



GROUP PURCHASING
Supply Chain
Strategy and Vendor
Management

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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, in order 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 in order to integrate ESG factors.

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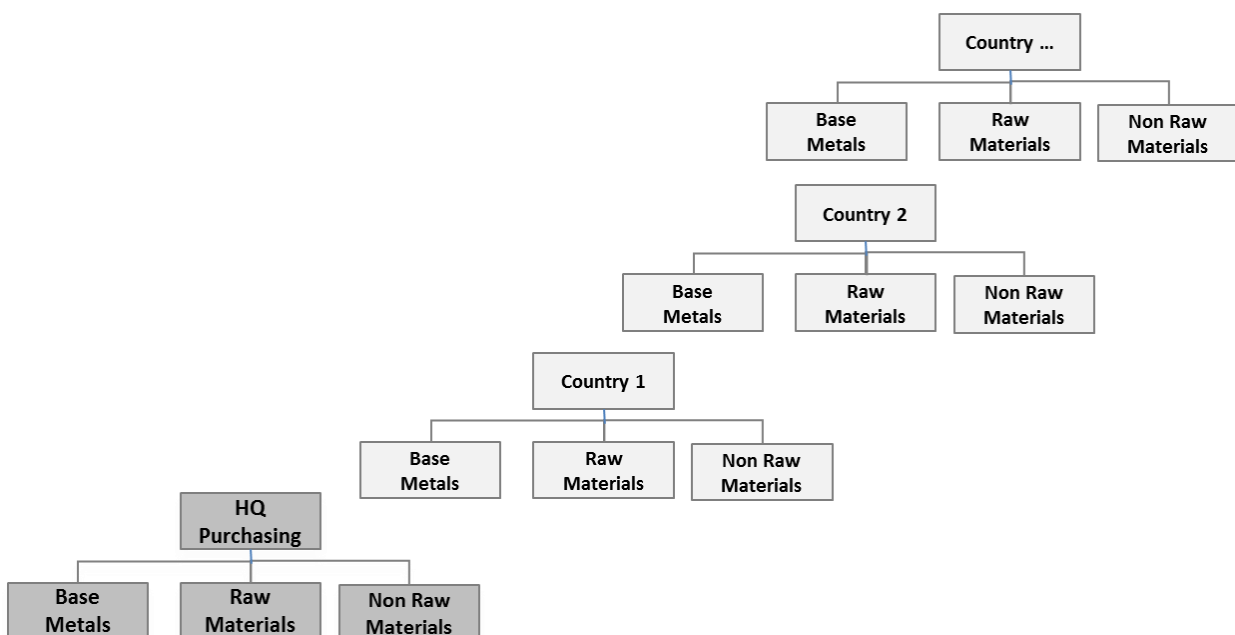
1. Prysmian Group Purchasing Organization

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.

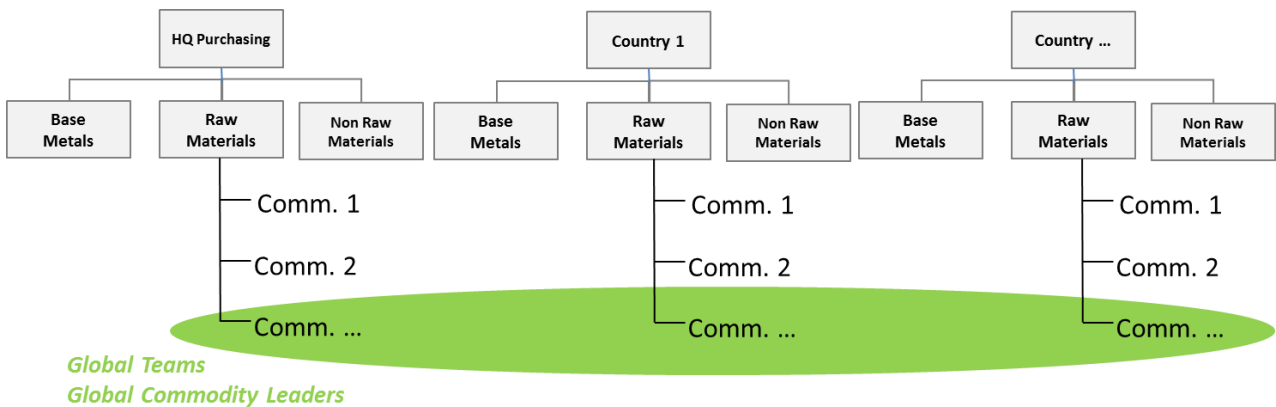
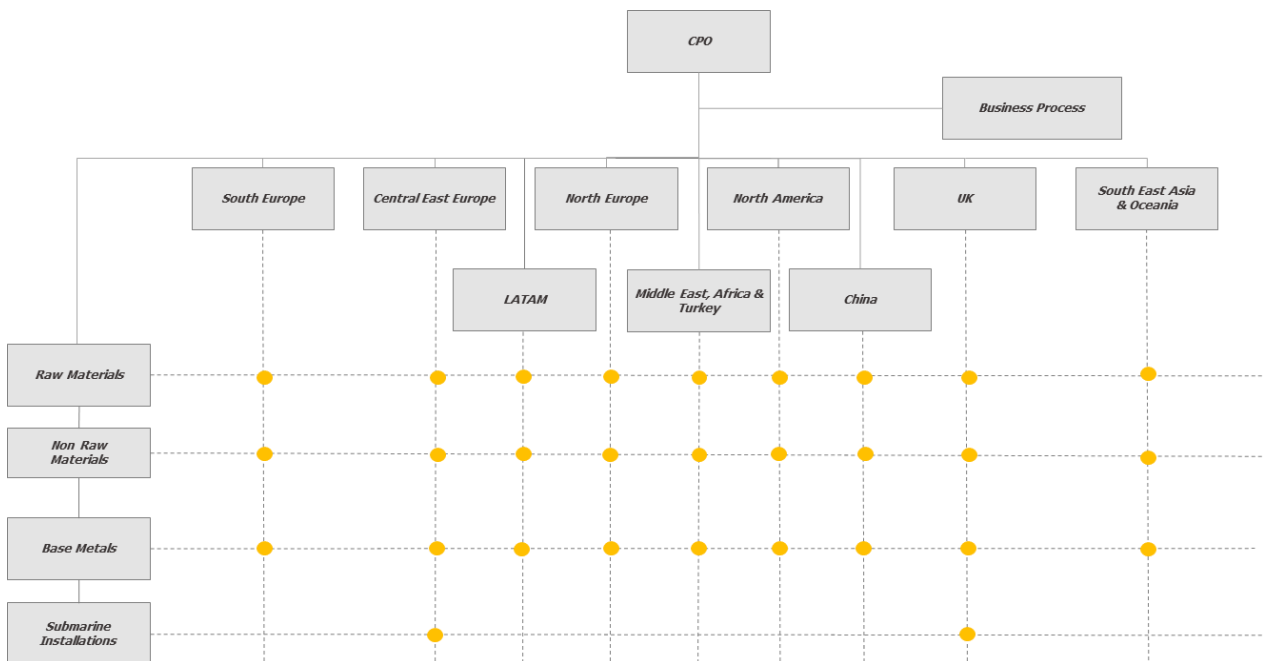
The Group Purchasing Organization, at different levels (Corporate, Regions and Countries) is organized as follows:



- 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

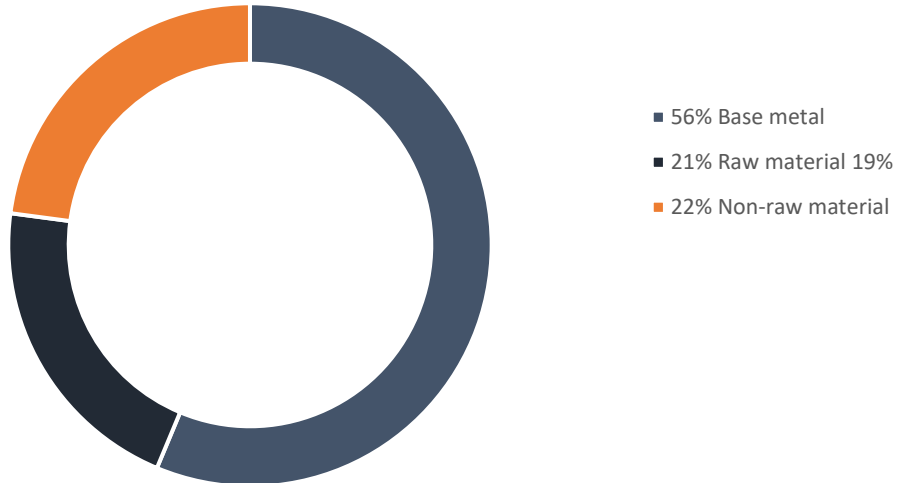
- Regional/Country head of commodities are responsible for their region/ country commodity management, directly reporting to the region/country purchasing director and functionally to the corporate head of commodity
- Global Commodity Leaders are responsible to coordinate and address the assigned commodity 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):

% OF SPEND ON SUPPLIERS 2022 - PRYSMIAN GROUP



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.

TOTAL NUMBER OF SUPPLIERS BROKEN DOWN BY GEOGRAPHICAL AREA IN 2022

NO. OF SUPPLIERS 2022- PRYSMIAN GROUP



% OF SUPPLIERS 2022- PRYSMIAN GROUP



In 2022, out of 5.977 suppliers of base metals and raw materials, 61% were located in the EMEA region. The remainder were split almost equally among the other geographical areas.

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 taken into account 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 in order 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 amount 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 2022, 92 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 installation services, among the most important categories which belong to the Non-Raw Material 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:
 - o Top quality efficiency in the logistics flows
 - o High service level and On-Time Deliveries
 - o 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.
 - o 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 Wooden 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 aren’t 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 is concerning 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, in order 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 the possibility of using greener energy & green production (e.g. solar panel investment, and solar parks at selected plants), increasing the efficiency of its plants to consume less energy (e.g. LED lamping initiatives), as well as investing in the purchase of Guarantees of Origin certificates (GoO's).

GOODS & SERVICES PURCHASED LOCALLY (%)

	2022	2021	2020
EMEA	69%	60%	71%
APAC	84%	76%	80%
NORTH AMERICA	100%	99%	98%
LATAM	95%	80%	83%

4. Supply Chain Strategy overview & ESG factors integration

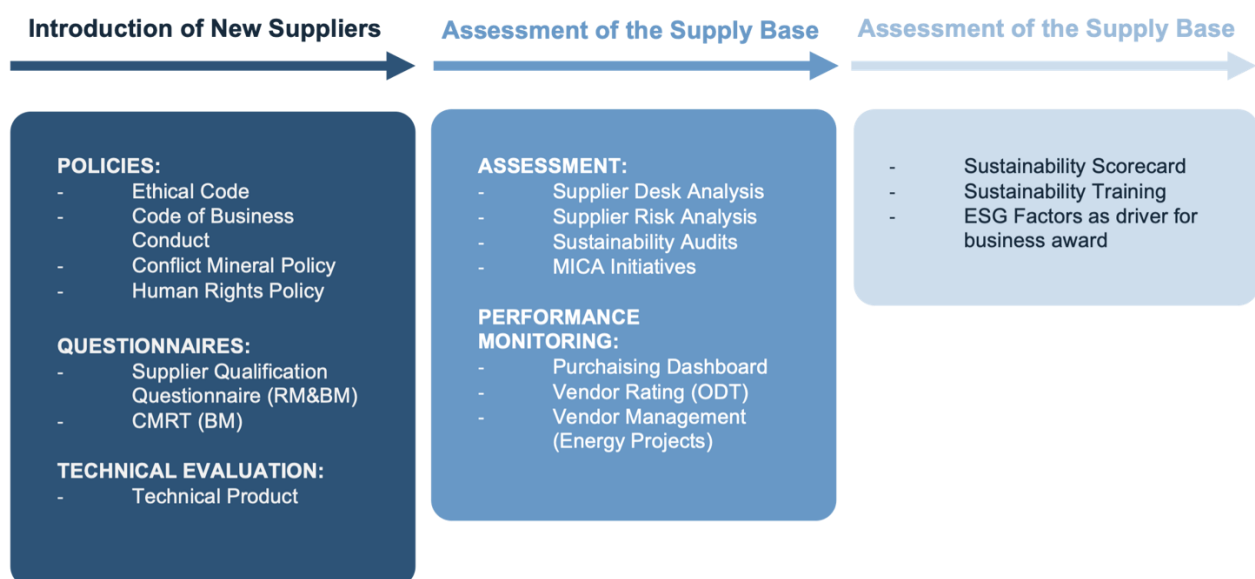
The Supply Chain Strategy Document has been introduced for the first time in 2018 with the purpose of explaining how the Procurement Department in Prysmian Group approaches and implements ESG factors in its processes. During the last few years, the Procurement Function focused its attention on streamlining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

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.



INTRODUCTION OF NEW SUPPLIERS:

Every recurring supplier (Base Metals, Raw Materials and Non-Raw Materials) which starts a business relationship with Prysmian Group is required to be compliant with the Ethical Code ([Link](#)) and the Code of Business Conduct ([Link](#)). Moreover, the Group in the last years published the Human Rights Policy as well as the Conflict Minerals Policy (Specific to Base Metals suppliers mainly) which are additional documents that the suppliers need to acknowledge.

Any new Base Metals or Raw Materials supplier has to 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 as Facilities, Production, Quality, HSE and so on. Starting from 2015 we added in the Supplier Qualification Questionnaire the section Sustainability where we ask to each new supplier its commitment on ESG aspects, how it manages improvements and reporting and if it is present any certification about the CSR management system. In addition to that 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 that is performed only in case of critical material supplied or not satisfactory 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 is matching 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 answer 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 function.

ASSESSMENT OF THE ACTUAL SUPPLY BASE:

Prysmian Group in the last few years improved and structured the core part of the entire process related to ESG monitoring: The Assessment of the current supply base.

This portion of the process is structured as following:

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

SUPPLIER DESK ANALYSIS

The Supplier Desk Analysis has been developed with the main purpose of carrying out an assessment on sustainability aspects regarding the main Prysmian Group suppliers. The analysis is based on social, economic, and environmental criteria (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 in order to assess 12 elements of analysis regarding three macro-areas:

- Sustainability and management systems
- Environmental criteria
- Human and labor rights.

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 blnEUR, Prysmian Group classified part of it as “Critical 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 “Critical Spend”:

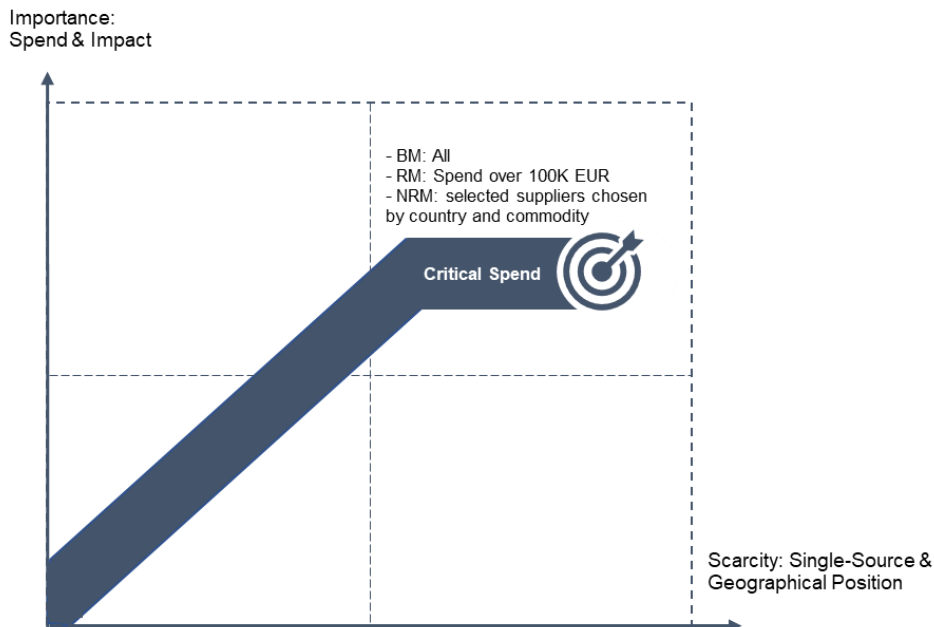
- Base Metals: All Recurring Spend.
- Raw Materials:
 - All Suppliers with yearly revenue with Prysmian Group higher than 100kEur
- Non-Raw Materials:

- Selected Suppliers coming from the following Geographical Areas (LATAM, ASEAN, CHINA, TURKEY, MIDDLE EAST) on this specific Categories:
 - o TRANSPORTATION
 - o UTILITIES
 - o MRO
 - o PACKAGING
 - o 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 a total spend of 92% of the “Critical Spend”, and 67% of the global Prysmian spend. The results of this initial assessment are then processed through the second tool; the “Risk Analysis”.

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 take into account 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%)

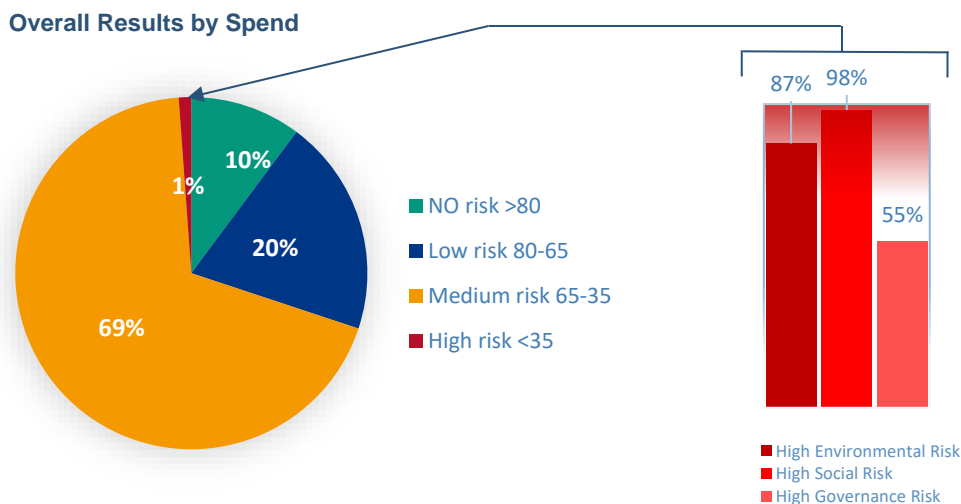
The result of this further analysis is an evaluation from 0-100 based on the categorization of the risk, and it is as follows

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 92% of the identified Critical Spend, and over 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 is the snapshot of the 2023 Desk and Risk Analysis results 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.



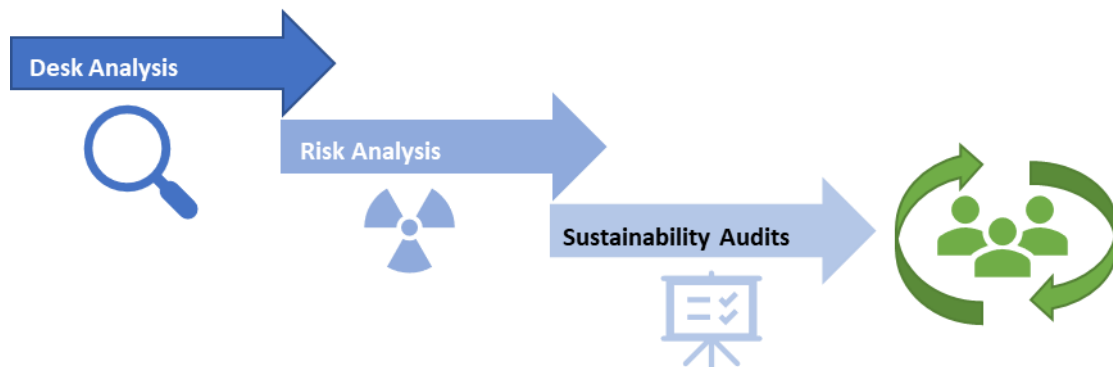
SUSTAINABILITY AUDITS

In addition to:

- Audit at suppliers for supplier qualification
- Product/Process audit for incumbent suppliers

Starting from 2017, a sustainability audit program has been developed, this program involves a third-party conducting the audits. The target of performing 30 audits within 2022 has been met, and this auditing program has been extended beyond 2022. The audits are performed with the support of an external advisor. The suppliers to be audited are

identified through the score assigned as a result of the Risk Analysis. More specifically, priority is given to auditing suppliers falling into the High-Risk Category above.



To complete the picture of supply chain strategy here below a summary of the other relevant items.

SPECIFIC INITIATIVE ON HUMAN RIGHTS

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 contribute to poor working conditions and the use of 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. In 2021, Prysmian Group became the first company in the cable sector to join the Responsible Mica Initiative (RMI), a non-profit coalition working to eliminate child labor and poor working conditions in mica supply chains. By joining the RMI, Prysmian Group is moving forward with its commitment to social responsibility and promoting ethical conduct by taking concrete action. Membership in RMI will help Prysmian be even more effective in increasing its control of its supply chain. In addition to that, the Group is working to replace glass-mica tapes with silicon compounds in order to reduce the consumption of this material year by year.

SUPPLY BASE MANAGEMENT MAIN 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)

PURCHASING DASHBOARD:

The purchasing 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 Expenses Reporting

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.

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

- Maintain the high level of Assessment of the Critical Spend, as of 2023 reached 92%, 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. Vendor Management: Energy Project Focus

In 2021 Prysmian has started to develop the Vendor Management portal, a modular web-based application adopted to increase efficiency in managing relationships with suppliers and eventually track 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.

Within the business areas of Prysmian, the one that has priority as far as vendor management is concerned is the Energy Projects area—Prysmian PowerLink (PPL). PPL is working on big turnkey projects related to submarine and HV cables & has implemented a cloud platform for the Vendor Management process, with a view of improving the process of qualifying suppliers by facilitating customer-supplier communications. The portal comprises two distinct sections: Supplier Qualification Management and Supplier Performance Management, respectively used to manage the qualification phase and the performance evaluation phase of suppliers. In particular, the first area provides a centralized system for managing the entire life cycle of the customer-supplier relationship. The data used for the selection process is input by suppliers with direct access to the system, via the completion of a questionnaire that, once completed, is sent to the following functions for assessment: Purchasing, HSE and Quality. The second area guides the process of defining, measuring, monitoring, and analyzing the performance of suppliers in terms of the service provided. The purpose of the system is to improve the quality of service, while achieving an overall reduction in costs and the related risks. Each supplier is assessed against specific criteria: compliance with technical specifications needed, HSE and Quality requirements, as well as level of contractual and business flexibility. In the event of an adverse result, Prysmian will be able to promote corrective actions designed to steadily improve performance or, depending on the seriousness of the case, to "black-list" the supplier. As of 2022, PPL has joined the new Prysmian platform, Pry-Source. Until June 2023, out of 1933 registered suppliers, 11% have been qualified. The rest are going through the qualification process due to the migration from our old vendor management platform.

7. Importance of ESG Factors in sourcing decisions

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.

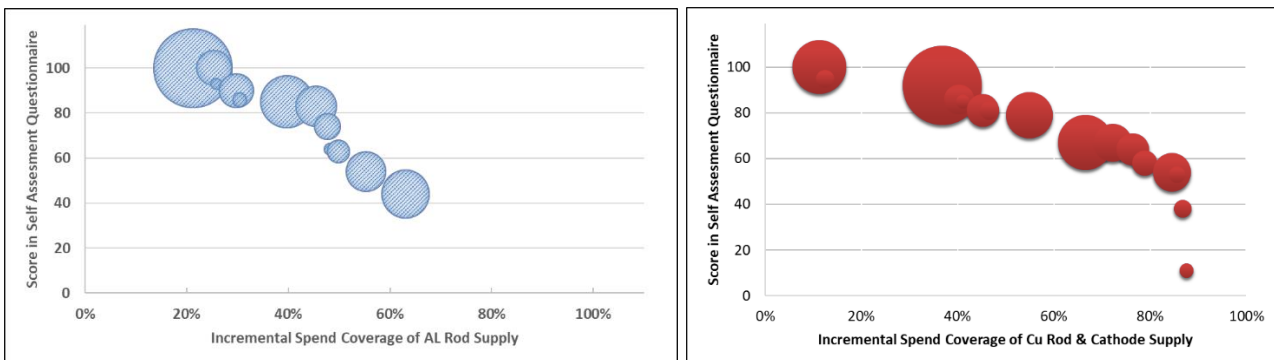
Base Metals:

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 we have defined a minimum scoring to use as preferential driver for sourcing decision and business award year over year. Out of a total maximum score achievable of 100/100, we set 60/100 score 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. Moreover, looking at the overall recurring suppliers of rod, around 63% of total metals are sourced from Suppliers that have achieved a score greater than 60/100. This performance is monitored regularly and a high scoring in sustainability is a requisite to be considered preferred supplier also for yearly contract.

Here below are two graphs for Copper and Aluminum rod showing the 2022 situation:



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.

To promote the adoption across the whole supply chain of the most advanced policy with regards to ESG, Prysmian is adjusting the suppliers' offers based on a matrix of ESG scoring, giving higher competitiveness to the most advanced suppliers for ESG and the lower competitiveness to the ones with lower score. Please see the price correction matrix described below.

This price adjustment mechanism is built from one side to correctly take into consideration the higher or lower value content of materials produced and delivered according to different criteria, on the other side to recognize to the market the efforts and the initial additional costs to those trying to achieve more advanced and sustainable processes.

Scope & Description

This matrix of adjustment coefficient is to be used to align the different offers received in order to take business decisions.

Primary base metals suppliers are divided into 3 groups with reference to their ESG scoring:

1. Advance suppliers: where it is recognized a premium in the offer alignment process
2. Standard suppliers: no adjustment
3. Lower than standard suppliers: where the price is penalized when compared to other competitor offer

Classification of the suppliers

The suppliers are ranked every year in September 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 in September each year considering the market, the available alternatives, the geography served and the standards in the different areas, the different costs of 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.

Raw Materials:

Here we report one example related to PVC resins.

PVC resins can be produced with two main different processes as far as the monomer VCM is produced:

- A.** Mercury cell technology
- B.** Membrane cell technology

The Mercury cell technology uses a stream of mercury flowing along the bottom of the electrolyzer as the cathode. The World Health Organization considers Mercury as one of the top ten chemicals posing a threat to public health. In 2016, Prysmian has started a deep evaluation to understand the technology used by the recurring suppliers with the aim to reduce as much as possible the purchasing of PVC resins produced with Mercury Cell Technology.

In 2020, the Group has successfully eliminated PVC resins produced by Mercury cell technology from its Supply Chain—after progressively reducing them year on year. Therefore, all the Group's producers of PVC resins utilize membrane cell technology.

8. Increasing ESG awareness across purchasing organization

The activities done in order 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.