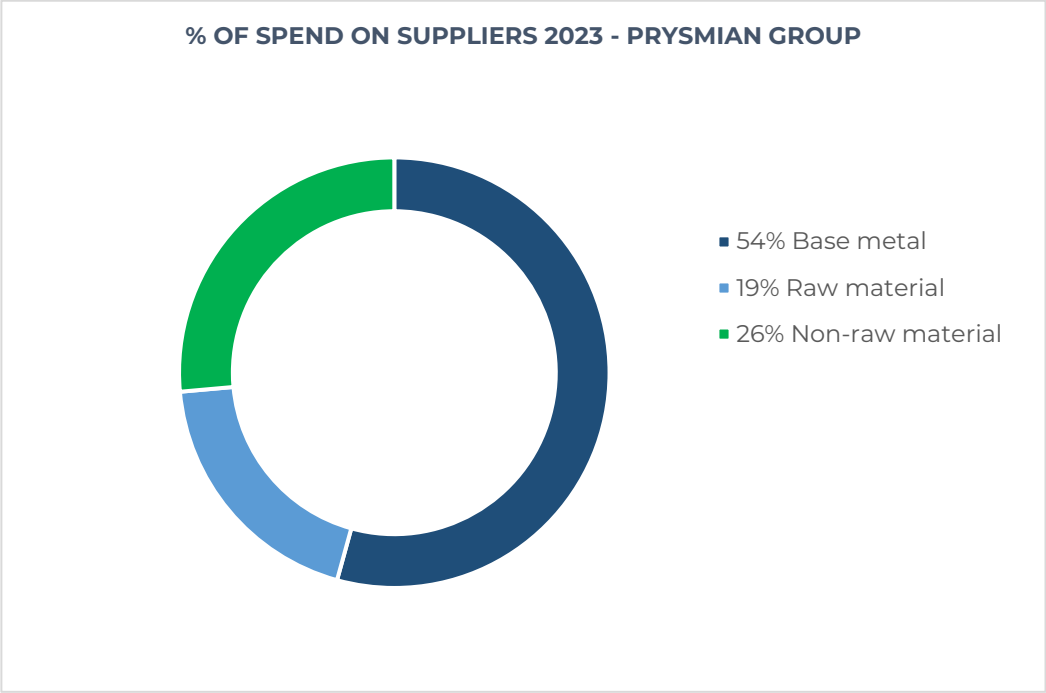
and the Regional/Country CEO's;

- Regional/Country head of commodities are responsible for their region/ country commodity management, directly reporting to the region/country purchasing director and functionally to the corporate head of commodity;
- Global Commodity Leaders are responsible to coordinate and address the assigned commodity strategy, benchmarking, cost analysis and "best sourcing" at Group Level.

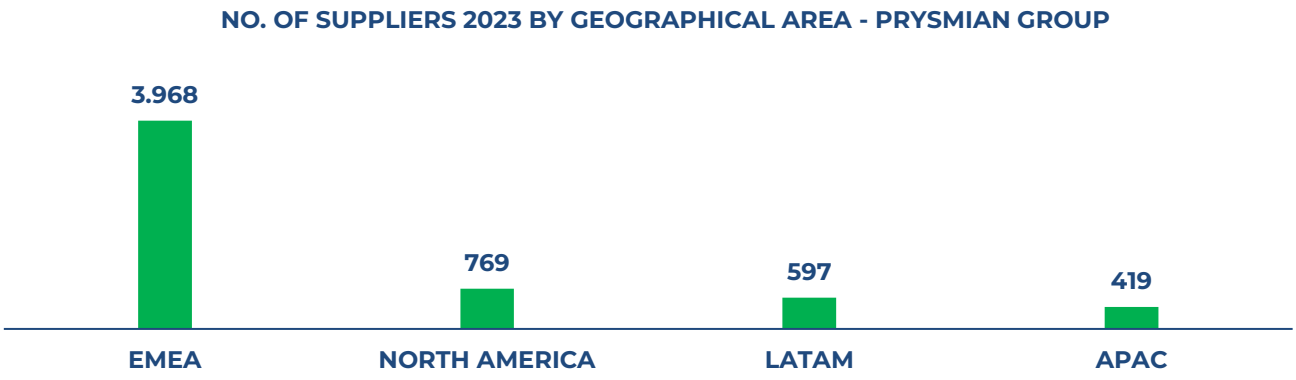


2. Prysmian Group Purchasing Facts and Figures

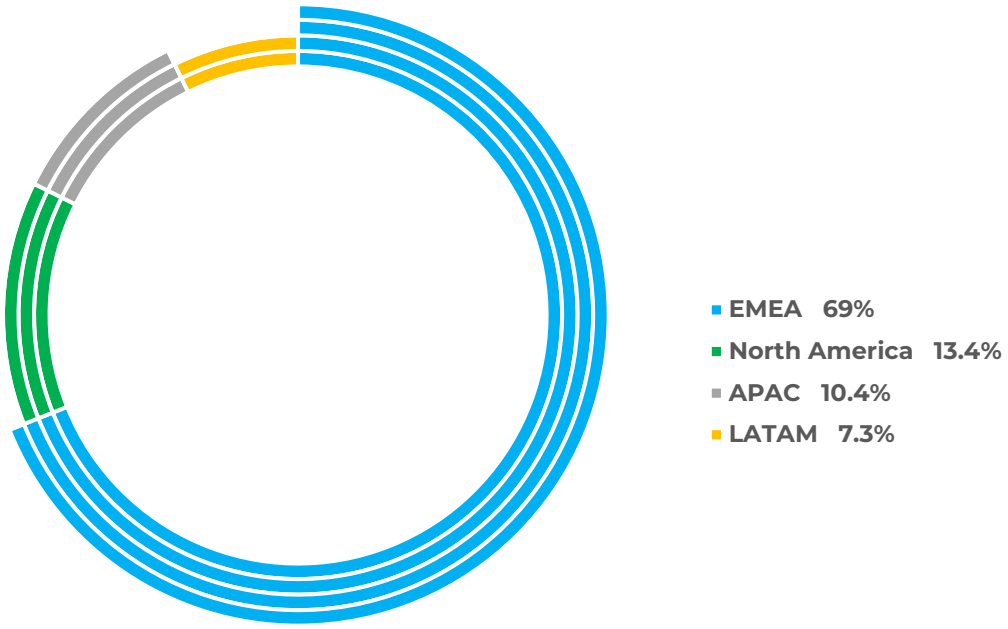
Typical Group annual purchased value (APV) by commodity (10 – 13Bn€ total):



The overall APV variation year over year is primarily influenced by base metals (Al, Cu, Pb) quotations fluctuation driven as an example in Europe by London Metal Exchange.



% OF SUPPLIERS 2023 - PRYSMIAN GROUP



In 2023, out of 5.753 suppliers of base metals and raw materials, 69% were in the EMEA region. The remainder was split among the other geographical areas.

GOODS & SERVICES PURCHASED LOCALLY (%)

Region	2023	2022	2021
EMEA	71%	69%	71%
APAC	87%	76%	80%
NORTH AMERICA	94%	99%	98%
LATAM	96%	80%	83%

3. Commodities overview

3.1 BASE METALS

Three main raw materials fall under the Base Metals category, namely aluminum, copper and lead, with copper and aluminum representing the majority of the Group's raw material purchases.

Prysmian's production process starts from aluminum and copper wire rod for the manufacturing of cable conductors. These metals are purchased from the world's leading mining and smelting companies. The Group only self-produces minor quantities of wire rod

(less than 10% of copper and 25% of aluminum total consumption).

The Group consumes about 2-3% of the world's copper production and about 7% of the copper used in the electrical and electronic sector. Given the highly fragmented copper market, Prysmian Group is one of the leading economic players in the sector.

The following three aspects are considered in the Group's metal sourcing strategy:

- The importance of suppliers within the Group's value chain;
- The high consumption of metals;
- The wide geographical distribution of Prysmian production sites.

Concerning the purchase of aluminum, the Group increasingly focuses on suppliers that are vertically integrated (with processes that manufacture aluminum rod directly from aluminum oxide), in preference to those that are not integrated (manufacturers that purchase aluminum ingots to produce rod). This strategy has substantial environmental advantages due to simplification of the logistics and elimination of the ingot re-melting cycle, in addition to cost advantages and helping the Group guarantee security of supplies.

Due to the high electricity consumption required by aluminum production process, Prysmian has included the aluminum carbon footprint as a supplier selection criterion, assigning a considerable portion of the business portfolio to low-carbon aluminum producers.

Long-term strategies for the purchase of copper and aluminum lead Prysmian to work with the largest players in the respective sectors with a strong focus on sustainability, thus creating a highly sustainable end-to-end cycle.

In the future, the company aims to increase the number of sustainable initiatives with suppliers. In addition, Prysmian has worked on making trading more sustainable by a 100% transition to paperless management of the trading activities.

3.2 RAW MATERIALS

While Base Metals are mainly used for the conductors of energy cables, all the other raw materials represent a greater variety of products and applications:

- Raw Materials for Cables (aimed at insulation and protection of the conductor) such as Polyethylene and PVC compounds, rubbers, special plastics, yarns, tapes, galvanized steel wires, etc.

- Raw Materials for Optical fiber making such as coatings, glass tubes, high purity quartz sand and silicon donors' products, etc.
- Components for Energy and Telecom accessories such as connectors, metal parts composite insulators, casings, connecting boxes, etc.
- Raw Materials and Components for elevators
- Materials and components for electronics and optical sensing solutions

Given the huge variety and low volume of raw materials purchased, Prysmian represents a minor actor for most of the vendors in our supply base. Prysmian commonly uses either commodities fully available from multiple sources or high-performance raw materials that are only manufactured by a limited number of suppliers that are often multi-national companies highly specialized with strong technological know-how and well-focused on wire & cable market. Prysmian continuously assesses potential risks such as single sourcing, offer/demand unbalance, and financial risk. These risks are managed by long term supply agreements when the supplier is unique or substitutable only with great difficulties and long time. In case of financial risk or tight market offer, Prysmian cooperates with the technical functions to identify alternative suppliers to ensure diversification of sourcing options.

According to Prysmian's policy, only raw materials technically approved and sourced from qualified suppliers can be utilized. Following the Group's practice; Purchasing in collaboration with Quality and R&D functions carry out product/process audits aimed to assess the ability of the supplier to manufacture the related materials as well as to grant the requested technical performances and expected quality. Audits are performed onsite with a deep assessment of the production lines, production process and full respect of all the quality procedures developed by the supplier. In 2023, 161 product audits were performed on suppliers of base metals, other raw materials, and services in different regions, these were a combination of 2nd party audits—carried out by Prysmian personnel, and self-audit checklists provided by suppliers.

3.3 NON-RAW MATERIALS

The Non-Raw Materials category embeds all the services and goods which are not directly connected to our final products. Excluding cable installation services, among the most important categories which belong to the Non-Raw Materials there are: transportations, packaging, MRO and utilities, which combined cover more than 50% of the total Non-Raw spend. These four categories are managed in very different ways based on the centralization level required:

- Transportation: strong support from the Headquarter in managing Global or National contracts with worldwide providers which bring expertise in the logistics' aspects as well as in the management of the invoicing process. The business relationships with these suppliers are long-term partnerships with the aim of reaching:
    - Top quality efficiency in the logistics flows
    - High service level and on-time deliveries
    - Cost Management & price stability to avoid "spot" market fluctuations

  Progressive relevance is given also to the capability of transportation & logistics suppliers to measure and communicate the CO2 emission generated "on behalf" of Prysmian Group.
- Packaging: this includes drums and packaging material.
    - Drums: This is the most relevant packaging standard used to transport cables to the final destination, typically managed through national Contracts with a strong coordination from the Headquarter. Prysmian Group buys mainly wood and steel reels, with a minor portion of plastic and plywood drums. Steel reels are returnable and after being repaired they are put back in the cycle while wooden drums are not always re-used. One of the most important targets of the Group is to increase the volume of re-used wooden drums. There are also ongoing initiatives to increase purchasing of drum kits rather than assembled drums, with the aim of reducing space required for their transport and, in turn, reducing the carbon footprint of transport operations. For what concerns plastic drums the Group is evaluating alternative materials and pushing as much as possible for using recycled instead of virgin plastic. Prysmian has an ongoing project with a selected supplier of plastic drums, to utilize its own plastic scrap to close the loop,
    - Other packaging material: including pallets, wooden battens, end caps, and foams which are used to cover the drum once loaded. This portion of the spend is locally managed with the aim of reducing the cost as much as possible, pushing towards solutions which are more sustainable from an environmental standpoint.
- MRO (Maintenance, Repair and Operations): This category includes a variety of materials/services but mainly spare parts (mechanical and electrical) and PPE. The management of this category is mainly national but, in some cases, plants can find local shops which provide better service and are more competitive than bigger players. The target is to have the PPE portion of this category under a strict National control (to

ensure that all the safety requirements are met) and keep the Spare Parts portion centrally managed (National) for the most part but giving the freedom locally to find the best deals for repairs.

- Utilities: the majority of utilities purchased refer to electricity (85%). The Group annually assesses the utilities spend to evaluate different alternatives for increasing the share of green energy (e.g. investment on on-site solar parks at selected plants, power purchase agreements, etc), investing in the purchase of Guarantees of Origin (GoO's), as well as increasing the efficiency of its plants to consume less energy (e.g. LED lamps refurbishment initiatives). The as well as

4. Supply Chain Strategy overview & ESG factors integration

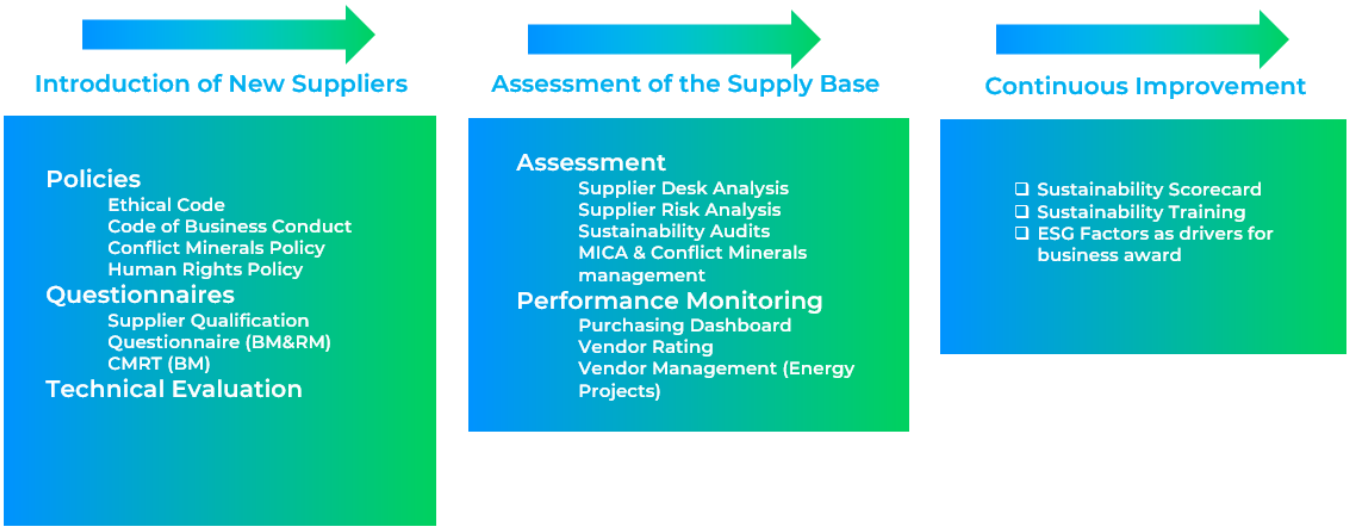
The Supply Chain Strategy Document has been introduced for the first time in 2018 with the purpose of explaining how the Procurement Department in Prysmian Group approaches and implements ESG factors in its processes. During the last few years, the Procurement Function focused its attention on streamlining the activities and processes related to Sustainability with the aim of maximizing the effectiveness.

4.1 SUPPLY CHAIN PILLARS

- Policies
- Continuous Risk Assessment
- Suppliers Performance Monitoring

For all the above supply chain pillars, ESG factors have been considered as a fundamental part of each point and integrated within the existing strategy and activities rather than developing dedicated stream of sustainability in parallel to a more traditional supply chain.

Prysmian Group Purchasing identifies 3 main steps in the supply base management: **Introduction of new suppliers**, **Assessment of the actual supply base** and **Continuous improvement.** The scheme here below shows how ESG factors are embedded within each of the three steps.



4.1.1 INTRODUCTION OF NEW SUPPLIERS:

Every recurring supplier (Base Metals, Raw Materials and Non-Raw Materials) who starts a business relationship with Prysmian Group is required to be compliant with the Code of Ethics (Link), Code of Business Conduct (Link), Human Rights Policy (Link) and Conflict Minerals Policy (Link). Purchasing procedures towards suppliers are periodically evaluated to ensure alignment with all the abovementioned policies to avoid potential conflicts with ESG requirements.

Any new Base Metals or Raw Materials supplier must compile the Supplier Qualification Questionnaire with the aim to collect information related to Product, Process, Financial performances and Sustainability. The Supplier Qualification Questionnaire is composed by 7 sections such as Facilities, Production, Quality, HSE and so on. Starting from 2015, a section dedicated to ESG performance was added to the Supplier Qualification Questionnaire it focuses on how the supplier it manages ESG-related improvements and reporting and whether they have CSR management systems in place. In addition, as of 2015 Prysmian started the assessment of each new Base Metals supplier potentially affected by the risk of sourcing of Conflict Minerals (3TG) using the CMRT (Conflict Minerals Reporting Template). The final step for supplier qualification is the process/product audit, which is performed only in case of critical material supplied or unsatisfactory answers to the Supplier Qualification Questionnaire. New supplier introduction is subject to technical approval and full industrial test of the related products. All the above points allow Prysmian to assess the potential risk associated to the vendor, and to determine whether the supplier matches the conditions to be considered qualified.

For some specific Non-Raw Materials categories, starting from the beginning of 2020, Prysmian Group introduced a compliance screening platform (Exiger). Exiger is a global tool coordinated centrally but managed locally by each country/region of the Group. The Tool screens the internet looking for any non-compliances or allegations that the potential supplier might have faced, as a second step the supplier is requested to respond to a specific questionnaire and provide as much information about processes and internal organization. Every supplier is then evaluated based on the results of assessment and approved by the Purchasing and the Compliance functions.

4.1.2 ASSESSMENT OF THE ACTUAL SUPPLY BASE:

In 2024 Prysmian initiated a renovation of the Vendor Management portal with the goal of enhancing the supplier assessment processes to boost the focus on risk management along multiple dimensions, including but not limited to ESG performance. This improvement will positively affect supplier development programs motivating Prysmian third parties for mitigating any identified risk and encourage them to increasingly adopt sustainable practices in their own operations. With the help of the above-mentioned initiative, Prysmian will be able to significantly upgrade the supplier ESG program thanks to a more structured monitoring process: based on risk rating scoring (including but not limited to ESG component) a set of pre-defined actions will be implemented to foster continuous improvement.

Furthermore, Prysmian Group has improved and structured the core of the process related to ESG monitoring & assessment of the current supply base. This pillar is structured as follows:

- Supplier Desk Analysis
- Risk Analysis
- Sustainability Audits
- Specific Initiative on Human Rights

4.1.2.1 SUPPLIER SCREENING

SUPPLIER DESK ANALYSIS

The Supplier Desk Analysis has been developed and validated, with the involvement and guidance of the Prysmian procurement executive team, with the main purpose of carrying out an assessment and evidence collection/verification on sustainability aspects regarding

the main Prysmian Group suppliers. The analysis is based on Environmental, Social and Governance/Business Relevance (ESG). The Analysis is executed by a third-party partner with Prysmian Group on the Sustainability aspects of the Company. For each supplier, our Sustainability Partner will investigate websites to assess 12 elements of analysis regarding three macro-areas:

- Governance practices and business relevance
- Environmental criteria
- Human and labor rights.

Specifically, this desk analysis areas follow the below recognized standards:

- ISO 14000 certification
- OHSAS 1800
- ISO 45001
- KPIs of the GRI standard
- The Corruption Perception Index (published by Transparency International)
- Human Rights Risk Index (published by Maplecroft).

In addition, as of 2022, an additional Media Analysis has been incorporated. This analysis aims to identify actual or potential ESG risk reported by media, regulators, and NGOs.

The overall score assigned to each company is included between 0 (minimum score) and 12 (maximum score) calculated based on the number of elements that supplier has actually implemented in its own operations processes.

Recently the Group also developed an internal classification of the spend to better concentrate the efforts of the assessment. Out of the entire spend of the group, approximately 11 to 13 bln EUR, Prysmian Group classified part of it as “Significant Spend” and, on this portion, focuses its attention.

As explained in the initial chapters Prysmian Group’s spend is divided into 3 macro categories: Base Metals, Raw Materials and Non-Raw Materials. Following this categorization, the Group studied each and every area and classified for each commodity the “Significant Spend”:

Commodity-Specific Criteria:

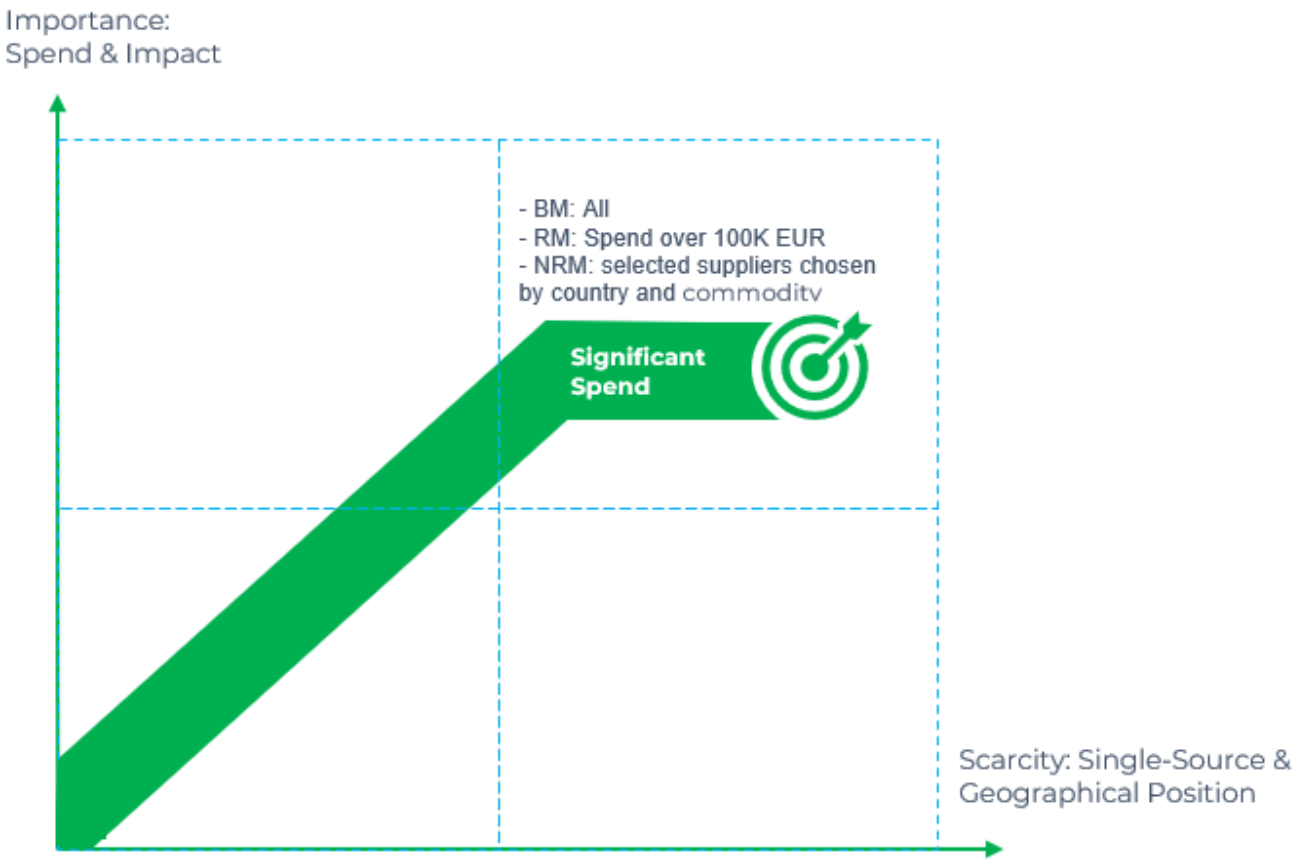
- Base Metals: All Recurring Spend.

- Raw Materials:
  - All Suppliers with yearly revenue with Prysmian Group higher than 100kEur
- Non-Raw Materials:
  - Country-Specific Criteria: Selected Suppliers coming from the following Geographical Areas (LATAM, ASEAN, CHINA, TURKEY, MIDDLE EAST) on this specific Categories:
    - TRANSPORTATION
    - UTILITIES
    - MRO
    - PACKAGING
    - REELS

As part of the 2023 Assessment of the actual Supply Base, Prysmian group has analyzed 500 Suppliers through the "Desk Analysis". These suppliers account for 67% of the global Prysmian spend. The results of this initial assessment are then processed through the second tool; the "Risk Analysis".

4.1.2.2 SUPPLIER ASSESSMENT, MONITORING & DEVELOPMENT
RISK ANALYSIS

The supply chain risk analysis is based on data evaluation and examination coming from the desk analysis in terms of sustainability scoring matched with the list of parameters that for the company are critical in terms of risk assessment. The merge of these criteria allows Prysmian to identify risk clusters. The chart here below shows the combination and the importance of the critical parameters assessed by Prysmian to identify potential critical vendors including ESG factors.



METHODOLOGY

Using the desk analysis database as basis for the risk analysis of suppliers, the final ranking takes into consideration three elements of analysis. Along with the aforementioned factors of Importance and scarcity/substitutability, these elements consider different risk factors that relate to the supplier's country and the commodity they supply. A different weight has been assigned for each element:

RAW MATERIALS & NON-RAW MATERIALS SUPPLIERS

- Availability – Sustainability Risk (70%)
- Geographic Position Assessment
- Does the supplier have an "Anti-corruption" Policy?
- Does the supplier have an "Human Rights" Policy / Operations not in High-Risk Areas?
- Importance – Spend (15%)
- Single Source - (15%)

BASE METALS SUPPLIERS

- Availability – Sustainability Risk (70%)
- Geographic Position Assessment
- Does the supplier have an “Anti-corruption” Policy?
- Does the supplier have an “Human Rights” Policy / Operations not in High-Risk Areas?
- Importance – Spend (15%)
- Impact - (15%)

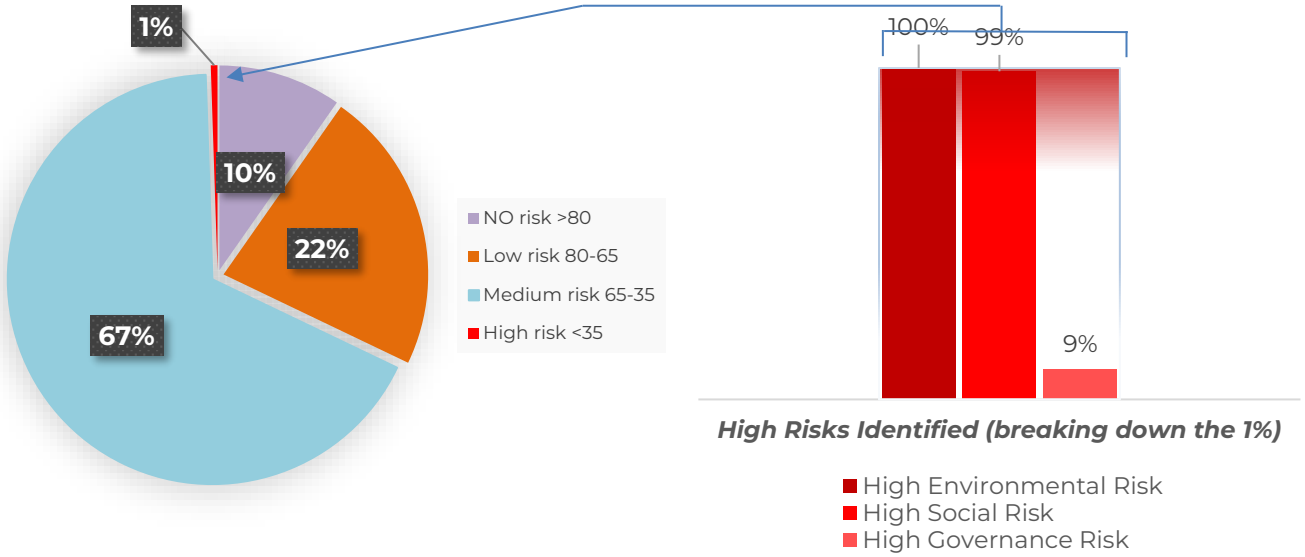
The result of this further analysis is an evaluation from 0-100 based on the categorization of the risk, and it is as follows:

RISK CATEGORIZATION

NO risk	> 80
LOW risk	80-65
MEDIUM risk	65-35
HIGH risk	< 35

The below graphs show the result of the Desk and Risk Analysis carried out in 2023, showing the percentage of each of the above risk clusters in the supplier pool covered by the analysis, which covers 67% of the Group’s global spend.

In addition, the Analysis has been amended in 2023 to provide a separate score on each supplier, corresponding to Environmental, Social and Governance risk. This was done for a better understanding of risk exposure and how it’s best to address it with each supplier. Below a snapshot of the 2023 Desk and Risk Analysis results is depicted by percentage of spend on suppliers assessed in the analysis, as well as an in-depth look into the 1% of spend where high risks have been identified. These high-risk suppliers are prioritized when it comes to auditing as further explained in the next section.

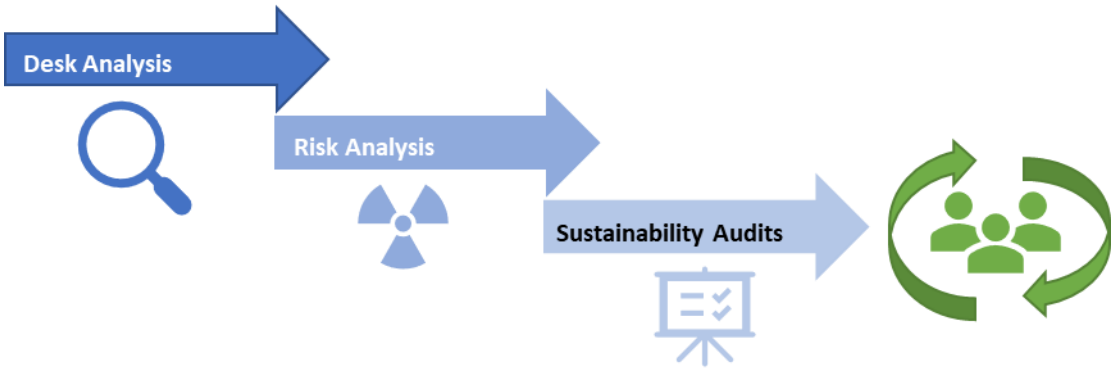


SUSTAINABILITY AUDITS

In addition to audits and checks at supplier qualification and product/process audit for incumbent suppliers, a sustainability on-site audit program has been developed in 2017 and is carried out on a yearly basis. The audits are performed by an independent and accredited 3rd party. The audit check-list has been based on the Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to responsible business conduct in global supply chains.

Suppliers subject to an audit process are identified through the score assigned according to the result of the Risk Analysis. More specifically, priority is given to auditing suppliers falling into the High-Risk Category above. However, strategic suppliers are also subject to audit due to the high impact on the business. Sustainability always plays a primary role in supplier assessments and the results of the above audits are shared with suppliers, with the aim of generating positive change in those who are underperforming, including carrying out follow-up audits where necessary, and providing support on implementing the corrective actions identified.

From the beginning of the program until December 2023 a total of 38 sustainability audits were carried out. Overall, 36 suppliers have been audited, including 2 suppliers that have received follow-up audits as an outcome of unsatisfactory results in some areas. The follow-up audits are guided by an improvement plan tailored to the supplier, and provided by Prysmian's accredited partner carrying out the ESG auditing process.



The Group's main suppliers are regularly involved in specific activities to generate a medium/long-term impact on the sector, such as workshops and ongoing collaborations on the development of more sustainable products. In base metals, many Prysmian suppliers are members of the industry's most relevant initiatives, such as the Copper Mark and the Aluminum Stewardship Initiative (ASI). Preference is given to suppliers who are members of these organizations and meet their ESG requirements.

Responsible Sourcing

In order to manufacture certain safety cables and make them fire resistant, Prysmian purchases limited quantities of a few types of glass-based tape that contain small quantities of mica through both producers and distributors. The Mica mineral is not used directly in the Group's products and production processes. The extraction process for this mineral takes place in geographical areas where a variety of factors potentially contribute to human rights violations such as poor working conditions and child labor (for Prysmian Group, Mica mines are tier 4/5). Prysmian has been tackling this issue since 2016, by requesting that all suppliers provide sufficient information about Mica mineral sources and related "Child-Labor Free" Certificates.

As of now, sourcing of MICA glass tape is based on the following minimum conditions,

1. All suppliers have to submit EMRT report,
2. All suppliers have to declare compliance to human rights policy, in particular confirming the absence of child labor across their supply chain,

Regarding the social impacts deriving from the origin of its materials, Prysmian adopts measures to monitor and prevent potential infringements of human rights. Prysmian implements a "Conflict Minerals Policy", with the aim of guaranteeing a conflict-free supply chain that does not contribute to fueling armed clashes in conflict zones and high-risk areas;

this is objective is pursued through the following activities:

- identification of purchased materials and/or semi-finished products containing 3TG (tin, tungsten, tantalum and gold);
- requesting all new and regular suppliers of products containing the above materials to complete the latest version of the Conflict Minerals Reporting Template (CMRT), developed by the Responsible Minerals Initiative (RMI) (using international formats and standards);
- analysis of the information received for red flags and inconsistencies and implementation of appropriate corrective actions.

The policy, drawn up in 2017 and approved by the Group CEO, is publicly available on the Group website.

In addition to this, Prysmian aims at regularly auditing its direct suppliers. Failing to provide the required information and/or availability to periodic audit, will exclude the suppliers from Prysmian approved supply base.

When it comes to monitoring the supply base performance, Prysmian takes into consideration the below priorities:

- Price Competitiveness
- Quality Level
- Service / On Time Delivery
- Terms of Payment
- Establishing competitive partnership with market leaders in their commodity
  ESG factors consideration in supplier offers' evaluation (please refer to chapter 7 for more details)

The Purchasing Dashboard is used In order to monitor the abovementioned parameters. The dashboard is the monthly document that is aimed to monitor and drive the following main KPIs:

- Year over Year Variances by Commodity
- BM Stock
- BM Coverages
- On-Time Delivery
- Utilities Expense Reporting

Additionally, , Prysmian has started to develop a Vendor Management portal in 2021 (Pry-Source). The portal is a modular web-based application adopted to increase efficiency in

monitoring & managing relationships with suppliers and eventually tracking ESG factors. The platform consists of 4 modules and aims to harmonize and enhance the performance of company processes:

1. Supplier Management: unique repository for data collection, supplier qualification process that also includes the assessment of sustainability aspects,
2. Contract: standard templates available on the platform, dynamic contract repository
3. Sourcing: integrated tool for tender analysis
4. Long Term Supplier Declarations (LTSD): correct tracking and management of goods' origin to comply with customs' requirements,

The project went live in 2022 starting from HQ and pilot regions and is now in the process of integration worldwide and is contributor towards improving the monitoring of supplier performance.

4.1.3 CONTINUOUS IMPROVEMENT

Prysmian has varied systems and procedures in place to evaluate the effectiveness of supplier ESG programs. Once a supplier undergoes the desk and risk analysis, as well as two audits with unsatisfactory results, they are at risk of exclusion from contacting if they cannot achieve minimum ESG requirements within the set deadline.

Furthermore, the main building blocks of the Continuous Improvement pillar are explained in detail in the last three chapters of this document.

5. ESG factors integration improvement: Purchasing Sustainability Scorecard

Prysmian Group has a Company sustainability scorecard that is publicly available (Link). In line with Group's scorecard targets, the Purchasing Department has achieved the goal of conducting 30 sustainability audits by 2022. This auditing program has been extended beyond 2022.

In the company Sustainability Scorecard (Link), the Purchasing Department is committed to contribute to Green and Circular Economy, by increasing the weight percentage of recycled content of certain purchased materials. The scope of the indicator includes:

1) Copper purchased at Group level, excluding occasional suppliers and semi-finished

products, as of 2023 the percentage of recycled copper purchased at Group level is at 12,95%

2) Polyethylene used for sheathing, excluding those applications for which customers do not allow the use of secondary materials,

The target is to reach 15%/16% by 2025 on both copper and polyethylene as mentioned in the Green and Circular Economy section of the official scorecard (Link).

Additionally, the Purchasing Department as continuous improvement is also committed to:

- Maintain the high level of Assessment of the Significant Spend, analyzing the high-risk suppliers with an annual frequency to ensure to limit the exposure of ESG risks in the Group's supply chain.
- The Assessment process has been extended to the Non-Raw Materials suppliers since 2021. The target for the future is to continue to improve the focus on this category increasing the ESG factors awareness on this specific supply base.

6. ESG Factors as Drivers for Business Award

ESG Factors considerations as a driver for sourcing decisions and business award is becoming increasingly important within Prysmian Supply Chain Strategy. Here below we outline the activity done on the overall Base Metals Supply Base and one example related to Raw Materials.

6.1 Base Metals

6.1.2 Initial Supplier Assessment

Base Metals have been the first area of great attention in terms of sustainability due to their impact on Prysmian business in terms of both products and spend and also due to the intrinsic nature of the materials supplied that are really sensitive as far as environmental impact is concerned.

Having done for all the recurring rod suppliers the Assessment process, on one side it has been possible to have a clear assessment by supplier and to give to each and every supplier a feedback based on the result, on the other hand a minimum scoring has been defined to use as preferential driver for sourcing decision and business award year over year. Out of a total

maximum score achievable of 100/100, 60/100 score was set as technical threshold for sustainability good practices that are considered necessary to enter in multi-year agreements. Currently all Base Metals suppliers having long term agreements of 2 years, or more are well above the defined threshold. This performance is monitored regularly and a high scoring in sustainability is a requisite to be considered preferred supplier also for yearly contract.

6.1.2 Price Adjustment Matrix – Primary Base Metals

Prysmian Group is committed to ensure the respect of the highest sustainability standard across its entire value chain, starting from the goods and services purchased from third parties up to the deliveries and operation of the finished products.

Focusing on the material purchased from third Parties, Prysmian acknowledge that there are different degrees of attention to the ESG factors among different Suppliers.

Suppliers who excel at ESG indicators may be favorably considered when it comes to contract awarding and selection for different projects.

This price adjustment mechanism is designed to achieve two objectives:

1. Accurately reflect the value differences of materials based on their production and delivery standards.
2. Acknowledge and reward the additional efforts and initial costs incurred by suppliers who are adopting advanced and sustainable processes.

Scope & Description

This matrix of adjustment coefficients helps evaluate and differentiate offers to support our decision-making process. Primary base metals suppliers are divided into different groups with reference to their ESG scoring:

1. No risk suppliers where it is recognized a premium in the offer alignment process with a reduction on the transformation premium;
2. Low risk suppliers where it is recognized a premium in the offer alignment process with a lesser reduction on the transformation premium;
3. Medium risk suppliers – no adjustment;

4. High risk suppliers where the price is penalized when compared to other competitor offer by an increase on the transformation premium.

Classification of the suppliers

The suppliers are ranked in the different groups, considering:

- Desk & Risk analysis
- Characteristic of the product with respect to Environmental aspects (Carbon footprint and recycled content)
- Available certification of the product (EPD)

Adjustment Matrix

The coefficient matrix is to be reviewed periodically considering market dynamics, the available alternatives, the geography served and the standards in the different areas, the varying costs associated with different technologies..

The coefficient is defined to rebalance those offering best in class technology to drive a smooth transition and a competition among suppliers.

The adjustment needs also to take into consideration the economical sustainability of the final product that needs to stay and compete in the final market.
In addition to that, as a part of our strategy to enhance the sustainability of our products and supply chain we're regularly requesting our CU & AL rod suppliers to provide us with Environmental Product Declarations (EPD), Life Cycle Assessment (LCA) and recycled content declarations. Collecting EPDs and LCAs allows the Group to evaluate and understand the environmental impact of materials used, including aspects such as greenhouse gas emissions, energy consumption, and resource usage. EPDs and LCAs provide suppliers with a competitive edge in the market. As sustainability becomes a pivotal factor in procurement decisions, having comprehensive environmental data can set products and services apart, making them more attractive to environmentally responsible buyers and positioning suppliers as industry leaders.

6.2 Non-Raw Materials

Below are some examples on responsible sourcing practices within Prysmian's non-raw materials category:

1. Drums: Prysmian mainly uses wooden packaging to deliver its products to customers. The Group is committed to engage as much as possible with vendors that have a responsible approach toward forest preservation through careful selection of the partners which are delivering wooden products, mainly drums. As a result of such commitment, more than 60% of the group expenditure on wooden and plywood drums is coming from vendors which declared to hold or to procure timber sourced from companies holding forestry certificate issued by recognized certification bodies (PFEC, FSC, SFI, Canadian Wood Pallet certification program, Timber Trade Federation). The group seeks, where possible, for highest level of design standardization so to ease and foster wood packaging usability. This is done by engaging also other industry players and pushing as much as possible for drum re-usage.

2. Utilities: Prysmian has also adjusted its vendor sourcing strategy in order to emphasize the importance of ESG factors. The selection process of utility providers for the Group is embedding the evaluation of ESG criteria: in contract renewal phase for electricity providers, for example, the energy mix declared by the suppliers invited to submit an offer is a parameter used in the evaluation matrix of the bid: suppliers with best energy mix do receive a higher scoring. Furthermore, as part of the commitment to lower the environmental impact of the Company, Prysmian is actively exploring opportunities to secure renewable energy sources through PPA contracts (Power Purchase Agreements). Scope 2 emission reduction will rely on different actions, with PPAs playing a relevant role in the journey to the decarbonization; the Company is actively evaluating opportunities in Europe and will start scouting other regions at a later date.

3. Transport & Logistics: Incorporating sustainability into the transportation procurement process is a critical step towards reducing the environmental impact of logistics. Group's sourcing process requests disclosure of CO2 emissions during the tender phase (for FTL transport service), carriers can make more informed decisions that align with their sustainability goals. This approach not only helps in selecting suppliers who are committed to environmental stewardship but also encourages the industry as a whole to move towards greener practices. Prysmian also requests the surcharge for the usage of Hydrotreated Vegetable Oil (HVO) or electric vehicle, incentivizing the adoption of cleaner energy sources. Furthermore, selected suppliers are required to provide quarterly CO2 emission reports during shipments execution to ensure ongoing accountability and enable companies to track their carbon footprint over time.

7. Increasing ESG Awareness

7.1 Awareness within The Organization

The activities done to increase ESG factors importance and consideration within supply chain strategy and supply base management since 2015 are also part of the professional training of the purchasing team worldwide. Prysmian Group Professional Academy aims at giving specialized professional training by function. Within this initiative, the Purchasing Professional Academy has a specific program devoted to train Global Commodity Leaders & Buyers called “Purchasing Fundamentals”. The program consists of one class per year, attended by around 30 people (12% of the total group purchasing employees). Starting from 2015, the training program includes a recurring section, dedicated to the importance of sustainability considerations and the way to use ESG supplier assessment in business award and business decision. Moreover, purchasing department is a permanent member of Prysmian Group Sustainability Committee.

In addition to the above, Global Sustainability Academy has been launched in 2023. This initiative will involve 30.000 employees in over 50 countries, the pilot has been done in Oman. The initiative aims to spread the culture of sustainability within the entire corporate population worldwide and further strengthen the Group's commitment to the implementation of its Climate & Social Ambitions, with reference to the parameters related to employees’ engagement and their up-skilling. The program of the Academy is structured in five macro-modules - awareness, knowledge, impact, leadership and KPI - each of which deals with one or multiple strategic topics related to sustainability.

7.2 Awareness Outside the Organization

Prysmian has numerous initiatives and events aimed at raising awareness and sponsoring fruitful discussions on sustainability initiatives, below are some examples:

- Sustainability week:

  Prysmian Group Sustainability Week 2023 – “GOING GREEN AND DIGITAL”, is the Company’s biggest annual stakeholder engagement event, and it has taken place in Prysmian HQ in Milan.

  The Sustainability Week 2023 aimed at encompassing the views and opinions of global

leaders involved in sustainability initiatives and the main challenges faced to generate concrete impacts. The event addressed key topics such as the energy transition, electrification, digitalization, sustainable finance, and the value of the supply chain, debating inspiring initiatives, local efforts, and best practices to engage main stakeholders, collect their points of view, and understand their needs and expectation towards the company.

Alongside the discussions, Prysmian's regions had the opportunity to present their innovative projects and ideas to all visitors, at the Sustainability Call4Ideas Fair.

- Supplier conference:

  In 2024, Prysmian held its very 1st Supplier Conference within the events of this year's edition Sustainability Week. The event also included a roundtable discussion with the participation of customers and suppliers, discussing sustainability and innovation. During the conference, Prysmian shared information about its ESG goals with the supply base to be aligned with its main partners on meeting sustainability targets as well as gave space to suppliers to share knowledge and best practices,

- Within the annual Worldwide Purchasing Meeting (WWPLM); Prysmian held a panel discussion on titled "Sustainability Journey – Different perspectives from Customer and Supplier", with the participation of a major utility customer of the Group, one of Prysmian's main suppliers of metals, and the entire purchasing organization. This was aimed at fostering discussions and sharing ideas on sustainable collaborations between the parties.