Prysmian Group

2022

INTEGRATED ANNUAL REPORT

Linking the sustainable future

2022

INTEGRATED ANNUAL REPORT

Linking the
sustainable future

Disclaimer

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LETTER FROM CEO

LETTER TO THE STAKEHOLDERS

For our company, 2022 was a year that can certainly be described as a record year following a difficult time marked by exceptional impact events such as supply chain disruption, the energy crisis and the shortage of raw materials, as well as inflationary pressures and a changing macroeconomic and market scenario

Technology innovation, our efficient and effective supply chain and a customer-centric focus allowed us to fully seize the opportunities offered by the current energy transition, electrification and digitalisation trends, enabling us to report results that exceeded all our expectations.

The strong sales growth was accompanied by the jump of over 50% in net profit and cash generation and debt reduction. The best performances were recorded above all by the businesses and segments most exposed to secular energy transition, electrification and digitalisation trends, such as submarine cables and systems for power interconnections and offshore wind farms links, cables for energy grid hardening, cables for the renewables and electric mobility sectors, data centres, cables for non-residential constructions and optical cables.

Excellent results were also reported in profitability terms: Adjusted EBITDA jumped by +52.5%, improving also compared to the upper part of the guidance, revised at €1,475 million in November 2022. Margins also improved sharply, with the ratio of Adjusted EBITDA to Sales at 9.3%, increasing by 160 bps compared to 7.7% for 2021.

Cash generation continued to be a distinctive trait of our Group, with a Free Cash Flow up +53.2% that allowed to significantly reduce net financial debt, bringing the ratio of net debt to Adjusted EBITDA to below 1x. The solidity of our financial structure allows us to keep a balanced position while sustaining the significant investments planned for the coming three years to further strengthen our positioning and our ambitions to become a global benchmark for energy transition, electrification and digitalisation: production capacity adjustments and the new submarine cable plant in the USA, a new cable-laying vessel alongside the Leonardo da Vinci, and technology innovation.

Moreover, I would like to underscore that, in a year of record results such as 2022, we also paid close attention to the adoption of new policies and tools for redistributing the value generated to all our stakeholders and for engaging all our employees, not only top managers.
Last, but not least, worth of mention is our ESG performance. The reduction of our emissions and the improvement of the main environmental and social impact KPIs testify to our commitment to improving our business sustainability. During 2022, the Group pledged even more ambitious climate target than the previous ones, committing with the Science Based Target initiative to further reduce its Scope 3 emissions, aligning with the "Well Below 2°C" trajectory, and updating the goal to 2030 from - 21% to -28%. Furthermore, all social performance KPIs showed a strong improvement, thanks to the projects and initiatives carried out by Prysmian in all its regions. Yet, our climate and social ambitions would not be feasible without the sustainability leadership model that we have built over the years, and that today allows us to say that we do not "pursue sustainability" rather "we embody sustainability." To consolidate the commitment we undertook with our Social Ambition, in 2022 we inaugurated the Prysmian Sustainability Academy, with the aim of training the sustainability leaders of tomorrow, promoting inclusion and enhancing diversity.
The focus of Prysmian on all ESG topics is also highlighted by the increase of ESG investors in the Group's shareholding structure, which reached over 48% of the total in 2022. My personal thanks go to them for the trust put in our company, our sustainability strategy and action plans.

In view of this very goal of ensuring a thorough, integrated disclosure of our financial and ESG performance, this year, in advance of the new regulatory requirements, we have prepared our first Integrated Annual Report.

All in all, the positive start to 2023 confirms the competitive positioning achieved and enables us to set the goal for 2023 of consolidating our 2022 record performance, continuing to generate value for our shareholders and for all of our stakeholders.

Valerio Battista
Chief Executive Officer, Prysmian Group

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DIRECTORS' REPORT

1. INTRODUCTION: PRYSMIAN GROUP APPROACH TO THE INTEGRATED REPORT

Prysmian Group has published for the first time an Integrated Annual Report, as a tool for presenting both financial and non-financial data.
A decision that, via a new approach to corporate reporting, highlights the daily efforts made by the Group to embed sustainability within all business strategies, as well as its role as an enabler of the energy transition and digitalisation processes. In an integrated manner, the Report explains the Group's ability to **create** both financial and non-financial **value over time,** in the context and markets in which it operates.

The Integrated Annual Report consists of the Directors' Report (integrated with both financial information and the Non-Financial Declaration, including also the EU Taxonomy disclosures required by Regulation (EU) 2020/852), the Consolidated Financial Statements and the Parent Company Annual Report of Prysmian S.p.A.. Pursuant to art. 5, para. 3.a), of Italian Legislative Decree 254/2016. The Group presents the Consolidated Non-Financial Statement in a specific section of the Directors' Report. The Consolidated Non-Financial Statement was approved by the Board of Directors on 9 March 2023. The document – compliant with the most updated GRI Standards, was also subjected to a limited review by an auditing firm, EY S.p.A., in accordance with the International Standard on Assurance Engagements (ISAE 3000 Revised).
The Parent Company Financial Statements and the Consolidated Financial Statements have been prepared in accordance with IAS/IFRS international accounting standards.
The Integrated, holistic reporting encompasses strategy, governance, production activities, financial performance and interactions with the social, environmental and economic context. This revolution in corporate reporting reflects the adoption of an innovative cultural approach. For Prysmian, combining the Non-Financial Statement with the Annual Report means explaining, in a coherent, rigorous and yet engaging manner why sustainability is central to the Group's business.

This new method of reporting makes it possible to explain how Prysmian has become a leader in the worldwide ecological transition process - a sustainability enabler - by describing our history, performance, innovations and projects that, at a global level, allow the transportation of clean energy and deliver connectivity with state-of-the-art solutions.
In addition to the Integrated Annual Report, Prysmian Group has voluntarily decided to publish separately a Sustainability Report, supplementing the contents of the Consolidated Non-Financial Statement, and which has undergone a limited review by auditors EY S.p.A.

The documentation published for 2022 on sustainability matters also includes:

- the TCFD Report 2022, dedicated to information about the management of climate change risks in accordance with TCFD (Taskforce on Climate-related Financial Disclosures) recommendations;
- the GHG Statement 2022, dedicated to calculation of the CO2 emissions generated by Prysmian and its entire value chain;
- the SASB Report 2022, providing information in compliance with Sustainability Accounting Standards Board (SASB) framework.

ESEF (European Single Electronic Format) requirements

This PDF document supplements the official version compliant with Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF), which is available on the corporate website and from the authorised data storage system, "eMarket STORAGE"[1].
This Financial Report does not meet the obligation arising from the ESEF Regulation for which an additional document has been prepared in iXBRL and XHTML format.

1 www.emarketstorage.com

2. HIGHLIGHTS

Key financial, operating and ESG performance data

All percentages related to economics and financials data contained in this report have been calculated with reference to amounts expressed in thousands of Euro.

(Euro/million)	2022	2021	% Change	2020
Sales	**16,067**	12,736	26.2%	10,016
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**1,442**	958	50.5%	822
Adjusted EBITDA(1)	**1,488**	976	52.5%	840
EBITDA(2)	**1,387**	927	49.6%	781
Adjusted operating income(3)	**1,119**	647	73.0%	515
Operating income	**849**	572	48.4%	353
Profit/(loss) before taxes	**739**	476	55.3%	252
Net profit/(loss)	**509**	310	64.2%	174

(Euro/million)	31.12.2022	31.12.2021	Change	31.12.2020
Net invested capital	**5,517**	5,295	222	4,915
Employee benefit obligations	**329**	446	(117)	506
Equity	**3,771**	3,089	682	2,423
- of which attributable to non-controlling interests	**186**	174	12	164
Net financial debt	**1,417**	1,760	(343)	1,986

(Euro/million)	2022	2021	% Change	2020
Net capital expenditure(4)	**452**	275	64.4%	244
Employees (at period-end)	**30,185**	29,763	1.4%	28,321
Earnings/(loss) per share				
- basic	**1.91**	1.17		0.68
- diluted	**1.90**	1.17		0.68
Number of patents(5)	**5,760**	5,539		5,581
Number of plants	**108**	108		104

(1) **Adjusted EBITDA** is defined as EBITDA before income and expense for business reorganisation, non-recurring items and other non-operating income and expense.
(2) **EBITDA** is defined as earnings/(loss) for the year, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income, dividends from other companies and taxes.
(3) **Adjusted operating income** is defined as operating income before income and expense for business reorganisation, non-recurring items and other non-operating income and expense, and before the fair value change in metal derivatives and in other fair value items.
(4) **Net capital expenditure** reflects cash flows from disposals of Assets held for sale and from disposals and additions of Property, plant and equipment and Intangible assets not acquired under specific financing arrangements, meaning that additions of leased assets are excluded.
(5) These are the total number of patents, comprising patents granted plus patent applications pending worldwide.

Several of the ESG performance objectives achieved by Prysmian in 2022 are particularly meaningful when discussing the creation of value shared with the stakeholders. A summary is presented below. These indicators are also included in the short- and long-term incentive systems. The relevant sections of the Consolidated Non-Financial Statement go into greater depth.

	2022	2021	% Change	2020
tCO_2 emissions - Scope 1 and Scope 2 Market Based[(1)]	**665,104**	706,969	-6%	758,430
Percentage reduction of CO_2 versus 2019 baseline FY[(2)]	**-24%**	-22%	-2%	-17%
Percentage of waste recycled[(3)]	**71%**	69%	2%	69%
Percentage of women executives (job grade ≥ 20)[(4)]	**16%**	14%	2%	13%
Leadership Impact Index (LI)[(5)]	**55%**	54%	1%	57%
Engagement Index [(6)]	**61%**	60%	1%	65%
Suppliers subjected to ESG audit [(7)]	**72%**	68%	4%	63%

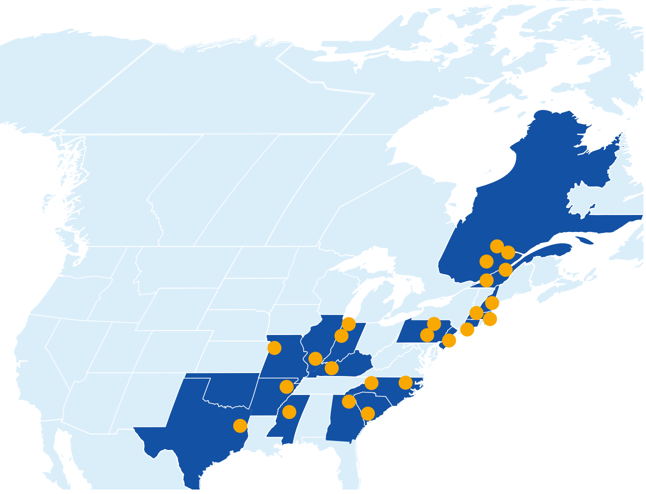
(1) **Scope 1** emissions comprise the direct emissions of the organisation, being those generated under its direct control. The reported Scope 1 emissions derive from combustion processes (using natural gas, LPG, petrol, diesel, fuel oil, marine diesel), leaks of refrigerant gases (HFC, PFC) and leaks of SF6 gas. **Scope 2** Emissions comprise the indirect emissions of the organisation, being those deriving from its direct consumption excluding generation activities. These include: purchased electricity, remote heating and steam. With regard to Scope 2 emissions, **Market-based** is a method of quantification based on the CO_2 emissions of the energy suppliers from which the business purchases, under contract, an electricity supply.
(2) **Percentage reduction in Scope 1 and Scope 2 GHG emissions versus 2019 baseline**: percentage reduction in the GHG emissions generated by business activities (Scopes 1 and 2, market based). Includes the emissions of CO2 and other gases (such as SF6) expressed in CO2 eq (CO2 equivalent). The reduction is calculated with respect to baseline year 2019.
(3) **Percentage of waste recycled**: share of waste material which is being recycled from certified waste management.
(4) **Percentage of women executives (job grade ≥ 20)**: share of women in executive positions (grade 20 and above) as a percentage of total executive employees. The number of employees is the headcount at the end of the period, including all permanent contract and temporary ones. The KPI shows the ability of the Group to develop internal figures to take on leadership roles, its capability to hire them from the market and its ability to retain those talents.
(5) **Leadership Impact Index:** index summarising the number of participants that expressed strong approval of the 5 specific statements, in the context of a broader survey of employee opinions (Speak Up Survey). The survey is carried out by third parties that guarantee impartiality and anonymity of the responses.
(6) **Engagement Index**: calculated in the same way as the Leadership Impact Index, but using a smaller number of questions (2) focused only on employee engagement.
(7) **Suppliers subjected to ESG audits**: total suppliers audited with a focus on environmental and social matters, identified with reference to the scores assigned following risk analysis / total suppliers. The audits were carried out by the Group with support from a third party.

3. PRYSMIAN GROUP: GLOBAL LEADER

With a direct presence in more than 50 countries around the world, 108 plants, 26 R&D centres and over 30,000 employees, Prysmian is a global leader in cable systems for energy and telecommunications. The Group HQ in Milan, Italy, employing around 800 persons, is supported by regional headquarters in North America, South America, EMEA (Europa, Middle East and Africa) and APAC.

NORTH AMERICA

24 plants



Canada
Oshawa
Prescott
Saguenay QC - Lapointe
St. Jerome
St. Maurice

Usa
Abbeville
Bridgewater
Claremont
Du Quoin
Indianapolis
Jackson
Lawrenceburg
Lexington
Lincoln
Manchester
Marion
Marshall
North Dighton
Paragould
Rocky Mountain
Schuylkill Haven
Sedalia
Williamsport
Willimantic

LATIN AMERICA

13 plants

Argentina
La Rosa

Brazile
Joinville factory
Poços de Caldas
Sorocaba Eden
Sorocaba Fiber
Vila Velha

Cile
Santiago

Colombia
Bogotá

Costa Rica
Heredia

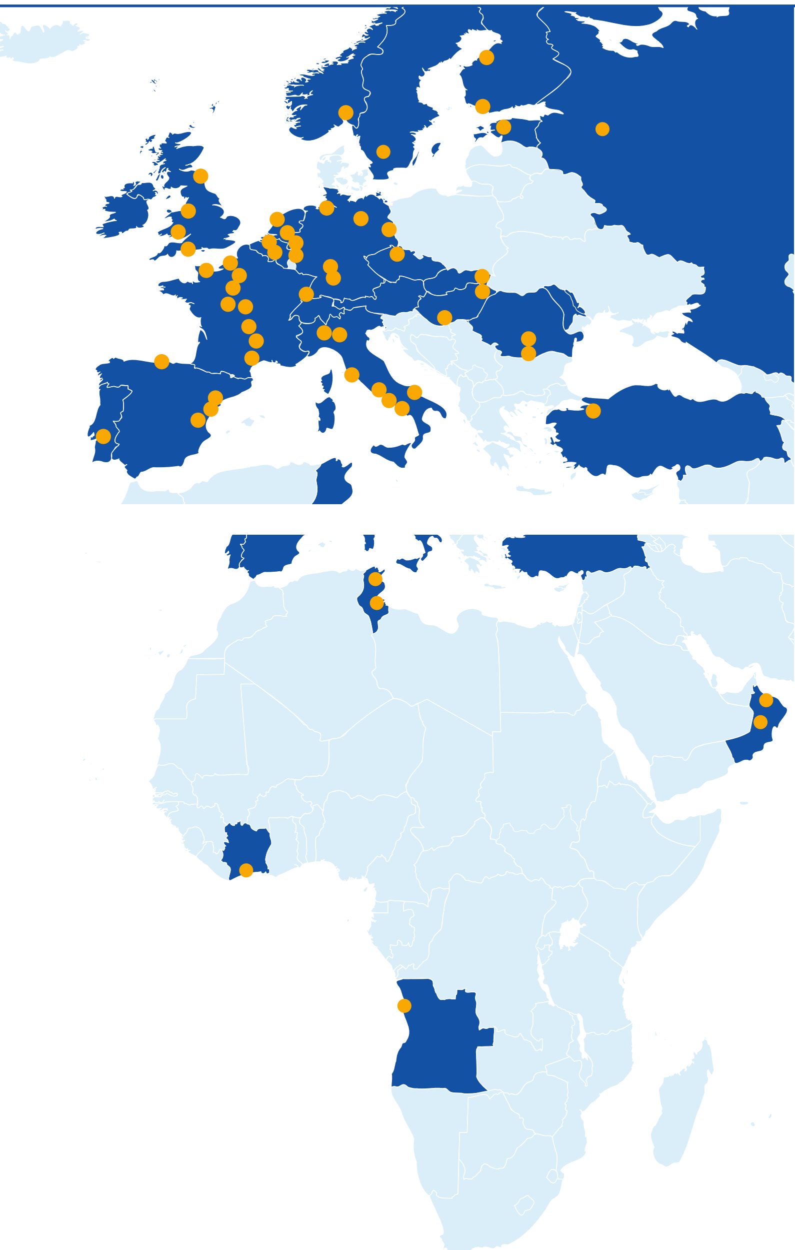
Messico
Durango
Nogales
Piedras Negras
Tetla

+50 countries | **108 plants** | **26 R&D centers**

more then 30,000 employees | **5 cable-laying ships**

EMEA

56 plants



Angola
Luanda, Angola

Czech Republic
Velké Mezirící - Factory

Estonia
Keila Factory

Finland
Oulu Factory (Finland)
Pikkala Factory

France
Amfreville factory
Calais
Charvieu
Chavanoz
Cornimont
Douvrin
Gron (Sens)
Montereau
Paron
Sainte Geneviève

Germany
Baesweiler (Colonia)
Berlino Factory
Neustadt
Nordenham Plant
Norimberga Factory
Schwerin
Wuppertal Factory

Hungary
Balassagyarmat
Kistelek factory

Italy
Arco Felice
Battipaglia F.O.S. S.r.l.
Giovinazzo
Livorno
Merlino
Pignataro Maggiore
Quattordio

Ivory Coast
Abidjan

Norway
Drammen Factory

Oman
Al Khuwayriyyah (Sohar) OAPIL
Factory2 Rusayl (Muscat) - OCI

Portugal
Morelena

Romania
Milcov
Slatina

Russia
Rybinsk

Slovakia
Prešov

Spain
Abrera
Santa Perpetua
Santander
Vilanova

Sweden
Nässjö

The Netherlands
Delft
Eindhoven
Emmen
Nieuw Bergen

Tunisia
Grombalia
Menzel Bouzelfa

Turkey
Mudanya

UK
Aberdare
Bishopstoke
Washington
Wrexham

APAC

15 plants

Australia
Dee Why
Liverpool

China
Haixun DEP
Shangai
Shangai
Suzhou Factory
Tianjin
Yixing
Zhongyao DEP

India
Chiplun

Indonesia
Cikampek

Malaysia
Melaka Factory lot 38

New Zealand
New Lynn Factory (Auckland)

Philippines
Cebu

Thailand
Rayong Factory

Prysmian was established in 2005 following acquisition of the Energy Cables and Systems and Telecom Cables and Systems businesses of Pirelli by the Goldman Sachs group. The Company was listed on 3 May 2007, with the market placement of 46% of the shares held by the Goldman Sachs group, and joined the main FTSE MIB index in the following September. The Goldman Sachs group exited completely in 2010. Prysmian is one of the few Italian industries with global reach to achieve public company status: shares are held by international institutional investors and the creation of shareholder value is a key factor when making strategic decisions at all levels.
From the start, the DNA of the Prysmian Group has included a commitment to the environment and the communities in which it operates. This core value is integral to the entire organisation, which strives constantly to deliver technology in support of the energy transition.
Prysmian works every day to guarantee the sustainability of production processes and safeguard the environment, working alongside local communities to ensure workplace safety and full respect for the environment in their territories.
This commitment was strengthened in 2021 with the launch of the Climate Change Ambition and the Social Ambition. These set challenging new climate and social objectives, designed to promote the transition to a low-carbon world and a more fair and inclusive working environment. Due to the growing attention in recent years to ESG (Environmental, Social, Governance) issues and their increasingly important weight in the society, the Group's Board of Directors, as early as March 2020, established the Sustainability Committee to which the supervision of ESG issues has been attributed. This Committee has strongly encouraged and contributed to the definition of the Group's long-term ambitions and constantly monitors the performance of its KPIs.
Further information about the strategic integration of sustainability within the Prysmian Group business is presented in the "Strategy and commitment to sustainability" chapter of this document.

INNOVATING TO TRASFORM THE WORLD

1883
Power cable installed in Milan connecting Via S. Radegonda and La Scala Theater

1887
Submarine communication cable (telegraph) connecting some minor islands in Italy

1932
Oil Filled power cable 1x130 mm² - 60 kV AC

1952
Coaxial cables connecting Madrid and Barcellona

1953
Submarine communication cable (telegraph) connecting Cape Verde and Brazil

1960
Power cable (EPR) and accessories up to 400 kV AC

...

2006
P-Laser technology for MV cables

Bendbright-XS – Bend insensitive Single-Mode optical fiber

2009
PRY-CAM technology for partial discharges measurement

2011
Flexible pipes for flow lines

Nano cable for telecommunication application using 200µm-XS fibers

2013
P-Laser technology for HV cables

Power cables (PPL MI) and accessories up to 600 kV DC

2014
Very High Fiber Count Optical cables up to 1728 optical fibers

Widecap-OM5

Multimode Fiber for wavelenght multiplexing

2016
P-Laser and XLPE HVDC Power cables and accessories up to 600 kV – Type Test

The history of Prysmian Group: Innovation and cutting-edge projects

From 2005 (when Prysmian was created) up to now, the Group has embarked on a path of intense growth and innovation.
In 2011, Prysmian acquired Draka, a Dutch multinational operating in the cable and optical fibre sector. This transaction led to the birth of Prysmian Group, a global market leader able to integrate products, services, technologies and know-how, by optimising the geographical footprint and financial solidity of the two companies.
In 2018, Prysmian Group acquired General Cable and consolidated its role as a truly global leader in the cable sector.
Throughout its growth path, the Group has succeeded in creating significant shareholder value, driven by an even broader and more balanced geographical footprint and an expanded and synergistic product portfolio.

A history of technological innovations

Prysmian Group has always been committed to redefining energy transmission and distribution and telecommunications, by anticipating the solutions of the future. The manufacture of the first 60 kV fluid-filled insulated electrical cable dates back to the first half of the 20th century. P-Laser technology was instead developed more recently, and its evolution has continued to the present, with the HVDC 525 kV P-Laser cable. As regard telecommunications, the construction of the first submarine cable connecting smaller islands in Italy dates back to 1887, while 1974 saw the development of optical fibre technology. More recently, Prysmian Group has launched cables using FlexRibbon technology, setting a record in terms of cables with the highest fibre count.

1970
Power cable (XLPE) and accessories up to 275 kV AC
Fluid Filled power cables (paper) and accessories up to 1000 kV AC

1974
Optical fiber technology development

1976
Optical fiber cable technology development

1987
First submarine optical cable installation

1994
OPGW Optical – Ground Wire
Superconductor power cable
Cat 5e copper data transmission cables

1999
Airbag tecnology for MV cables
Flextube technology for optical cables

2017
Submarine power cable – Ultra High Depths (3.000 m)
Optical cable Flextube up to 3456 optical fibers
Steel Tube Umbilical for dynamic applications

2018
Submarine Power Cable
Optical cable FlexRibbon up to 6912 optical fibres
E3X high emissivity advanced technology for overhead lines
CPR Low Voltage Cables

2019
Optical Cable FlexRibbon up to 6912 optical cable
P-Laser and XLPE 525 HVDC Underground Cable System PQT

2020
Bendbright Xs 180 micron Optical Fiber
Sirocco HD
Sirocco Extreme

2021
PRY-CAM Home High Depth 3-Core Submarine Cable System 1000 m
275 kV 3-Core Submarine Cable System
German Corridors 525 kV HVDC P-Laser Production

2022
Submarine 525 kV HVDC XLPE Cable System PQT
E3X Robot for Overhead Lines
EV Dynamic Wireless Charging DC cables
German Corridors 525 kV HVDC XLPE Production

A history of major projects

Prysmian cables make up the nervous system of all global energy flows. In fact, Prysmian has shaped the very evolution of major power interconnections.

1967 saw the first major HV submarine interconnection project known as SA.CO.I. (Sardinia, Corsica, Italy): a submarine cable that links Sardinia to Italy. Today, it is still the longest serving cable in the world.

In 2005, Prysmian Group developed BassLink, the longest submarine interconnection system ever developed at the time, connecting Australia to Tasmania. 2007 saw the launch of Trans Bay Cable for the HV submarine link between San Francisco and Pittsburgh, California.
In the United States, in 2013 Prysmian also completed the Hudson Project, involving a submarine power link between New York City and New Jersey. The project followed the completion, in 2007, of the Neptune Project connecting Long Island to New Jersey.

In Europe as well, the Group has consolidated over time its leadership in the supply of cables for major submarine interconnections. The completion of the SAPEI link (Sardinia-Italian mainland) — the deepest submarine cable worldwide (at a depth of 1,600 metres in the Tyrrhenian Sea) — dates back to 2008. More recently, Prysmian has contributed to integrating the energy markets of the UK and France (IFA1 and IFA2), and those of the UK and Denmark (Viking project).

In 2015, with the North Sea Link project, Prysmian connected the UK and Norway with the world's longest submarine electricity interconnector. In 2017, the Group completed the new HVDC cable connection between France and the UK, known as ElecLInk.

In 2021, the Group was awarded a contract for the Tyrrhenian Link project, envisaging the laying of a total of over 1,500 km of submarine cables between Sardinia, Sicily and Campania. This project set several technological records, including in terms of length, depth — over 2,000 metres — and technological innovation. This brings us to the present day, in 2022, when Prysmian set the installation depth record for an innovative non-metallic armoured cable in the submarine interconnection project between the island of Crete and mainland Greece.

Prysmian Group is a partner in the most recent and important interconnection projects for solar and wind farms in the world, both offshore and onshore. These include, in Europe, the DolWin4 and BorWin4 projects for the cabling of two mega offshore wind farms in northern Germany. In the United States, Prysmian is involved in the development of Vineyard, the country's first large-scale offshore wind farm.

Prysmian plays a key role in the development of underground cable interconnections and links. Among others, Prysmian took part in the completion of the extra-high voltage direct current Italy-France and France-Spain electrical interconnections. More recently, Prysmian is contributing to the development of the German Corridors, true "electric highways" that connect the country from north to south and that will allow the transport of clean energy from wind farms to the more industrialised areas in the south of Germany.

Prysmian cables deliver energy to the most prestigious buildings around the globe, such as the Burj Khalifa in Dubai, The Shard in London, the World Trade Center in New York, the Guggenheim Museum in Bilbao and the Louvre Museum in Abu Dhabi. Prysmian has also contributed to the development of power grids in some of the largest cities in the world, from New York to Buenos Aires, from London to St. Petersburg, from Hong Kong to Sydney.

In the telecommunications business, Prysmian immediately took over the legacy of Pirelli Cavi, which with the Unification of Italy had laid the first telegraph cables, and immediately established itself as a market leader. The Group has always forged partnerships with the main telecommunications operators in the world for the development of broadband networks to support digitalisation. Among the most recent projects, the Group is working with Telstra to build a new state-of-the-art fibre network of up to 20,000 km that will link Australia's major cities, thus increasing transmission capacity both between cities and regionally.

In the United States, it is partnering Verizon for the supply of fibre optic products to support the development and acceleration of 5G services. In the UK, Prysmian works with Openreach to support the Full Fibre broadband plan being implemented by the UK Government with the aim of achieving its target of delivering 85% broadband coverage by 2025.

4. VISION, MISSION AND VALUES

Prysmian has identified the Values, Mission and Vision that, each day, guide the Group's operations. These translate into the products it makes and drive the transition to a future of clean energy and connectivity.

VISION

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

MISSION

We offer our customers worldwide cables and solutions for the transport of energy and telecommunications, using state-of-the art technological solutions.

VALUES

- **Drive** - Our objective is to guide the evolution of our industry: we develop our human capital and our business, by following a clear strategy while anticipating customer needs.
- **Trust** - We aim to create an environment that inspires trust, where diversity and collaboration are valued and people are empowered to make decisions with integrity.
- **Simplicity** - Our challenge is to simplify all that we can, focusing on activities that generate high value and timely decisions that enhance the Group's results.

5. COMMITMENT OF PRYSMIAN GROUP TO ETHICS AND INTEGRITY

Creating an atmosphere of trust in which people are empowered to make decisions with integrity is one of Prysmian's three core values, with ethics having been identified by stakeholders as a key success factor for the business.
In fact, sustainable value cannot be created without the adoption of fair and ethical business practices that meet the most stringent standards. Any compromise could jeopardise the hard work of thousands within the Group who operate worldwide, shaking the confidence of stakeholders.
As indicated above, trust is one of the three core business values. Trust, ethics and integrity are evident in the responsible and transparent conduct of all Prysmian personnel in their relations with the Group's stakeholders. Further information about ethics and integrity is presented in the "Ethics and Integrity" chapter of the Consolidated Non-Financial Statement forming part of this report.

Public company

Prysmian Group is a public company listed in the FTSE MIB index of the Milan stock exchange: a company with a broad shareholder base for which it is fundamental to align the interests of the Group with those of all its stakeholders. This special nature requires an ability to develop open and transparent dialogue with our shareholders, employees, customers and suppliers, with institutions and with the communities in which we work. Prysmian Group has always believed in the value of stakeholder capitalism, striving to comply with the highest international standards of governance. For example, 75% of Board members are independent and 42% are women. Corporate integrity is expressed using a series of instruments and policies disseminated throughout the entire organisation, including: Code of Ethics, Anti-corruption Policy, Privacy and data protection, Helpline programme.

People company

Prysmian Group is people-centric, supporting and recognising the abilities of those who work for the Group and for the community in which it operates. To achieve this, continuous multi-disciplinary and specialist training programmes have been adopted for our employees. Developing in full the global know-how of our people, who represent the greatest asset of the Group, is an integral part of our long-term sustainability strategy. Out of around 30,000 employees, about one third are stable shareholders. Together with management, Group employees own more than 3% of the share capital, investing directly in the Company and demonstrating their confidence in us. The presence of employees as shareholders is a further driver in the creation of sustainable value for the Group.

Membership of trade associations

Prysmian's leadership of the power and telecommunication cables industry is also testified by the Group's membership of the most important and strategic trade associations globally. Participation in their technical round-table discussions enables the Group to play a leading role, together with major partners and international competitors, in defining the guidelines to be followed when pursuing sustainable innovation in the energy and telecom sector, and in preparing technical solutions and standards.
As an industry leader, Prysmian Group is called upon to play a proactive role in promptly addressing new issues that emerge and finding solutions by sharing best practices with the entire industry. Accordingly, our inclusion in industry groupings that seek to improve the sustainability of the industry is strategic for the Group.

europacable®
Try life without us

Founded in 1991, Europacable is an association that represents the cables industry in policy and regulatory discussions with the EU. At the same time, it reflects a collective commitment to pursue manufacturing and development objectives founded on ethics, sustainability and high-quality standards in the cable industry. The association establishes specific task forces that respond to proposed European regulations and, in general, to new needs identified by the cable industry. Prysmian participates actively in various working parties, and even plays a leadership role in those with a specific focus on sustainability. These include task forces on the Circular Economy, Climate Change and the European Taxonomy.

A non-profit association promoting a pan-European renewable, efficient and large-scale electricity grid that provides secure and affordable energy. The association mainly focuses on such topics as efficient governance, a harmonised regulatory approach and energy education.

Founded in 2004, this group with 150 members seeks to accelerate the deployment of optical fibre connectivity. Its vision is of a sustainable future made possible by economic growth generated by new services using high-speed FTTH technology.

Over 450 members, counting manufacturers, suppliers and academics, have joined forces to promote wind energy throughout the world via research and outreach, seminars and policy guidance.

In 2021, Prysmian Group joined - as the first company in the cable industry - the Responsible Mica Initiative (RMI), a non-profit organisation committed to eliminating child labour and poor working conditions in the mica supply chain. Participation in the Responsible Mica Initiative is consistent with the social ambition objectives of Prysmian and the Group's commitment to improving the lives of people, communities and territories in which it operates. The social responsibility of Prysmian Group is one of the pillars of its sustainability strategy, reflecting the principles embodied in its Human Rights Policy.

Prysmian Group is a participant of the Global Compact, whose principles and spirit are reflected in the Group's culture, values and practices. Its ESG (Environmental, Social e Governance) values are deeply embedded in the Group's DNA, inspiring our strategic priorities and influencing our daily conduct. Consistent with the Global Compact's ten principles, Prysmian Group adopts policies and tools that safeguard the environment, human rights and workers' rights while supporting local communities and the most vulnerable.

In 2022, Prysmian Group became a member of the independent "Global Alliance for Sustainable Energy", which is open to all players that recognise the urgent need to tackle the climate emergency with a "just transition", as well as the need to promote and integrate sustainability and social responsibility in the renewable energy sector: NGOs, civil society associations and representatives, utilities, suppliers of materials and equipment manufacturers, renewable energy project developers and plant builders, technical and technological partners and end users, including the consumers of industrial, commercial and domestic energy.
Renewable energy will fuel the world's development and the alliance's goal is to ensure that the renewables sector is fully sustainable and respects human rights throughout the entire value chain. Its main priority is to tackle climate change and achieve Net Zero for the planet while, at the same time, improving people's livelihoods and quality of life. To this end, the alliance will set sustainability standards and KPIs, achieve ambitious objectives by working together and promote collaboration between all the partners and players involved.

6. GROUP ORGANISATION

Business sectors

Prysmian Group operates in the business of underground and submarine cable systems for power transmission and distribution, special cables for applications in various industrial sectors and medium and low voltage cables for infrastructure and construction needs.

The Group also operates in the telecommunications sector by manufacturing cables and accessories for voice, video and data transmission, with a full range of optical fibre, optical and copper cables, and connectivity systems.

Business model

The business model and the portfolio of products and services are diversified by operating segment and geographical area. This organisation is a strength for Prysmian Group, with each segment playing a precise role in the overall strategy that combines stability, growth potential and the generation of opportunities.
Prysmian Group has implemented a targeted strategy, including via acquisitions, to evolve over the years from a cable manufacturer towards a network solution provider. By drawing on the ability to increasingly combine engineering, installation, network monitoring and after-sales services, the Group provides the value-added needed to ensure recurring revenue streams and nurture long-term partnerships with customers.

Three macro-areas of activity

The Group is organised in a matrix structure by reference markets and business units, identifying three macro-areas of activity: **Energy, Projects and Telecom.**

ENERGY

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

a. Energy & Infrastructure, which includes the Trade & Installers and Power Distribution businesses:

- Trade & Installers: the portfolio of **low voltage products** includes both rigid and flexible cables for the distribution of power to and within residential, commercial and industrial buildings. Trade & Installers represent a sales channel for the Prysmian Group and the mix of products distributed changes, depending on the geographical areas (e.g. residential counts for less than 5% in North America, but about 30-35% in Europe). The Group focuses product development and innovation on high-performance cables such as fire resistant and low smoke-zero halogen cables that satisfy specific safety requirements. Recently, the product range has widened further to satisfy the demand for cables serving major infrastructure - such as airports, sea ports, train stations and data centres - from a diverse range of customers: international contractors and distributors, wholesalers and installers.

- Power Distribution: solutions are **mainly designed to support utilities and grid operators** in power transmission and distribution. The product portfolio includes medium-voltage cable systems for overhead and underground installation (together with all types of network accessories and components) for connecting industrial and/or residential buildings to the primary distribution grid, as well as low-voltage cable systems for power distribution. Grid hardening is the main driver of this business.

b. Industrial & Network Components, which includes Specialties, Renewable & OEMs (inclusive of the Crane, Mining, Railway, Rolling Stock, Marine, Solar and Wind sectors), Elevators & Escalators, Automotive, Network Components, Oil & Gas, and Electronics (Electronics and Optical Sensing Solutions):

- Specialties, Renewable & OEMs: The wide range of cables developed by this division for specific industrial sectors stands out for the **highly specific nature of the solutions offered**. The vast assortment of cables offered by Prysmian for the transportation market contributes to the construction of trains and ships, as well as to activities in the automotive industry (charging of electric vehicles) and the aerospace industry; with regard to infrastructure, on the other hand, the major fields of application are railways, sea ports and airports. The range also includes cables for the mining industry and for applications in the renewable energy sector (wind and solar), as well as cables for military use and nuclear power stations, capable of withstanding the most extreme temperatures.

- Elevators & Escalators: the objective is to supply customers with the best solutions for the **optimal operation of elevators and escalators**, all branded Draka EHC. The Group offers a wide variety of products, technical services and solutions that are available rapidly and efficiently, regardless of customer location, thanks to the support provided by a sophisticated logistics and distribution network.

- Automotive: Prysmian Group offers the **widest range of cables and pre-assembled components for the global automotive industry** to OEMs, suppliers of systems and providers of cabling solutions, guaranteeing them full conformity with the latest environmental standards and requirements.

- Network Components: in addition to cables, the Group produces **accessories and network components for joining cables and connecting them to other devices**. Connectors and terminals for low, medium, high and extra-high voltage cables and submarine cable systems are essential for industrial, construction and infrastructure applications, as well as for power transmission and distribution grids.

- Oil & Gas: Prysmian also offers **a variety of products and solutions for the petrochemical sector**, capable of covering all offshore and onshore needs: low and medium voltage power cables, instrumentation and control cables along with Downhole Technology (DHT) solutions, which involve running cables through steel pipes to power and control the monitoring systems used in extraction wells.

- EOSS-Electronics and Optical Sensing Solutions: the Prysmian Group range is completed by **products and services that manage and monitor the operational status of electrical assets and systems,** designed, developed, manufactured and sold by the Group itself, supported by its proprietary cabling systems and applying AI algorithms and sensing technologies patented by the Group.

PROJECTS

The Projects area comprises **land and submarine HV power cables, submarine cables for telecommunications and special cables for offshore use**.
The Group designs, manufactures and installs high and extra-high voltage cable systems for the transmission of electricity from generating stations and within transmission and primary distribution grids.

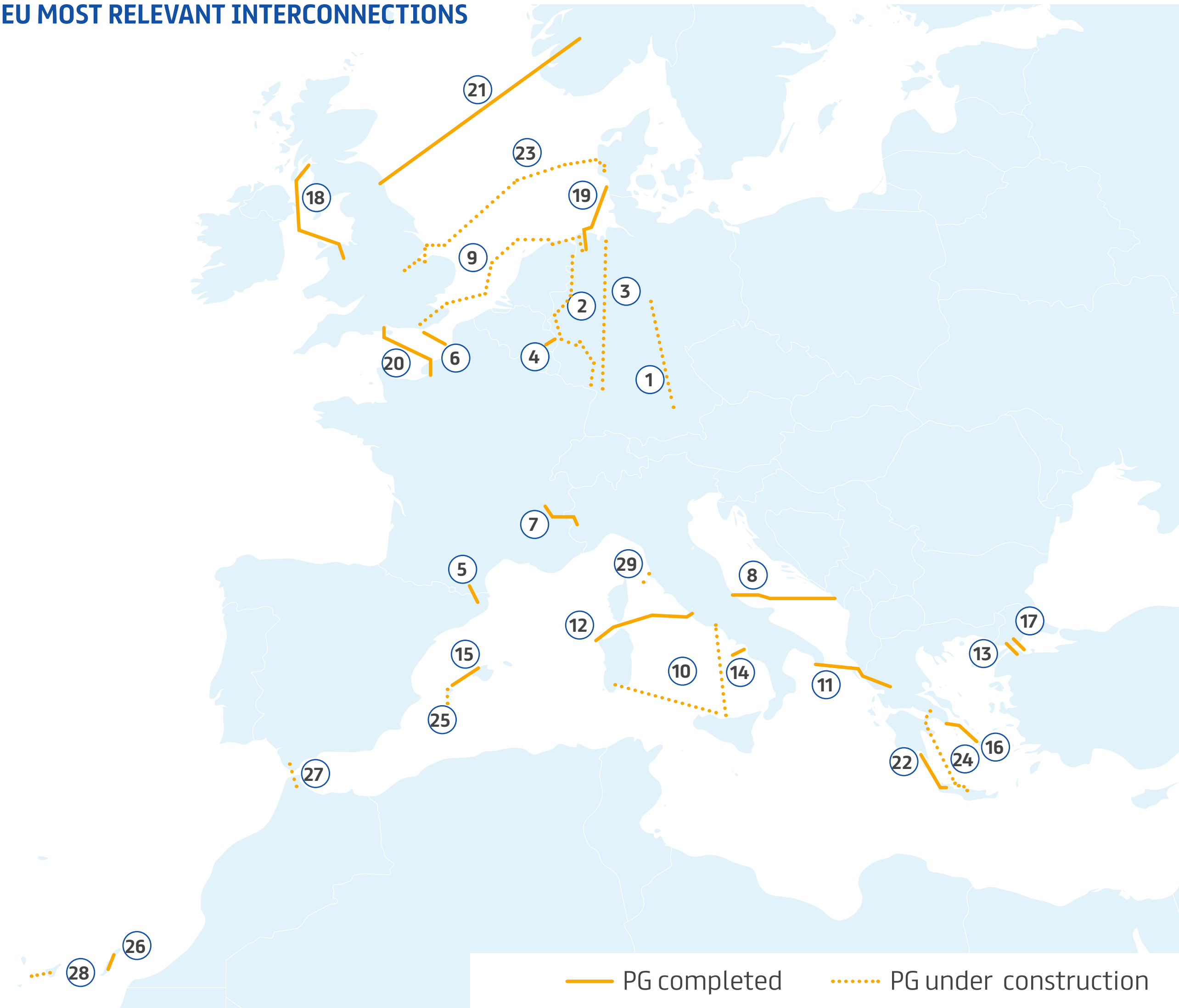
These **highly specialised, high-tech products** include cables sheathed in oil- or mass impregnated paper for voltages up to 700 kV, and sheathed in extruded polymers for voltages up to 600 kV. In addition, cable-laying and installation services are available, together with network monitoring and preventive maintenance, the repair and maintenance of cable connections and emergency services that include prompt action in the event of damage. Taken together, this means that Prysmian is fully able to install turnkey systems.

The Group has supplied several of the **principal land and submarine links**, as well as submarine cable connections for the main offshore wind farms, both fixed and floating. The Group uses specific technologies for undersea power transmission and distribution and is able to offer sophisticated solutions that satisfy the strictest international standards.

Today, Prysmian can count on a fleet of five state-of-the-art cable-laying vessels: the Giulio Verne, the former flagship with around 35 years of service on cable installation projects; the Cable Enterprise, which is mainly used to install export cables for offshore wind farms; the Ulisse, which carries out efficient installations in shallow waters, using an anchor handling mooring system; the Barbarossa I, which is a small barge - recently added to the fleet - that was specifically designed to operate in very shallow waters and in areas that dry out at low tide; and the Leonardo da Vinci, which is the most advanced cabling-laying vessel in the world. The Group has also recently announced the construction of a new, state-of-the-art cable-laying vessel. Additionally, Prysmian has the widest range of burial equipment, such as Hydroplows, submarine ploughs and various post-lay burial machines (Sea Mole, SeaRex and Otter).

On acquiring General Cable, the Prysmian Group returned to the **submarine Telecom cables** business, which specialises in the production and installation of data transmission cables. The Offshore Specialties business comprises a vast range of products for the oil industry, including umbilical cables, flexible pipes and all electrical, optical and data signalling components needed to operate oil wells, from the seabed to the offshore platform.

EU MOST RELEVANT INTERCONNECTIONS



Land Interconnections		Power Transmitted	Voltage
HVDC SuedOstlink	1	2000 MW	525 kV
HVDC Line A-North	2	2000 MW	525 kV
HVDC Suedlink	3	2000 MW	525 kV
ALEGrO	4	1000 MW	320 kV
Inelfe	5	2000 MW	320 kV
Eleclink	6	1000 MW	320 kV
Piedmont - Savoy	7	1200 MW	320 kV

Submarine Interconnections		Power Transmitted	Voltage
Monita	8	600 MW	500 kV
NeuConnect	9	1400 MW	525 kV
Tyrrhenian Link	10	1000 MW	500 kV
Italy - Greece	11	1000 MW	400 kV
Sa.Pe.I	12	1000 MW	500 kV
çanakkale I	13	1000 MW	380 kV
Capri - T. Annunziata	14	160 MW	150 kV
Ibiza - Mallorca	15	118 MW	132 kV
Cyclades	16	200 MW	150 kV
çanakkale II	17	1000 MW	380 kV
Western HVDC Link	18	2200 MW	600 kV
COBRAcable	19	700 MW	320 kV
IFA2	20	1000 MW	320 kV
North Sea Link	21	1400 MW	600 kV
Crete - Peloponnese	22	200 MW	150 kV
Viking	23	1400 MW	525 kV
Crete - Attica Greece	24	1000 MW	500 kV
Ibiza - Formentera	25	53 MW	132 kV
Lanzarote - Fuerteventura	26	120 MW	132 kV
Ceuta Peninsula	27	160 MW	132 kV
Tenerife - La Gomera	28	50 MW	66 kV
Elba - Piombino	29	160 MW	132 kV

TELECOM

As a partner to the world's main telecom operators, Prysmian Group is active in the development and manufacture of a wide range of **cable systems and connectivity products used in telecommunication networks**. This area comprises the following market segments:

a. Telecom Solutions: Prysmian offers a wide range of optical fibre and copper cabling solutions for telecommunications, capable of satisfying every customer need. **Innovation is key** in order to improve and deploy such next-generation networks as hybrid cables, Fibre-to-the-Antenna (FTTA) and 5G. The Group also offers advanced optical fibre and hybrid cabling and connectivity systems on both a market-ready and made-to-measure basis, to satisfy the enormous demands of tomorrow's networks. Additionally, the optical connectivity portfolio makes it possible to create or manage networks that meet both the various present and future needs of customers. The products include racks, connectors, wall boxes and termination boxes for customers, as well as pre-connected products for internal and external use, coaxial and high-density cables, and pre-connected optical cables. In both cables and connectivity, the Group focuses on the design of products that provide the highest density in smaller diameters, are easy to use and optimise fibre management.

b. MMS Multimedia Specials: Prysmian supports wholesalers, resellers and OEMs with fully reliable and completely flexible solutions designed to satisfy their current and future needs. Products include copper and fibre cables for short/medium runs in offices and data centres; optical and copper cables for various uses, such as cabling for radio and TV stations and film studios; fire-resistant coaxial cables and cables for connecting base stations and aerials in mobile networks.

c. Optical fibre: Prysmian also produces **single-mode and multimode optical fibres and special fibres, using an innovative proprietary technique** that places the Group at the forefront of today's technology.

7. STRATEGY AND COMMITMENT TO SUSTAINABILITY

Group strategy: challenges and opportunities

During 2022 the world faced complex economic, social and political risks that were often interlinked, such as the war in Ukraine, the isolation of China, the slowdown in global growth and high rates of inflation, not to mention extreme climate events. Challenges associated with energy and food supply, scarcity of raw materials and the strategic role of cyber security have prompted businesses to adopt increasingly flexible and resilient business models. In a volatile, uncertain, complex and ambiguous world, it is essential to understand the direction of changes and turn them into opportunities for growth.

Five opportunities for the near future

As a consequence, five global trends have been identified for Prysmian to address in the near future:

- **Growth of renewables (Energy Transition)**: there will be a progressive move away from fossil fuels to sustainable sources of energy, such as wind, solar and hydro power.
  In order to reduce CO2 emissions and tackle climate change, ever more ambitious economic plans are being prepared internationally to support these renewable sources. Estimates expect them to cover 70% of global electricity generation by 2050, which is more than double the current figure of 30%.

- **Electrification**, meaning the growth of electricity as the main source of power.
  Population growth, the steady increase in electricity consumption - stemming from new habits, such as the use of electric vehicles and heat pumps - and the proliferation of energy-intensive telecommunication infrastructures, are just some of the drivers that will cause electricity consumption to rise by 25% by 2030.

- **Cloudification**, meaning the migration of applications run on local servers to web-based solutions. The need for more and more cloud capacity is contributing to an exponential increase in the number of data centres, which are becoming ubiquitous. These centres - annual investment in which will exceed US$ 300 billion by 2030 - need an enormous quantity of power cables to operate them, as well as telecom cables to transport data and content. Already, the world's data centres collectively consume more than 300 TWh per year, which is the equivalent of a country like Italy.

- **Data booming**, meaning the exponential growth of data consumption, which will require further major development of fixed and mobile networks.
  This exponential increase in data consumption will be evident by 2030, due to the greater quality and quantity of the infrastructure that carries it. It is estimated that much more than two-thirds (85%) of the world's homes will have a fibre broadband connection (FTTx) by 2030.

- **Smartisation and Servitisation**, meaning the growth in the Internet of Things (IoT) in everyday life and a focus on "Solutions" rather than "Products". The growth of technologies and in the speed of data transfers has facilitated the development of remote monitoring, tracking and control systems. Costs are expected to fall even further (for example, the cost of bandwidth is 40 times lower than in 2010) and new solutions (like autonomous driving) will be developed.

Each of these trends brings with it strong **convergence and interdependence** between **energy and digitalisation**. Just think of the case of data centres or 5G towers, where suppliers, distribution channels, customers and value chains all intersect.

Prysmian's competitive advantages

Faced with these continual complex changes, Prysmian can count on a solid business model based on the following competitive advantages:

- DIVERSIFICATION
  A broad product portfolio and diversified geographical coverage capable, respectively, of exploiting the convergence of Energy and Telecom and attenuating the cyclic nature of activity in the various Regions and businesses that comprise the Prysmian Group.

- TECHNOLOGICAL EXCELLENCE
  Technological leadership, being at the forefront technically with innovative products and solutions, while possessing highly qualified and experienced human capital.

- DECENTRALISED SUPPLY CHAIN
  A global manufacturing footprint, with plants spread around the world that are capable of developing customised solutions that meet customer needs and of exploiting the benefits of a decentralised supply chain.

- AGGREGATION HUB
  Ability to complete acquisitions and mergers, acting as an industry aggregator to release major cost and revenue synergies.

Leveraging these solid competitive advantages, the Prysmian strategy is focused on:

- CONSOLIDATION OF LEADERSHIP
  Consolidating our leadership in core sectors (e.g. interconnections, grid hardening, FTTx), in which Prysmian is already a protagonist and which show clear and concrete signs of further major structural growth over the long term.

- RESEARCH AND DEVELOPMENT/INNOVATION
  Development and evolution of skills and the product portfolio in rapidly expanding sectors, such as Solar, Wind, EV Charging, Data Centres and 5G.

- SOLUTION PROVIDER
  Expansion of the offer to customers by combining the supply of cables with the delivery of solutions, with a view to becoming a "*solution provider for energy transition and digitalisation*".

The pillars of the Prysmian strategy aimed at seizing these growth opportunities thus comprise an efficient and flexible supply chain, proximity to customers, technological innovation and constant development of know-how and skills, as well as a constant focus on the environment and the wellbeing of our people and the communities in which the Group operates. Spanning all these factors, we find financial strength and the ability of the Group to generate the resources needed to sustain investment in value-added businesses with a high technological content, as well as constant improvements in the sustainability of our products and production processes.

8. SUSTAINABILITY IN THE DNA OF PRYSMIAN GROUP

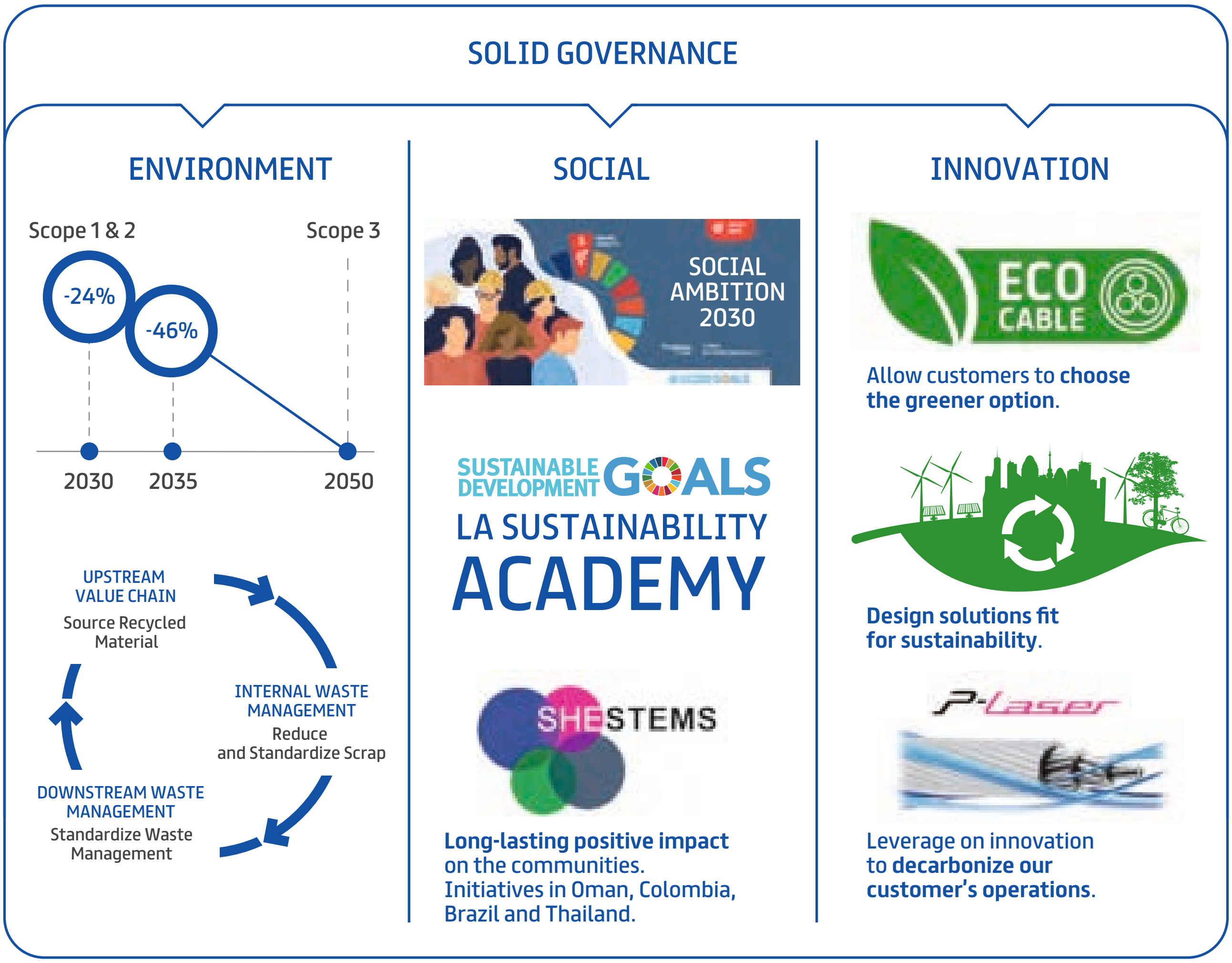
The Sustainability strategy of Prysmian Group is based on an "Impact Creation" model structured around two main elements:

1. **IMPACTS**: positive or negative, real or potential, short/medium or long-term impacts on specific financial parameters may be generated by Prysmian throughout the entire value chain;

2. **LONG-TERM AMBITIONS**: defined by Prysmian as concrete responses to these impacts.

The substance of the Group's long-term ambitions and, in particular, the objectives defined, are based on:

- constant analysis of sustainability macro-trends, including with the use of AI tools[2];
- continuous study of the main international standards for non-financial reporting;
- active listening to all Group stakeholders, involving various activities designed to map their requirements and identify any needs in advance.



Furthermore, in order to strengthen its commitment to sustainability even more, Prysmian Group has adopted a Sustainability Policy that provides a guide to achieving its ESG (Environmental, Social, Governance) objectives. This policy, approved by the Group CEO, defines the commitments made by the business and the priorities, governance, strategies and vision linked to Sustainability. It can be found in the sustainability section of the corporate website3.

2 https://www.prysmiangroup.com/en/sustainability/strong-commitment/stakeholder-engagement-and-materiality-matrix/materiality-analysis
3 https://www.prysmiangroup.com/en/sustainability/strong-commitment/integrated-sustainability-strategy

9. SDGS - SUSTAINABLE DEVELOPMENT GOALS

As also mentioned in the "Membership of trade associations" section of this document, with a view to sustainable development, the Prysmian Group has joined the United Nations Global Compact, the **largest strategic corporate citizenship initiative in the world**, which was launched to promote a sustainable global economy: respectful of human and workers' rights, environmental protection and the fight against corruption.
The Global Compact requires participating businesses and organisations, each in their own sphere of influence, to agree, support and apply a set of fundamental principles covering human rights, working standards, environmental protection and the fight against corruption.

This initiative promoted by Kofi Annan in 1999, when Secretary-General of the United Nations, pursues two complementary goals:

- to make the Global Compact and its **Ten Principles** an integral part of the strategy and daily operations of participating businesses;
- to encourage and facilitate dialogue and cooperation among all stakeholders, in support of the Ten Principles and the **Sustainable Development Goals (SDGs)** for 2030.

In this regard, the 2015 General Assembly of the United Nations, attended by more than 150 leaders from around the world, adopted the 2030 Agenda for Sustainable Development comprising 17 **Sustainable Development Goals (SDGs)** and 169 targets.
The SDGs and their targets identify the global priorities for 2030 and define an integrated plan of action for people, the planet, prosperity and peace.

The following discussion explains how the Prysmian Group contributes to achievement of the SDGs, indicating the material topics behind each activity (as identified from the "Materiality analysis 2022" reported in the "Consolidated Non-Financial Statement" section of this document).

In particular, Prysmian helps to:

SUSTAINABLE INNOVATION OF PRODUCTS, APPLICATIONS AND PROCESSES
Develop innovative products and solutions that support continuous improvement of the sustainability of telecommunication and energy infrastructures

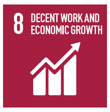
SUSTAINABLE INNOVATION OF PRODUCTS, APPLICATIONS AND PROCESSES
Boost the production and sale of high quality, reliable and "green" products and services

SUSTAINABLE INNOVATION OF PRODUCTS, APPLICATIONS AND PROCESSES
Facilitate access to clean energy, via continuous investment in research for the development of advanced solutions for the production and transportation of energy from renewable sources

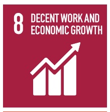
DECARBONISATION ON THE PATH TO NET ZERO AND DIGITALISATION
Pursue the efficient and sustainable use of energy and natural resources by reducing consumption and greenhouse gas emissions, while minimising the generation of waste and promoting the recycling and reuse of materials

BIODIVERSITY AND IMPACT ON NATURE
Carry out activities in a manner respectful of natural habitats, performing advanced feasibility analyses of new plants, monitoring protected areas in the territories where the Group is present and, when required, contributing to their protection

IMPACT ON LOCAL COMMUNITIES
Enable the universal dissemination of energy and telecommunications via reliable, accessible infrastructure that makes entire communities more sustainable



IMPACT ON LOCAL COMMUNITIES
Promote the socio-economic development of the communities in which the Group operates, via the adoption of an appropriate Corporate Citizenship and Philanthropy policy



GREATER DIVERSITY, INCLUSION AND RESPECT FOR HUMAN RIGHTS
Promote inclusive ethical conduct that respects the diversity of each person, protect the rights of workers, develop a healthy workplace environment, encourage the training and professional growth of all personnel

GOVERNANCE, ETHICS AND INTEGRITY
Promote sustainable business practices between our suppliers and business partners

GOVERNANCE, ETHICS AND INTEGRITY
Develop effective, transparent and responsible communications with stakeholders

10. CLIMATE CHANGE & SOCIAL AMBITION

Prysmian Group seeks to become a global leader in sustainability. This ambition has led the Group to establish challenging climate and social objectives that promote the transition towards a low-emissions world and a more equal and inclusive working environment.

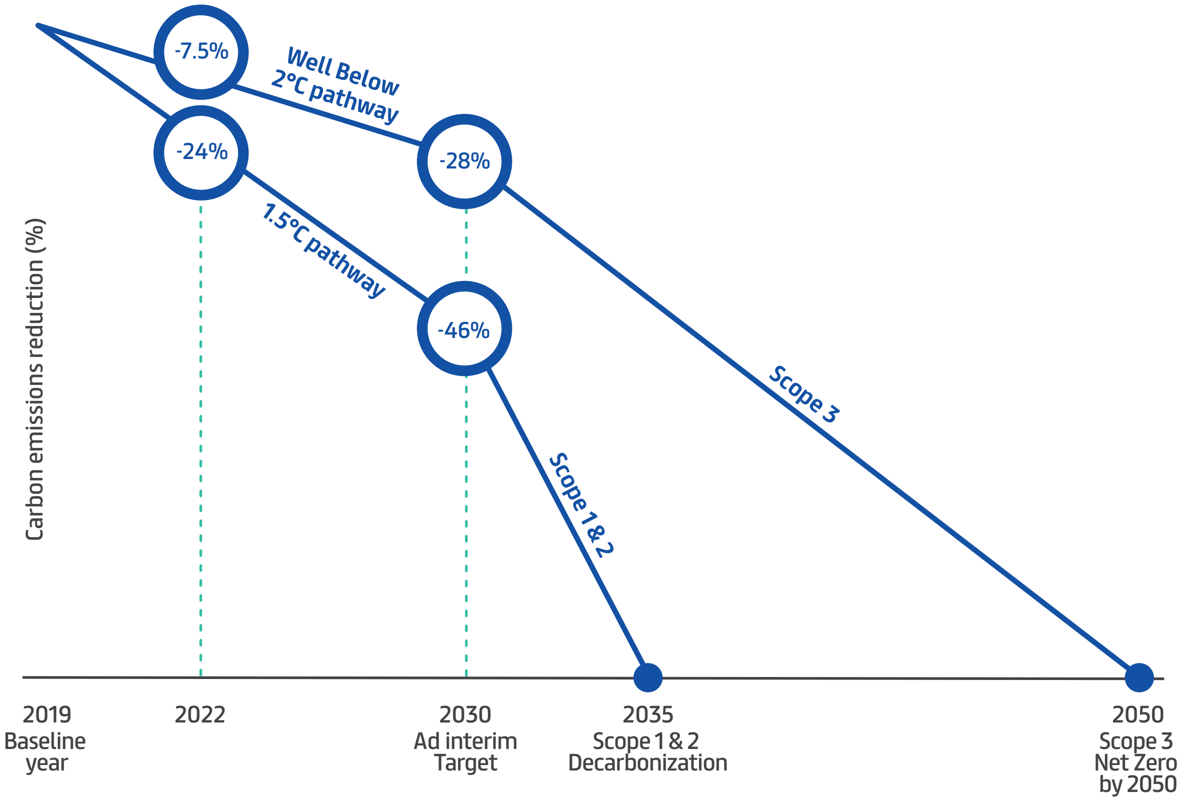
During 2021, the Prysmian Group introduced two strategic ambitions that will guide its actions over the medium-long term: **the Climate Change Ambition and the Social Ambition**. Associating the social ambition with the achievement of environmental objectives is a fundamental element of Prysmian's sustainability strategy.

Climate change ambition

The climate strategy of the Prysmian Group adopts science-based targets aligned with the Paris Accord climate objectives. In particular, the Science-Based Targets initiative (SBTi) defines the requirements for an effective Net-Zero strategy:

- reduction of Scope 1, 2 and 3 emissions to zero, or at least to a residual level consistent with achieving the global or sector targets set in line with the Paris Accord (1.5°C);
- neutralization of any residual and GHG emissions released into the atmosphere.

CLIMATE CHANGE AMBITION



PRYSMIAN GROUP PLEDGES

1. Decarbonisation of 90% of our Scope 1 and 2 carbon footprint by 2035:
   - gradually eliminating the SF6 gas emissions;
   - using 100% renewable energy;
   - neutralising residual emissions.

2. Be Net Zero throughout the entire value chain (Scopes 1 + 2 + 3) by 2050.
   In order to honour its pledges, Prysmian has taken the following action:
   1. definition of a short-term emissions-reduction target;
   2. definition of a long-term emissions-reduction target;
   3. launch of projects to neutralise residual emissions.

1. Short-term SBTs: targets to reduce emissions over 5-10 years in line with the 1.5°C limitation scenario

Initially, in 2021 – year one of its ambition - the following short-term targets were defined by Prysmian and approved by the SBTi:
- Scope 1 & 2 targets in line with the hypothesis of keeping the rise in average global temperature below 1.5°C: -46% by 2030;
- Scope 3 target in line with the hypothesis of keeping the rise in average global temperature below 2°C: -21% by 2030.

Subsequently, in 2022, Prysmian committed to a further reduction in Scope 3 emissions[4], aligning the Group with the "Well Below 2°C" trajectory and updating the 2030 target from -21% to -28%.

2. Long-term SBTs: targets to reduce emissions to a residual level by 2050

Given that the Corporate Net-Zero Standard calls for businesses to work on the decarbonisation of at least 90% of their Scope 1, 2 and 3 emissions, the Prysmian Group has presented the following targets:
- decarbonisation of 90% of its Scope 1 and 2 emissions by 2035;
- decarbonisation of 90% of its Scope 3 emissions by 2050.

These targets represent a bigger commitment than before, requiring a greater decarbonisation of operations and envisaging a reduction in the permitted offset percentage.

3. Neutralisation of residual emissions:

Residual GHG emissions must be offset using methods that remove climate-altering gases from the atmosphere over a long period of time. These methods fall into three broad categories: **biological** (planting of trees, reforestation), **engineered** (CO2-hardened cement, systems for the direct capture of CO2 from the atmosphere) and **hybrid** (Biocarbon, Bioenergy with carbon capture and storage - CCS).
Prysmian Group presented these new and more ambitious targets for validation in November 2022, with approval expected by mid-2023.

Social Ambition

The Group's social ambition mainly concentrates on the commitment to improve diversity, equality and inclusion (DE&I), digital inclusion, the empowerment of communities, employee engagement and upskilling. The Group promotes programmes designed to enhance the digital inclusion of all employees, while eliminating discrimination based on their role or position. By adopting a pro-active approach, the Group is evolving into an organisation that recognises diversity, inclusion and gender equality at all levels, committed to facilitating the empowerment of a larger number of women, so that they can further their careers even in technical and scientific roles within Prysmian. The targets for 2030 promote achievement of Prysmian's social ambition objectives and further align the Group with the UN Sustainable Development Goals.

4 Transition plans have not been affected by Ukraine-Russian crisis.

2030 SOCIAL AMBITION TARGETS

HEALTH & SAFETY	GENDER EQUALITY	RACE/ ETHNICITY INCLUSION	EMPOWER LOCAL COMMUNITIES	DIGITAL INCLUSION	UPSKILLING & ENGAGEMENT
Injuries Index towards **0** (employees & contractors)	**50/50** in Recruiting of Desk Workers	More than **30%** of Executives from under-represented nationalities/ ethnicities/origins	At least a project per year, with focus on developing countries and vulnerable communities	Connecting **100%** (over 30,000) of our employees through global platforms, achieving a proper level of adoption	**40 yearly hours** per capita of experienced learning for all employees
	30% of Women in Senior Leadership roles	Local mentoring programs for 500 students coming from minorities-poverty	Local projects with donation of optic and electric cables		More than **25%** of employees involved in mobility/growth experience every year
	25% of Women in the Total Workforce				**50%** of employees as stable shareholders through share ownership plans (YES)
	+ 500 women in a fully dedicated STEM program				Higher than **80%** response rate to Engagement Survey
	Zero Pay Gap Desk Workers				Leadership Impact Index improved to **70-80%**

11. SUSTAINABILITY SCORECARD

In order to establish a credible path to sustainability, Prysmian Group has set specific targets so that progress can be monitored constantly. Aside from the long-term targets, the Group is also committed to the achievement of short-term goals.

The Sustainability Scorecard comprises 16 targets, progress against which is monitored by the Sustainability Steering Committee chaired by the Group's Chief Sustainability Officer. The results are also discussed and monitored by the Sustainability Committee, established in 2020 as part of the Group Board of Directors.

Using 2019 as the baseline, 2022 was the target year for achieving the established goals. The following KPIs do not comprise all those monitored, representing solely the indicators linked to the Group's incentive system (further information can be found in the "Sustainability Report" published by Prysmian Group).

The value referring to the percentage reduction in GHG emissions (Scope 1 and 2, market based) is calculated with reference to the 2019 baseline, in accordance with the methodology of the Science Based Targets initiative; all other KPIs refer to the annual performance.

SCORECARD PRYSMIAN GROUP 2020-2022

SDGs	KPI	Baseline 2019	2020	2021	2022	Target 2022
13 CLIMATE ACTION	Percentage reduction of GHG emissions (Scope 1&2 Marked Based) vs 2019 baseline	870 ktCO_2	-17.4%	-22.1%	-24%	-16% to -21%
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Percentage of waste recycled	63%	69%	69%	71%	65%
8 DECENT WORK AND ECONOMIC GROWTH	Leadership Impact Index (LI)(1)	57%	57%	54%	55%	59% to 65%
5 GENDER EQUALITY	Percentage of women executives	12%	13%	13.5%	15.7%	14% to 18%
	Percentage of white-collar women with permanent contracts(2)	33%	34%	39%	44.9%	40%
3 GOOD HEALTH AND WELL BEING	Frequency rate (IF)(3) - Internal employees	IF: 1.30	IF: 1.30	IF: 1.49	IF: 1.32	
	Frequency rate (IF)(3) - Internal and external employees	IF: 1.31	IF: 1.25	IF: 1.55	IF: 1.40	IF: 1.2

(1) **Leadership Impact Index (LI):** index calculated as the percentage of employees who declared a level of engagement with the company of at least 5 out of seven points in the Speak Up survey conducted by the company. The indices and the survey were developed in collaboration with SDA Bocconi in order to ensure their quality and anonymity.
(2) **Percentage of white-collar women hired with permanent contracts:** share of desk workers women hired with permanent contract compared to the total employees hired with permanent contract. The index includes all desk workers hired from External (including global recruiting programs and projects) and all change of contracts from agency/temporary to permanent.
(3) **Injury Rate (IF):** (total number of injuries with loss of work/hours worked)*200,000. The 2021 figures include only Prysmian employees and the Prysmian Group fleet but no external personnel. The 2020 figures, on the other hand, include only Prysmian employees and no external personnel or the Group's fleet.

Work on decarbonising Prysmian Group's activities has begun with great determination, achieving a reduction in emissions of about 24% compared with 2019. Three main drivers were responsible for this achievement: energy efficiency, the elimination of SF6 gas and the procurement of green energy. Prysmian first implemented a series of energy-saving initiatives (e.g. LED lighting, machinery upgrades, recovery of thermal energy), the effects of which began to be felt from 2021. By 2022, Prymian had already invested in energy saving and had allocated a specific budget of Euro 100 million for use by 2030.

SF6 gas is used in the testing of cables and connectors for high voltage applications and, despite its great global warming potential, it remains the current market standard. Prysmian is committed to eliminating this gas from its activities and is investigating a number of alternative technologies, including dry run solutions and the use of alterative gases currently being piloted in the industry.
Lastly, Prysmian has made use of the generation and procurement of green electricity in various countries where it operates, thus heavily reducing emissions from its electricity consumption.

With regard to the targets not yet achieved, the Group is constantly striving to improve its performance and monitor the related indicators.

Prysmian Group's new Sustainability Scorecard

Commencing from the end of 2022, Prysmian Group has defined a new three-year Scorecard (2023-2025, baseline 2022) focused on measuring the impacts generated by its activities via the use of specific "impact KPIs". When defining the Scorecard for 2023-2025, the Group also sought to rationalise the indicators considered in order to simplify the processes of monitoring, measuring and thus communicating to stakeholders the results achieved each year, thus making them more efficient. For this reason, **the new Scorecard now contains 12 KPIs**. These were defined after an analysis of:

- **Long-term ambitions of the Group** (Social Ambition and Climate Change Ambition);
- **UN Sustainable Development Goals** (SDGs);
- **GRI Standards;**
- **New process for carrying out the Materiality analysis** (focused on the external impacts generated by the business).

The Scorecard is built on 3 pillars strategic for the entire Group - Environment, People & Community, Innovation - which, in turn, are subdivided into various categories.
This document presents only those KPIs linked to the Group's incentive system (MBO, LTI), excluding others included in the 2023 Scorecard. Information about the latter can be found in the "Sustainability Report 2022" published by the Group.
The percentage reduction in GHG emissions (Scope 1 and 2, market based) is calculated with respect to the 2019 baseline (870 ktCO2), in accordance with the provisions of the Science Based Targets initiative; all other KPIs refer to the annual performance.

SCORECARD PRYSMIAN GROUP 2023-2025

SDGs	Category	KPI	2022	Target 2025
13 CLIMATE ACTION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Climate	Percentage reduction of GHG emissions (Scope 1&2 Marked Based) vs 2019 baseline (APPROVED SCIENCE BASED TARGETS)	-24%	-35%/-37%
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Green & Circular Economy	Share of recycled content on PE jackets and copper(1)	10%	15%/16%
8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY	Diversity & Inclusion	Percentage of Executive women	15.7%	21%/24%
11 SUSTAINABLE CITIES AND COMMUNITIES	People Wellbeing	Safety Assessment Plan(2)	-	2.75/5
		Leadership Impact Index	55%	57%/61%

(1) **Share of recycled content: percentage on weight of the recycled content of the purchased amount of selected materials.** The scope of the indicator includes 1) copper purchased at Group level, excluding occasional suppliers and semi-finished products; 2) polyethylene used for sheathing, excluding those applications for which customers do not allow the use of secondary materials.
(2) **Safety Assessment Plan:** index measuring the maturity level on safety management in the Group's factories. The index is composed by four different categories (governance, Employees Engagement, Risk Assessment and Injury frequency rate). The first three categories are evaluated for each factory through an audit performed by a third party company, which assigns a value from 1 to 5 to each category, being 5 the maximum score. The Group's result is the global average of the factories' result.

Prysmian Group in the ESG indices

Index	Description	2020	2021	2022
Dow Jones Sustainability Indexes	The DJSI is based on an analysis of business performance using 24 criteria divided into three main categories: environment, social and corporate governance. These categories are further divided into more specific sub-categories. Ratings range from 0 to 100.	Rank: 87/100 (ELQ World) included and ranked as 2nd	Rank: 87/100 (ELQ World) included and ranked as 1st	Rank: 87/100 (ELQ World) included and ranked as 3rd
MSCI	he MSCI ESG Ratings seek to measure the resilience of a cTompany to long-term and financially significant ESG risks. The ESG ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).	Score: A	Score: AA	Score: AA
ecovadis	EcoVadis is a platform that allows companies to monitor the sustainability performance of suppliers through an assessment. The overall score (0-100) reflects the quality of the company's sustainability management system at the time of the assessment. Criteria for the 2023 scorecards: - Platinum: overall score between 78 and 100; - Gold: overall score between 70 and 77; - Silver: overall score between 59 and 69; - Bronze: overall score between 50 and 58.	Score: 76/100 (Platinum)	Score: 73/100 (Platinum)	Score: 74/100 (Gold)
CDP DISCLOSURE INSIGHT ACTION	CDP is the most well-known NGO in the world when it comes to assessing the transparency of climate-change disclosures, with the assignment to firms of scores from D to A. The scoring methodology is aligned with the Task force for Climate-related Financial Disclosures (TCFD) and the main environmental standards, thus providing the entire market with a set of comparative data.	Score Climate Change: B (World) Score Water Security: C	Score Climate Change: B (World) Score Water Security: B	Score Climate Change: A- (World) Score Water Security: B
SUSTAINALYTICS	The ESG Risk Rating provides an overall score for the firm based on an assessment of how much it is exposed to ESG risks and how they are managed. The scale ranges from 0 (low risk) to 40 (high risk).	Risk: 26.1 (Medium)	Risk: 22.8 (Medium)	Risk: 21.4 (Medium)
FTSE4Good	The FTSE4Good Index Series are equity indices launched in 2001 by the FTSE Group to measure the performance of companies that demonstrate solid Environmental, Social and Governance (ESG) practices. Companies must have an overall ESG rating of at least 3.3/5 for inclusion in the FTSE4Good indices.	Score: 4.0/5	Score: 3.8/5	Score: 3.8/5

Index	Description	2020	2021	2022
Bloomberg	Bloomberg collects Environmental, Social and Governance data from corporate public communications. Bloomberg ESG Disclosure Scores evaluates companies on the basis of their disclosure of ESG data, in consideration of the relevant industries. The rating scale ranges from 0 to 100.	Score: 45/100	Score: 55/100	Score: 63/100
STOXX	The Stoxx ESG Indices are a new group of indices. Their ratings are based on specific environmental, social and governance performance indicators in addition to overall sustainability performance.	Included (STOXX Italy 45 ESG-X and STOXX Europe 600 ESG-X)	Included (STOXX Italy 45 ESG-X and STOXX Europe 600 ESG-X)	Included (STOXX Italy 45 ESG-X and STOXX Europe 600 ESG-X)
MIB ESG	Launched by Euronext, the MIB® ESG index is the first ESG index dedicated to Italian blue chips. It combines the measurement of economic performance with ESG assessments in line with the principles of the UN Global Compact2. The composition of the index is based on the analysis of ESG criteria by Vigeo Eiris (V.E.), part of Moody's ESG Solutions, which assesses the ESG performance of issuers. The methodology behind the index uses ESG criteria to rank the 40 best from the 60 most liquid Italian companies, excluding those involved in activities not compatible with ESG investments.		Included	Included
CLEAN200	Carbon Clean 200 is a report produced by Corporate Knights that includes a global list of the 200 largest listed firms, classified in terms of their clean energy sales.	Rank: 47/200	Rank: 58/200	Rank: 58/200
V.E VIGEO EIRIS	Moody's ESG solutions seek to understand better the ESG performance of the organisation, assess its exposure to climate and environmental risks, strengthen its action plans in the area of sustainability and communicate with the main stakeholders. The index assesses sustainability performance using 25 criteria, subdivided into 6 different areas: environment, human resources, human rights, community involvement, ethical conduct and governance. The rating scale ranges from 0 to 100.	Rank: 44/100	Rank: 51/100	Rank: 57/100

12. CORPORATE GOVERNANCE

Directors and auditors

Board of Directors(4)	
Chairman	Claudio De Conto(*)(2)
Chief Executive Officer	Valerio Battista
Directors	Francesco Gori(**)(1) Maria Letizia Mariani(**)(3) Jaska Marianne de Bakker(**)(1) Massimo Battaini Tarak Mehta(**)(1) Pier Francesco Facchini Ines Kolmsee(**)(3) Annalisa Stupenengo(**)(2) Paolo Amato(**)(2) Mimi Kung(**)(3)
Board of Statutory Auditors(5)	
Chairman	Stefano Sarubbi
Standing Statutory Auditors	Laura Gualtieri Roberto Ruggero Capone
Alternative Statutory Auditors	Stefano Rossetti Vieri Chimenti
Independent Auditors(6)	EY S.p.A.

(*) Independent Director as per Italian Legislative Decree 58/1998
(**) Independent Director as per Italian Legislative Decree 58/1998 and Italy's Corporate Governance Code for Listed Companies (January 2020 edition) approved by the Italian Corporate Governance Committee, comprising business associations (ABI, ANIA, Assonime, Confindustria), Borsa Italiana S.p.A. (the Italian Stock Exchange) and Assogestioni (Italian investment managers association)
(1) Members of the Control and Risks Committee
(2) Members of the Remuneration and Nominations Committee
(3) Members of the Sustainability Committee
(4) Appointed by the Shareholders' Meeting on 28 April 2021
(5) Appointed by the Shareholders' Meeting on 5 June 2019
(6) Appointed by the Shareholders' Meeting on 16 April 2015

Governance and Corporate Structure

Effective and efficient, in order to create long-term sustainable value and produce a virtuous circle with business integrity at its core.

Prysmian Group seeks a form of governance capable of creating sustainable value over time and generating a virtuous spiral with business integrity at its centre. In particular, awareness of the importance of good corporate governance for the achievement of ambitious and strategic objectives means ensuring that governance is: effective, while complying with the legal and regulatory framework, efficient in terms of cost-effectiveness, and fair towards all the Group's stakeholders. Accordingly, the Prysmian Group keeps its corporate governance system constantly aligned with latest recommendations and regulations, adhering to national and international best practices.
In addition, the Group has adopted principles, rules and procedures that govern and guide the conduct of activities by all its organisational and operating units, as well as ensuring that all business transactions are carried out in an effective and transparent manner.
Once again, during 2022 Prysmian continued to comply with the Corporate Governance Code for listed companies approved by the Corporate Governance Committee.
For further information about:

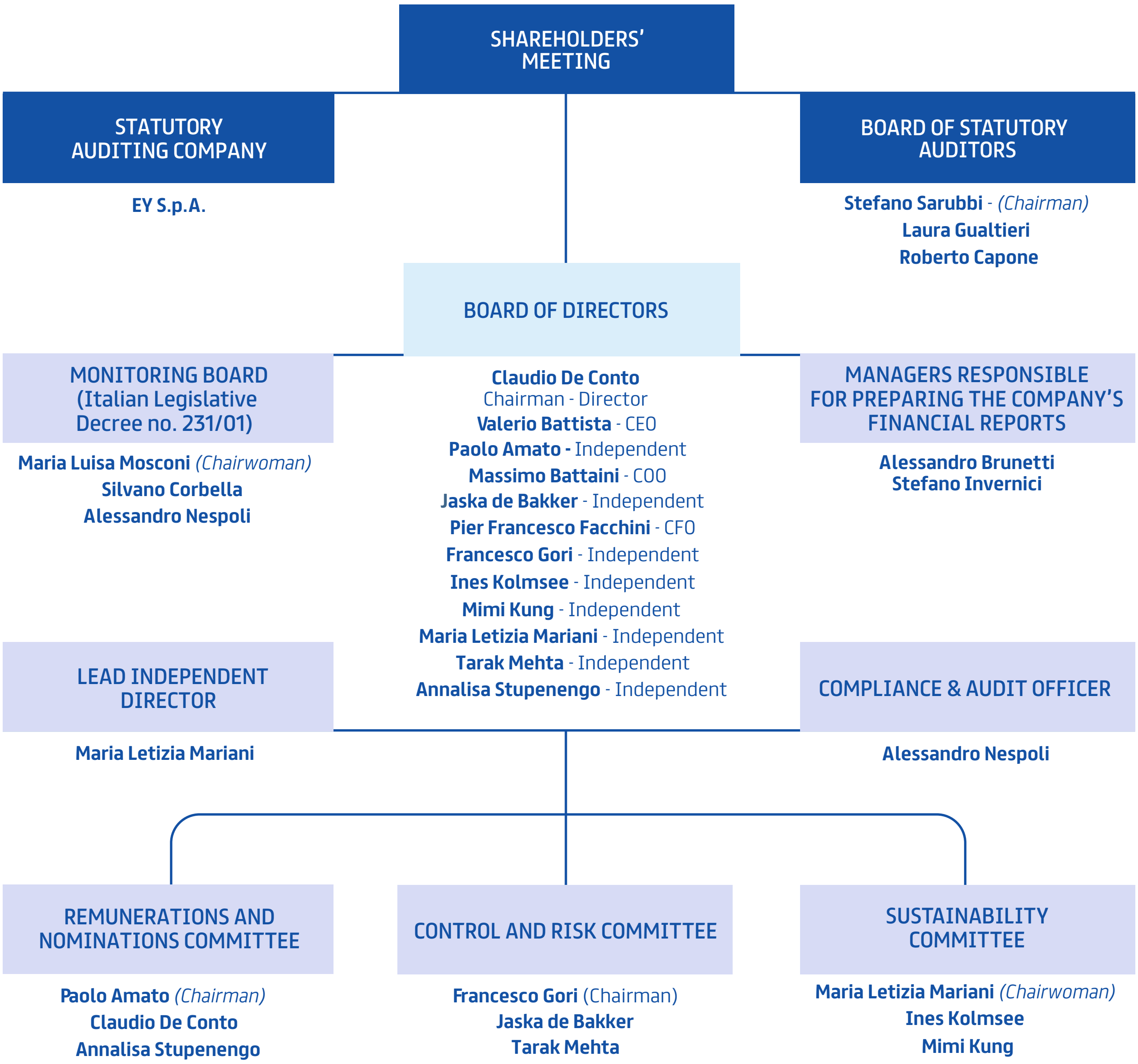
- compliance with the principles and recommendations of the Code of Corporate Governance and the reasons for any non-compliance with one or more requirements;
- any corporate governance practices actually applied by the Company that go beyond the related legal or regulatory obligations;

please refer to the "Report on Corporate Governance and the Ownership Structure" approved by the Board of Directors and available in the Company/Governance section of the official website[5].

5 https://www.prysmiangroup.com/en/company/governance

Corporate governance structure

The model of governance and control adopted by Prysmian is a traditional one, involving the presence of a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. Prysmian's corporate governance structure is based on the central importance of the Board of Directors (as the most senior body responsible for managing the Company in the interests of shareholders) in providing strategic guidance, in ensuring the transparency of the decision-making process and in establishing an effective system of internal control and risk management, including decision-making processes for both internal and external matters.
Completing the Prysmian corporate governance structure is a Remuneration and Nominations Committee, a Sustainability Committee and a Monitoring Board instituted under Legislative Decree 231/2001.
Further information regarding (i) the corporate governance system of Prysmian S.p.A. and (ii) its ownership structure, as required by art.123-bis of Italy's Unified Finance Act and can be found in the "Report on Corporate Governance and Ownership Structure",
prepared in accordance with art. 123-bis of the Unified Finance Act and available in the Company/Governance section of the official website.
An overview of the Company's corporate governance structure as of 31 December 2022 now follows, along with a description of its main features.



Board of Directors

In compliance with the provisions of art. 14 of the By-laws, the Company is currently managed by a Board of Directors consisting of twelve members - who will remain in office until the date of the annual general meeting that approves the financial statements for the year ended 31 December 2023. The Board of Directors is composed of three executive directors and nine non-executive directors. Eight of the non-executive Directors are independent within the meaning of art. 148, par. 3 of Italian Legislative Decree 58 dated 24 February 1998 (known as the Unified Finance Act) and of art. 2 recommendation no. 7 of Italy's Corporate Governance Code, while one non-executive Director is independent within the meaning of art. 148, par. 3 of the Unified Finance Act. In line with the recommendations of the Corporate Governance Code, the non-executive Directors are sufficiently numerous and have enough authority to ensure that their judgement carries significant weight in Board decision-making. At 31 December 2022, seven of the directors are men and five are women, five are in the 50-55 age group and seven are over 56.
Two directors were elected to the Board from the slate of candidates presented by a group of institutional investors and management funds coordinated by Assogestioni and voted by a minority of those entitled to attend the Shareholders' Meeting (12.3%), while the other ten directors were elected from the slate of candidates presented by the outgoing Board of Directors and voted by the majority of those entitled to attend the Shareholders' Meeting (85.5%).
The Board of Directors exercises the widest powers of ordinary and extraordinary administration, except for those that by law are reserved solely for the Shareholders' Meeting. The Board of Directors has identified a Chief Executive Officer from among its members and granted him all the authority and powers of ordinary management of the company necessary or useful for conducting its business.
Management of the business is the responsibility of the Directors, who carry out those activities necessary to implement the corporate purpose.
The Board of Directors is also responsible for the Group's internal control and risk management system and is therefore required to verify its adequacy and to adopt specific guidelines for this system, with the support of the

BOARD OF DIRECTORS

Member Year of birth	First Appointment (1)	Current charge (2)	Executive Independent	Meetings (3)	Other offices (4)
* Claudio De Conto Chairman - 1962	21/07/2010	from 28/04/2021 to 2024	Independent (5)	8/8	3
* Valerio Battista CEO - 1957	15/12/2005	from 28/04/2021 to 2024	Executive	8/8	1
** Paolo Amato Director - 1964	12/04/2018	from 28/04/2021 to 2024	Independent	8/8	2
* Massimo Battaini Director and COO - 1961	25/02/2014	from 28/04/2021 to 2024	Executive	8/8	-
* Jaska de Bakker Director - 1970	28/04/2021	from 28/04/2021 to 2024	Independent	8/8	2
* Pier Francesco Facchini Director and CFO - 1967	28/02/2007	from 28/04/2021 to 2024	Executive	8/8	2
* Francesco Gori Director - 1952	18/09/2018	from 28/04/2021 to 2024	Independent	7/8	1
* Ines Kolmsee Director - 1970	28/04/2021	from 28/04/2021 to 2024	Independent	7/8	3
** Mimi Kung Director - 1965	12/04/2018	from 28/04/2021 to 2024	Independent	6/8	1
* Maria Letizia Mariani Director and L.I.D. - 1960	16/04/2015	from 28/04/2021 to 2024	Independent	6/8	1
* Tarak Mehta Director - 1966	28/04/2021	from 28/04/2021 to 2024	Independent	8/8	1
* Annalisa Stupenengo Director - 1971	28/04/2021	from 28/04/2021 to 2024	Independent	8/8	-

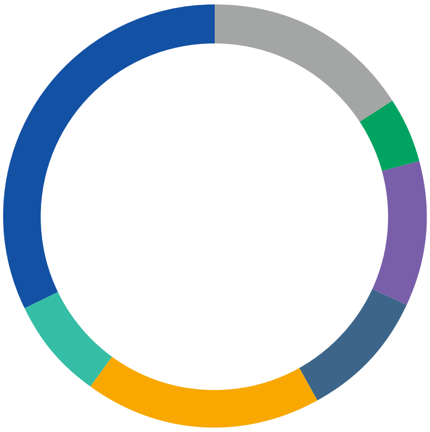
(*) - Director elected form the slate presented by the outgoing Board which obtained the majority of the votes.
(**) -Director elected form the slate presented by a group of shareholders related to asset management companies and institutional investors.
(1) - Date on which the director was appointed to the Board of Directors for the first time (ever).
(2) - Expiry date envisaged with the Shareholders' Meeting that will approve the financial statements for the year ending 31/Dec/2023.
(3) - Attendance at Board meetings in 2022 (no. of attendances/no. of meetings held. N/A: not in office during the period).
(4) - Number of offices held in other companies listed on regulated markets, including foreign ones, in financial, banking, insurance companies, or companies of significant size.
(5) - Independent Director as for Unified Financial Act – Italian Legislative Decree no. 58/1998 (T.U.F.).

other parties involved in the internal control and risk management system, namely the Control and Risks Committee, the Director in charge of the internal control and risk management system, the Chief Audit & Compliance Officer, the Board of Statutory Auditors and the Managers responsible for preparing company financial reports.

For further information on the composition, appointment and functioning of the Board of Statutory Auditors, please refer to: Corporate Bodies | Prysmian Group and the "Report on Corporate Governance and Ownership Structure" (paragraph 4)[6].

Following best practices within the Anglo-Saxon world and without prejudice to compliance with any provisions of the regulations in force from time to time, the Company has decided to adopt a Board Skill Matrix through which the existing skills within the Board are identified as well as any gaps and, consequently, indications are provided on the skills of the candidates who are considered useful for the composition of the slates of candidates for the appointment of the Directors. The following chart contains the results of the application of the aforementioned Board Skill Matrix to the members of the current Board of Directors.

BOARD SKILL MATRIX



Source: Description of the policies applied in relation to the composition of the Board of Directors and the Board of Statutory Auditors, also in the field of diversity, pursuant to article 123-Bis, c.2.D-bis, of the T.U.F.[7]

Board of Statutory Auditors

The Board of Statutory Auditors is called upon to monitor compliance with the law and the by-laws, as well as compliance with the principles of good business practices in running the Company and also to review the adequacy of the Company's organisational structure, internal control system and administrative-accounting system.
In compliance with the provisions of art. 21 of the Company's by-laws, the Board of Statutory Auditors is composed of three standing auditors, including a Chairman, and two alternate auditors, who will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2024. All members of the Board of Statutory Auditors must meet the independence requirements established by art. 148, paragraph 3 of Italian Legislative Decree 58 dated 24 February 1998 (known as the Unified Finance Act or "UFA"), and pursuant to art. 2, recommendation no. 7 of Italy's Corporate Governance Code.
As at 31 December 2022, two standing members and two alternate members of the Board of Statutory Auditors are men and one standing member is a woman, in compliance with the provisions of the gender-balance requirements for corporate boards.
One Standing Auditor, appointed as Chairman, and one Alternate Auditor were elected to the Board of Statutory Auditors from the list of candidates presented by a group of institutional investors and management funds coordinated by Assogestioni and voted by a minority of those entitled to attend the Shareholders' Meeting (15.2%),while the two other Standing Auditors and one other Alternate Auditor were elected from the slate of candidates presented jointly by the shareholders Clubtre S.r.l., Albas S.r.l. and Angelini Partecipazioni Finanziarie S.r.l. and voted by the majority of those entitled to attend the Shareholders' Meeting (80.8%).

6 https://www.prysmiangroup.com/en/company/governance/corporate-bodies
https://www.prysmiangroup.com/sites/default/files/02_Report%20on%20Corporate%20Governance%202022.pdf
7 https://www.prysmiangroup.com/sites/default/files/atoms/files/Board%20Policy%202022%20ENG_0.pdf

For further information on the composition, appointment and functioning of the Board of Statutory Auditors, please refer to: Corporate Bodies | Prysmian Group and the "Report on Corporate Governance and Ownership Structure" (paragraph 11)[8].

BOARD OF STATUTORY AUDITORS

Member Year of birth	First Appointment (1)	Current charge (2)	Independence Code/TUF	Meetings (3)	Other offices (4)
** Stefano Sarubbi Chairman - 1965	12/04/2022	from 12/04/2022 to 2025	X/X	10/10	14
* Roberto Capone Standing Auditor - 1955	12/04/2022	from 12/04/2022 to 2025	X/X	10/10	17
* Laura Gualtieri Standing Auditor - 1968	13/04/2016	from 12/04/2022 to 2025	X/X	14/14	0
* Stefano Rossetti Standing Auditor - 1965	12/04/2022	from 12/04/2022 to 2025	X/X	N/A	3
** Vieri Chimenti Standing Auditor - 1966	12/04/2022	from 12/04/2022 to 2025	X/X	N/A	36

(*) - Member elected form the slate jointly presented by the shareholders Clubtre S.r.l., Albas S.r.l. e Angelini Partecipazioni Finanziarie S.r.l. which obtained the majority of the votes
(**) - Member elected form the slate jointly presented by a group of shareholders related to asset management companies and institutional investors.
(1) - Date on which the Auditor was appointed to the Board of Statutory Auditors for the first time (ever).
(2) - Expiry date envisaged with the Shareholders' Meeting that will approve the financial statements for the year ending 31/Dec/2024.
(3) - Attendance at Board of Statutory Auditors meetings in 2022 (no. of attendances/no. of meetings held during the period of the year in which the Auditor was in charge. N/A: not in office during the period).
(4) -Number of offices held in other companies pursuant to art. 148-bis TUF and of the related provisions contained in the Consob Issuers' Regulation.

Internal committees of the Board of Directors

The Board of Directors has set up internal Committees with investigative, proactive and advisory functions, adopting regulations that define their duties and rules of operation.
The current Board of Directors of Prysmian S.p.A. has established three internal Committees and appointed their members, including the Chairmen.
The composition, duties and functioning of the Committees are described in the Corporate Governance Regulations adopted by the Board of Directors[9].
The Committees are composed of three non-executive directors, the majority of whom are independent pursuant to the Corporate Governance Code and the UFA with the exception of the Remuneration and Nominations Committee on which one member qualifies as independent only under the UFA. The term of office of each member corresponds to their term in office as a director.
For further information on the composition, appointment and functioning of the internal Committees of the Board of Directors, please refer to: Committees | Prysmian Group and the "Report on Corporate Governance and Ownership Structure" paragraphs 6 et seq)[10].

Sustainability Committee

The Sustainability Committee is composed of three non-executive independent directors.
The Committee has been assigned powers to investigate, make recommendations and offer advice with regard to the supervision of sustainability matters associated with business activities and, in particular, has been tasked with:

a. promoting guidelines for consideration by the Board that integrate sustainability within the various business processes, in order to ensure the creation of sustainable value over time for shareholders and all other stakeholders;

8 https://www.prysmiangroup.com/en/company/governance/corporate-bodies
https://www.prysmiangroup.com/sites/default/files/02_Report%20on%20Corporate%20Governance%202022.pdf
9 https://www.prysmiangroup.com/sites/default/files/atoms/files/Prysmian-Corporate-Governance-Regulation-%282021-02-03%29_Final_0.pdf
10 https://www.prysmiangroup.com/en/company/governance
https://www.prysmiangroup.com/sites/default/files/02_Report%20on%20Corporate%20Governance%202022.pdf

b. spreading the culture of sustainability among employees, shareholders, customers and, in general, stakeholders;
c. assessing the environmental, economic and social impacts deriving from business activities;
d. providing opinions on the annual and long-term sustainability objectives to be achieved with specific reference to the management of associated medium and long-term risks for the Company and its subsidiaries, so that they are correctly identified and appropriately measured, managed and monitored;
e. monitoring the Company's position in the main sustainability indices;
f. expressing opinions on the initiatives and programmes promoted by the Company or by subsidiaries on Corporate Social Responsibility (CSR) matters;
g. examining the annual sustainability report, containing non-financial information pursuant to European Directive 2014/95/EU, before its presentation to the Board;
h. preparing, upon request from the Board, opinions and proposals concerning specific CSR matters. For further information on the composition, appointment and functioning of the Sustainability Committee, please refer to the Prysmian Group website (Committees) and the "Report on Corporate Governance and Ownership Structure" paragraph 7)[11].

Governance of sustainability

With the aim of constantly improving the ability to enhance the sustainability of its business activities and related communications to stakeholders, in 2022 Prysmian Group defined a new governance model that clarifies the role and responsibilities of all players:

1. The Chief Sustainability Officer (CSO) is responsible for:
   - leading the creation of the ESG Strategy, defining targets and setting priorities by developing the Group's Materiality Matrix;
   - supporting the Regions and Business Units in the implementation of actions and initiatives aimed at achieving the Group's sustainability objectives;
   - managing Sustainability Indices;
   - guaranteeing the execution of Stakeholder Engagement activities;
   - leading the internal Sustainability Committee and the Network of Local Sustainability Ambassadors;
   - acting as Secretary of the Sustainability Committee;
   - supporting the Administration, Finance and Control Department in the preparation of the Integrated Report;
   - supervising the definition of the contents of the Sustainability Report.

2. Group Planning and Control and Group Administration functions, entrusted to the Managers responsible for the preparation of the financial statements with responsibility for:
   - monitoring the performance of ESG KPIs;
   - coordinating the collection of non-financial data;
   - drawing up the Integrated Report;
   - verifying the accuracy and quality of data.

3. The Communication and Public Affairs Division, with responsibility for:
   - developing communication campaigns;
   - collaborating with the CSO for the organisation of Stakeholder Engagement events.

4. The Sustainability Committee, set up by the Board of Directors, has the responsibilities described in the section **Corporate Covernance structure**.

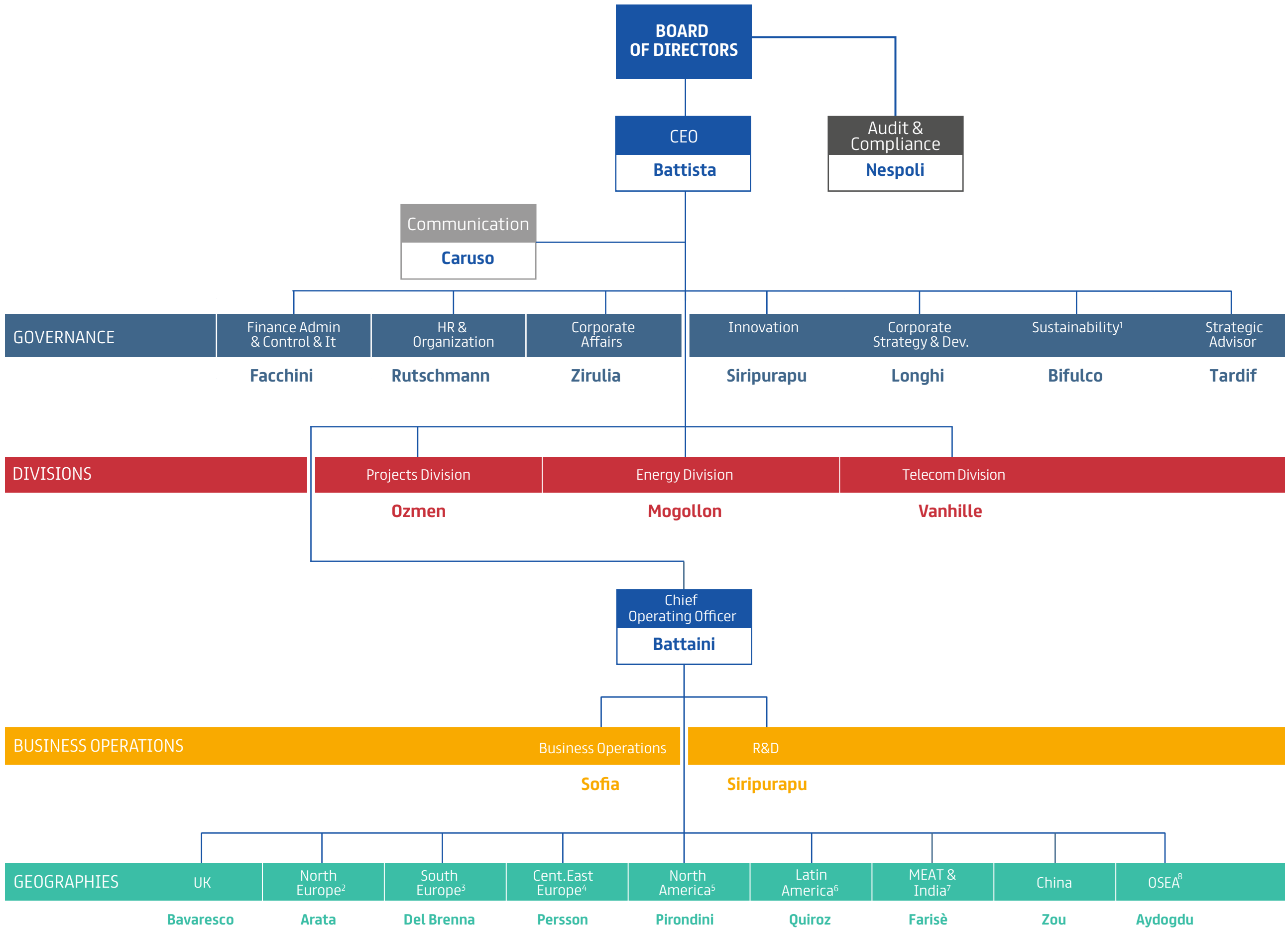
5. The internal Sustainability Steering Committee, headed by the Chief Sustainability Officer and composed of representatives from the various corporate functions, is responsible for:
   - developing objectives and targets and submitting them to the Group Leadership Team;
   - supporting the Chief Sustainability Officer in the creation of the Materiality Matrix;
   - proposing actions to be implemented at the level of Regions, BUs and functions;
   - monitoring and following up sustainability-related KPIs and outcomes.

11 https://www.prysmiangroup.com/en/company/governance
https://www.prysmiangroup.com/sites/default/files/02_Report%20on%20Corporate%20Governance%202022.pdf

6. Regional and BU Leadership Teams play a key role in the Group's sustainability commitments.

7. A Local Sustainability Ambassador Network has been established to promote sustainability culture, local and global ESG initiatives and actions at regional level.

Organisational chart of the Group*



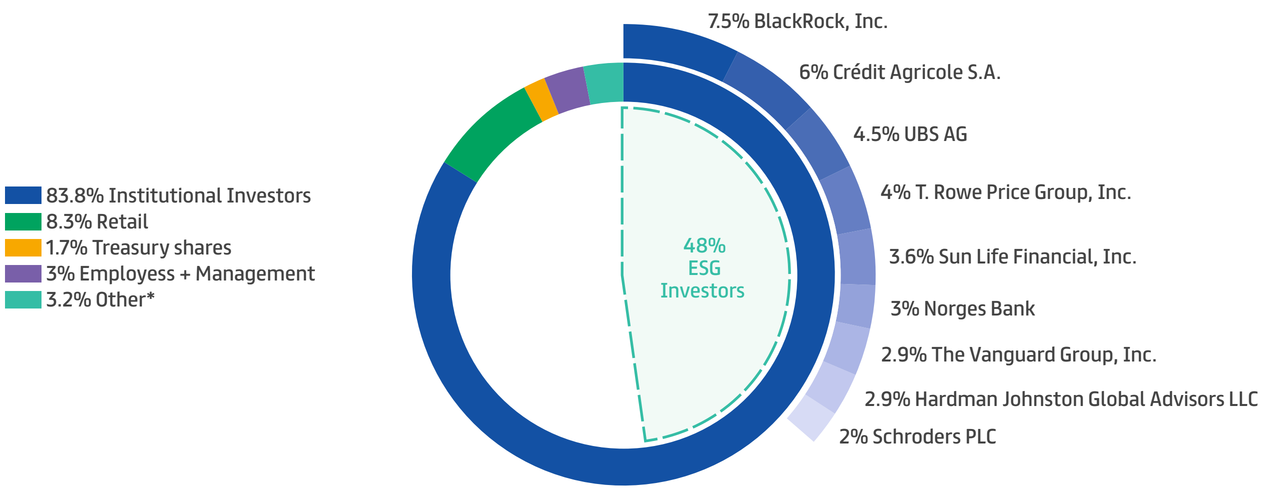
(*) The organisation chart presented reflects the organisational structure in march 2023 .

1. Also responsible for Investor Relations reporting to Group CFO.
2. NORTH EUROPE: Estonia, Finland, Norway, Russia, Denmark, Sweden e Netherlands.
3. SOUTH EUROPE: Belgium, France, Italy, Portugal, Spain, Tunisia, Côte d'Ivoire and Angola.
4. CENTRAL EAST EUROPE: Austria, Czech Republic, Hungary, Germany, Romania, Slovak Republic.
5. NORTH AMERICA: Canada, USA.
6. LATAM: Argentina, Brazil, Costa Rica, Chile, Mexico, Peru, Colombia, Ecuador.
7. MEAT: Oman, Turkey, India.
8. OSEA: Australia, New Zealand, Malaysia, Indonesia, Philippines, Singapore, Thailand.

Ownership structure

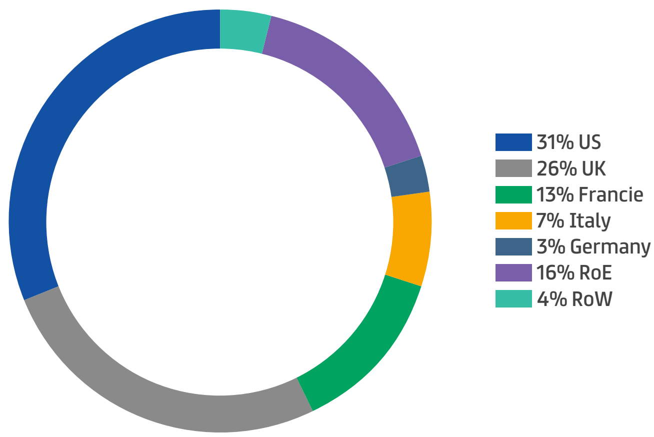
The ownership structure is shown below.

SHARE OWNERSHIP BY TYPE AND SIGNIFICANT SHAREHOLDERS



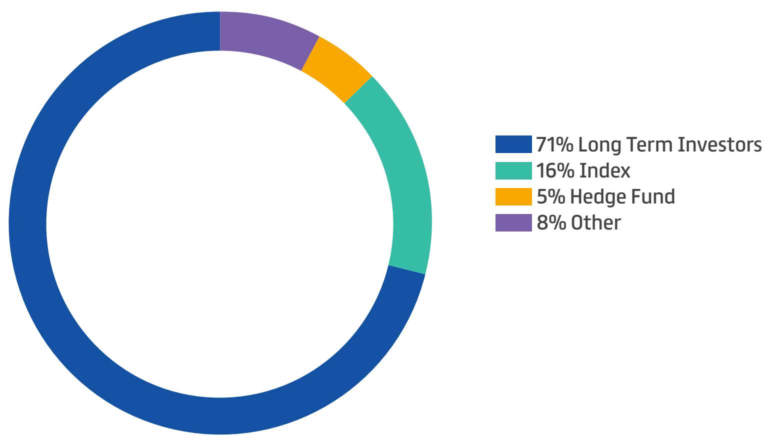
Source: elaboration on Nasdaq December 2022 data
*Mainly comprises shares held by non-institutional investors and by third-party holders of shares for trading purposes.

INSTITUTIONAL INVESTORS BY GEOGRAPHICAL AREA



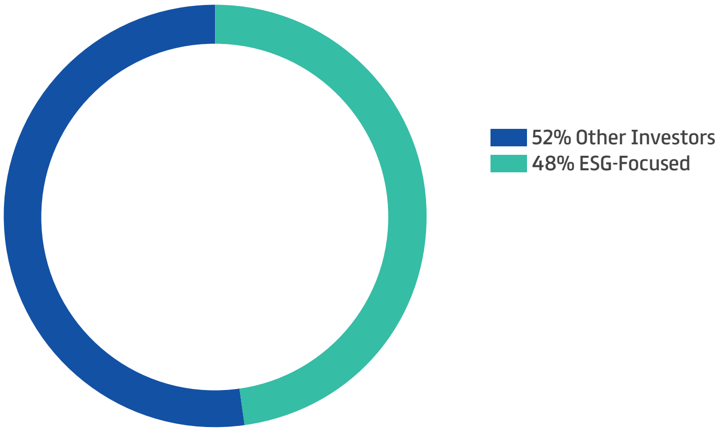
Source: elaboration on Nasdaq December 2022 data

INSTITUTIONAL INVESTORS BY INVESTMENT STYLE



Source: elaboration on Nasdaq December 2022 data

ESG INSTITUTIONAL INVESTORS



Source: elaboration on Nasdaq December 2022 data

The geographical ownership structure confirms the predominant presence of the United States, with 31% of capital held by institutional investors, up slightly from 30% in the prior year, followed by the United Kingdom with 26%. There is also an upward trend in French and North European investors, who are increasingly focused on ESG topics. In fact, at the end of 2022, French and north European ESG investors together account for more than 20% of all institutional investors, compared with 19% in the previous year. Switzerland, Ireland and the Netherlands are among the major European countries with increased weightings, while those of Germany and Spain have decreased slightly. There has also been a slight decline in the proportion of Asian investors (mainly Japan and Malaysia).

Overall, about 71% of capital is held by investment funds with Value, Growth or GARP (Growth at Reasonable Price) strategies. They anticipate the creation of value by Prysmian over the medium-long term and consider the current share price to be undervalued given the prospects offered by the fundamentals of the Company. The percentage of shareholders adopting a passive or index investment strategy, based on the main stock indices, is stable at 16%, while the Hedge Fund component - focused on a shorter time horizon - represents just 5% of the institutional investors, in line with the prior year.

The constant rise in ESG (Environment, Social and Governance) investors, being those that make environmental, social and governance matters central to their investment strategies, is also reflected in the ownership of Prysmian Group, where the proportion of those investors is becoming ever more significant.

Indeed, their weighting within the Prysmian ownership structure has increased substantially over the past 4 years, rising from about 13% in 2019 to more than 48% in December 2022. According to the latest Nasdaq data, this percentage is well above average for both the industrial sector and the Italian market, which is around 32% of all institutional investors. In absolute terms, Prysmian currently has 236 ESG investors, significantly up from 185 in the prior year and 55 just four years ago. In terms of type, the majority (about 80%) are core ESG investors, whose investment decisions are guided exclusively by ESG performance factors. These investors usually have a long-term investment horizon and strive actively to maintain constant, constructive dialogue on sustainability matters.

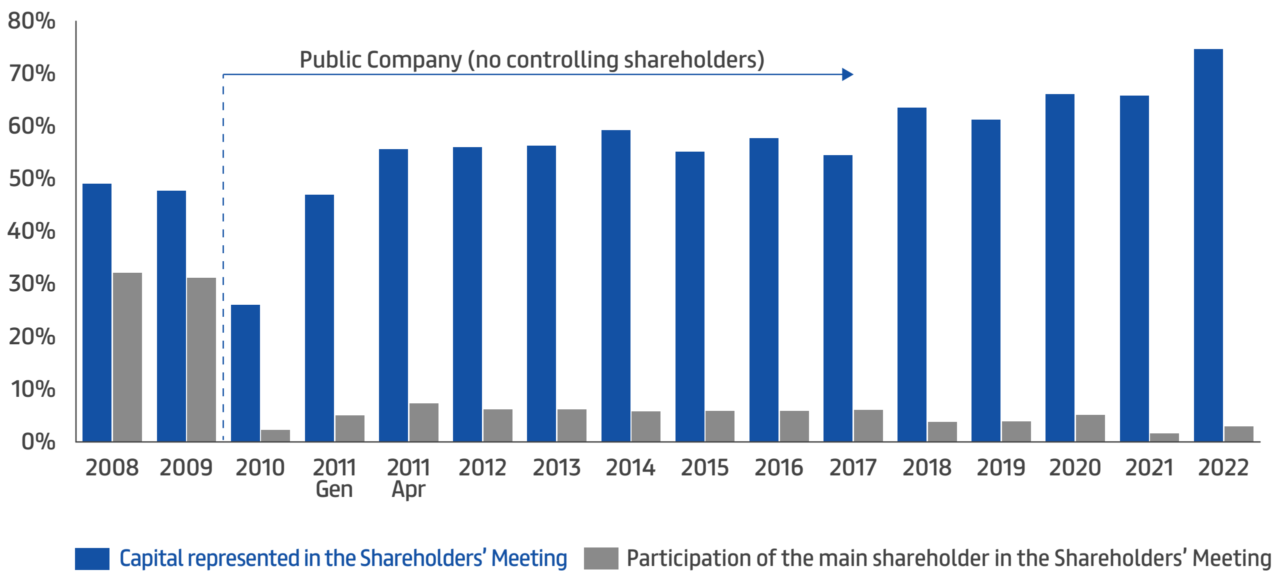
The increase in these investors within Prysmian's ownership structure reflects not only the general growth of ESG investment - due to their greater awareness about these matters - but also market recognition of the Group's strategy and firm commitments made in this direction. In addition, constant listening and the attention dedicated to ESG investors by the Group and top management via the organisation of various events - such as the Sustainability Week and dedicated meetings, as well as a proactive approach to the ESG rating agencies and indices - have helped to increase further the weighting of these investors within Prysmian's ownership structure. Lastly, the Company also engages with investment fund managers that focus specifically on one or more areas of sustainable development, such as Energy Transition or Climate Change with regard to the Environmental aspect, or the Management of Human Capital, Diversity & Inclusion, the Sustainable value chain and the Remuneration Policy in relation to the Social aspect.

Shareholders' meeting

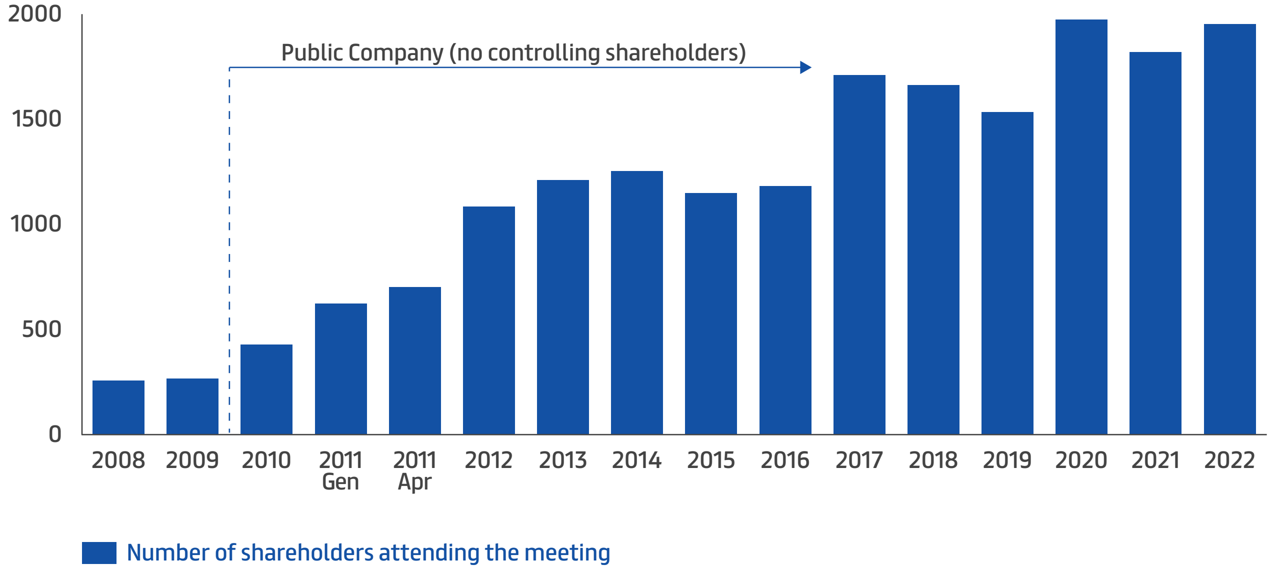
In total, 74.6% of share capital was represented at the Annual General Meeting, with 1,952 shareholders present by proxy.

On 12 April 2022 the Shareholders' Meeting of Prysmian S.p.A., held in first and only calling, discussed and resolved on several items on the agenda, including approval of the 2021 financial statements, allocation of the profit for the year and the distribution of dividends, renewal of the Board of Statutory Auditors with the appointment of statutory auditors and the fixing of their remuneration, authorisation for the purchase and use of treasury shares, approval of a new stock grant plan for Prysmian Group employees, consultation on the remuneration report, authorisation to increase capital by issuing new shares to service the incentive and stock grant plans already authorised for Prysmian Group employees. The Meeting, attended by proxy by 1,952 shareholders representing 74.6% of share capital, approved every item on the agenda by large majorities.
The Annual General Meeting also approved the declaration of a dividend of Euro 0.55 per share. The dividend was paid on 21 April 2022, involving a total pay-out of approximately Euro 145 million.

SHAREHOLDERS' MEETING: REPRESENTED CAPITAL



SHAREHOLDERS' MEETING: NUMBER OF PARTICIPANTS PRESENT OR REPRESENTED



FINANCIAL CALENDAR	
9 March 2023	Approval of the draft financial statements and consolidated financial statements as of 31 December 2022
19 April 2023	Shareholders' Meeting to approve the Annual Report as of 31 December 2022
11 May 2023	Approval of the quarterly financial report as of 31 March 2023
27 July 2023	Approval of the half-yearly financial report as of 30 June 2023
9 November 2023	Approval of the quarterly financial report as of 30 September 2023

13. BUSINESS ENVIRONMENT AND FINANCIAL MARKETS

Macroeconomic environment

In 2022, the global economy continued to grow at the strong pace of 2021, following the easing of pandemic-related restrictions and thanks to national plans supporting the development of infrastructure projects, energy transition and digitalisation. The strong recovery in economic activity was accompanied by a significant upswing in inflation, caused mainly by rising energy and commodity prices and disruptions in supply chains, and amplified as a result of the war in Ukraine. To contain rising inflation, the major central banks started to reduce some of their monetary stimulus policies and raised interest rates.

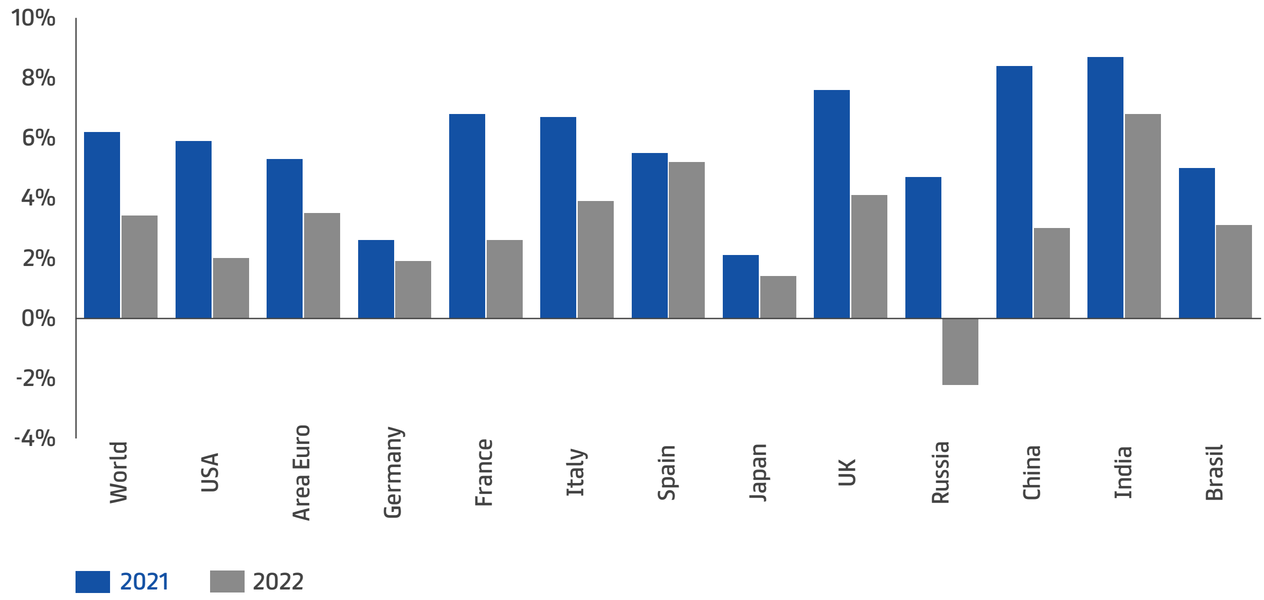
According to its latest estimates, the International Monetary Fund reckons the global economy grew by 3.4% in 2022, after a 6.2% rebound in 2021 in the wake of the previous year's contraction caused by the Covid-19 pandemic. Geographically, European economic growth in 2022 was more resilient than expected given the war in Ukraine, partly reflecting government support for households and businesses affected by the energy crisis, as well as the impetus from reopening economies. After a period of significant growth occurred during the first months of the conflict, gas prices also fell by more than expected due to an increase in non-Russian gas flows and a contraction in demand partly thanks to the warmer-than-usual winter. Overall, the euro area economy is estimated to have grown by 3.5% in 2022, after a 5.3% rebound in 2021. Among the fastest-growing countries were Spain and Italy, estimated to have grown by 5.2% and 3.9% respectively. In contrast, the economies of Germany and France are expected to have grown at lower but still positive rates of 1.9% and 2.6% respectively. The euro area should see continued growth in the coming years, also thanks to the impetus of monetary and fiscal policies. In particular, the Next Generation EU pandemic recovery plan will help ensure a stronger and more even recovery across euro area countries, by accelerating the transition to a green and digital economy, supporting structural reforms and driving long-term growth.

After being the top performer among the major developed countries in 2021, the British economy continued to grow at a brisk pace in 2022, estimated at 4.1% compared with 7.6% the year before. Russia, on the other hand, is the only one of the world's major economies to end 2022 with negative growth, estimated at -2.2%.
The US economy was the first among the developed economies to have recovered to pre-covid levels by mid-2021, thanks mainly to the government's massive stimulus package and the Fed's ultra-expansionary policy that had allowed the economy to emerge from recession in a matter of months. After the 5.9% growth recorded in 2021, the US economy continued to grow in 2022, albeit at a slower pace, estimated at 2.0%, reflecting the Federal Reserve's withdrawal of monetary stimulus, the negative impact of higher interest rates on demand and particularly on that for residential investment, as well as persistent problems in supply chains that continued in 2022.

China, the only major economy to have ended 2020 on a positive note despite the pandemic, continued to grow in 2022, albeit at a slower pace. After rebounding by 8.4% in 2021, the Chinese economy is expected to have grown by 3.0% in 2022. Growth was dampened by the rapid spread of Covid-19 in the country and the related lockdowns imposed by the government under its "zero covid" policy. Moreover, real estate investments continued to contract, accompanied by slow progress in activities to restructure property developers despite the persistent slump in the real estate market. The authorities have responded with a further relaxation of monetary and fiscal policy, new vaccination targets for fragile members of the population and measures to support the completion of unfinished real estate projects, which, together with the recent easing of restrictions in the country, should help a faster-than-expected recovery.

Although expectations for the future are positive, there are still a number of uncertainties that could weigh on short-term growth prospects, including persistently high inflation, tighter global financing conditions following central bank rate hikes, together with the evolution of the pandemic and rising geopolitical tensions related to the ongoing war in Ukraine.

CHANGE IN GDP 2021-2022 BY COUNTRY



** Source: IMF, World Economic Outlook Update – January 2023*

Financial market performance

Prysmian S.p.A. was floated on the Italian Stock Exchange on 3 May 2007 and since September 2007 has been included in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity. The Prysmian stock has since entered the principal world and sector indexes, including the Stoxx Europe 600 Industrial Goods & Services, made up of the largest European industrial companies by capitalisation, and the FTSE4Good and MIB ESG, both composed of a selected basket of listed companies that demonstrate excellent Environmental, Social and Governance (ESG) practice. Since 2019, Prysmian Group has also been included in the Dow Jones Sustainability World index, one of the most important international sustainability indexes for tracking ESG performance.

The world's main stock indexes recorded a negative performance in 2022 on fears of an economic recession, impacted by the ongoing tightening of monetary policy by the major central banks to curb inflationary pressures, the slowdown in demand induced by rising interest rates, as well as the Ukrainian- related geopolitical crisis Ukraine and the protracted Covid pandemic in China with its associated lockdowns. The main Italian index (FTSE MIB) was the worst performer of the major European indexes, losing -13.3%, followed by the German index (DAX) with -12.3% and the French index (CAC 40) with -9.5%. The Spanish index (IBEX 35) had a slightly better although still negative performance at -5.6%, while the UK's main index (FTSE 100) was the only one to register a positive performance, closing 0.9% higher. Overall, the Stoxx Europe 600 fell 12.9%, with the Real Estate, Retail and Technology sectors among the worst performers. At the opposite end of the scale, the best performers were Oil & Gas and Basic Resources, which were also the only sectors to close the year in positive territory.

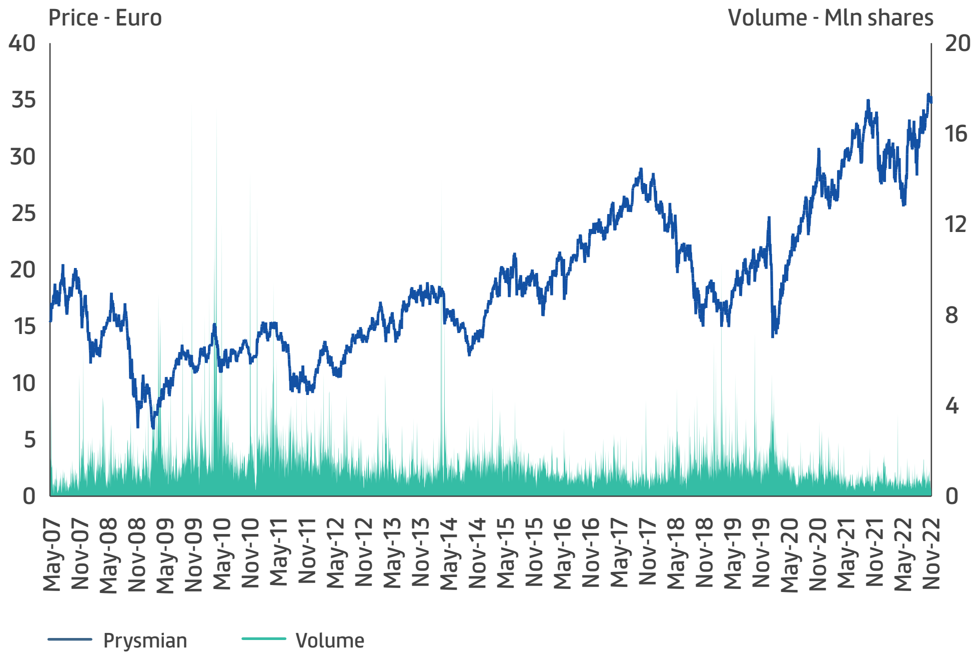
US equity markets also performed poorly in 2022, with all three major indexes reporting steep falls: Nasdaq 100 -33.0%; S&P 500 -19.4% and Dow Jones Industrial -8.8%. Emerging country stock markets performed generally better than those in developed countries, except for China, where lockdowns under the government's "zero covid" policy had an adverse impact on stock markets and the economy in general. The Brazilian index (Bovespa) recorded one of the best performances globally, gaining 4.7%, while both the Shanghai Composite and DJ Shenzen lost ground, closing the year at -15.1% and -24.0% respectively. Hong Kong's main Hang Seng index also performed negatively, falling by 15.5% in 2022.

The Prysmian stock gained 4.7% in 2022, closing the year at Euro 34.66 per share versus Euro 33.11 at the end of 2021. The stock thus outperformed both the Italian market, whose FTSE MIB index fell by 13.3% over the year, and the European benchmark sector (Capital Goods Industrial Services), whose STOXX Europe 600 Index/Ind Goods & Services index fell by 20.1%. The excellent performance of Prysmian's stock continued the positive trend seen in recent years, in which it had climbed by 27.4% in 2019, 35.3% in 2020 and 13.9% in 2021, bringing its overall gain in the last four years to 105.5%. This overall performance was well above both the FTSE MIB index, which climbed by +29.4%, and the STOXX Europe 600/Ind Goods & Services index, which grew by +39.8% over the same four-year period.

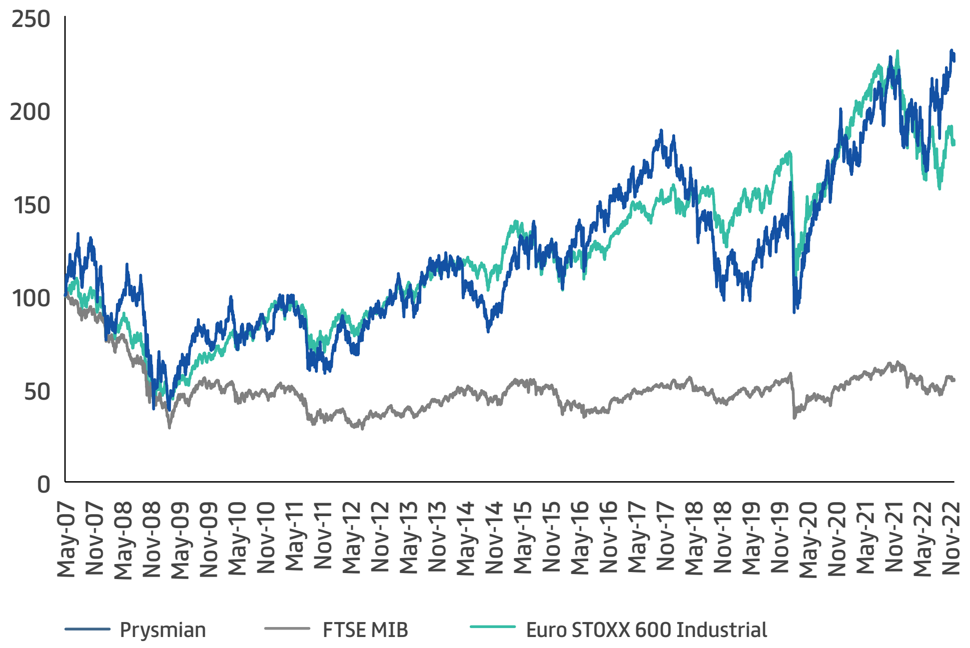
The average share price during 2022 was Euro 30.69, up from Euro 29.87 in 2021. Including dividend pay-outs, the Total Shareholder Return (TSR) offered by the Prysmian stock was +6.6% in 2022 and +215.6% since its original listing on 3 May 2007. Excluding the contribution of dividends and so just considering price changes, the performance was +4.7% in 2022 and +125.6% since the listing date.

Looking at the stock's performance over the four quarters of 2022, this was particularly positive in the third and fourth quarters, partly supported by the Group's excellent results in the Energy segment, which allowed it to upgrade its FY2022 earnings forecasts on two separate occasions. In addition, the Projects segment's achievement in September of its highest-ever order backlog of approximately Euro 6.8 billion also benefited the stock's performance.
The Group's solidity and expectations of growth in its key markets, also thanks to the Energy Transition, Electrification and Digitalisation megatrends, have enabled the Prysmian stock to retain its strong market appeal, as confirmed by financial analyst recommendations, of which at the close of the year, 63% were "Buy" and 25% "Hold". At 31 December 2022, the share capital of Prysmian S.p.A. amounted to Euro 26,814,424.60, comprising 268,144,246 ordinary shares with a nominal value of Euro 0.10 each.

PERFORMANCE OF PRYSMIAN STOCK SINCE IPO



PERFORMANCE OF PRYSMIAN STOCK



TOTAL SHAREHOLDER RETURN

+6.6%

IN 2022

+215.6%

SINCE ITS DATE OF LISTING

During 2022, the stock's liquidity recorded average daily trading volumes of approximately 0.7 million shares, with an average daily turnover of Euro 22 million.

PRYSMIAN: KEY DATA

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Price at 31 December (Euro)	34.66	33.11	29.08	21.49	16.87	27.19	24.40	20.26	15.15	18.71
Change in year	4.7%	13.9%	35.3%	27.4%	-38.0%	11.4%	20.4%	33.7%	-19.0%	24.7
Average price (Euro)	30.69	29.87	21.81	18.55	22.17	26.31	20.93	19.10	16.38	16.68
Maximum price (Euro)	35.60	35.05	29.08	22.06	28.54	30.00	24.42	22.23	19.54	19.30
Minimum price (Euro)	25.59	25.34	13.96	14.93	14.97	23.34	16.45	14.43	12.78	14.03
Capitalisation at year end (millions of Euro)	9,294	8,878	7,798	5,762	4,523	5,913	5,288	4,319	3,283	4,015
Average capitalisation in year (millions of Euro)	8,229	8,009	5,849	4,975	5,361	5,701	4,536	4,140	3,521	3,578
Ave no. of shares traded (millions)	0.7	0.9	1.3	1.7	1.3	1.0	1.0	1.4	1.4	1.2
Average amount traded (millions of Euro)	22	25	27	31	28	26	20	27	23	20
No. of shares at 31 December	268,144,246	268,144,246	268,144,246	268,144,246	268,144,246	217,482,754	216,720,922	216,720.922	216,712,397	214,591.710

Source: based on Nasdaq data.

14. SIGNIFICANT EVENTS DURING THE YEAR

Finance activities

Euro 135 million loan to finance R&D activities
On 3 February 2022, the Group announced that it had finalised a Euro 135 million loan from the European Investment Bank (EIB) to support the Group's R&D program in Europe in the period through to 2024 as the world's leading company in the energy and telecom cables industry.
The EIB loan is specifically intended to support projects to be developed at R&D centres in five European countries: Italy, France, Germany, Spain and the Netherlands.

Euro 1.2 billion Sustainability-Linked Term Loan
On 7 July 2022, the Group entered into a medium-term Sustainability-Linked loan for Euro 1.2 billion with a syndicate of leading Italian and international banks. The loan was drawn down in full on 14 July 2022 and primarily used to refinance the Euro 1 billion medium-term Term Loan obtained in 2018.
With the aim of strengthening its financial structure and the integration of ESG factors into the Group's strategy, Prysmian Group has chosen to include important environmental and social KPIs among the parameters determining the terms of the loan. In fact, the Sustainability-Linked Term Loan is also linked to the decarbonisation targets already set by the Group (annual GHG emissions from 2022 to 2026), to the ratio of female white-collar and executive hires to total Group hires, and to sustainability audits performed in the supply chain.

The interest rates applied are indexed to 1M, 3M and 6M Euribor, as chosen by the company. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 1,200 million, with the objective of hedging variable rate interest flows. These contracts were entered into in 2 tranches: the first in mid-June 2022 for a total of Euro 400 million and the second at the beginning of July for a total of Euro 800 million, at the same time as which the interest rate swap contracts entered into to hedge the 2018 term loan, for a total notional value of Euro 1,000 million, were terminated.

New contracts and other information about contracts

HVDC submarine cable in the Middle East
On 14 January 2022, the Group announced that it had signed a Limited Notice to Proceed (LNTP) for the supply of power cables, worth approximately Euro 220 million, for a major HVDC submarine cable project in the Middle East.

New submarine cable plant in USA and confirmation of award of Commonwealth Wind and Park Wind City projects
On 17 February 2022, the Group announced that it had finalised the contract to acquire the Brayton Point site in Massachusetts, subject to a number of conditions, including the securing of building permits for the new plant. Prysmian plans to invest around USD 200 million in building the new plant.

NeuConnect contract
On 2 March 2022, the Group announced that it had been awarded a turnkey contract worth approximately Euro 1.2 billion by NeuConnect Britain Limited and NeuConnect Deutschland GmbH for the design, manufacture, installation, testing and commissioning of a 725 km submarine interconnector that will directly link the German and UK electricity grids for the first time.

Completion of North Sea Link
On 16 March 2022, the Group announced that it had successfully completed the world's longest submarine power cable between the UK and Norway. The North Sea Link allows renewable energy to be transferred between the two countries for the first time, supporting them both in their journey towards net zero.

SEALink project
On 31 March 2022, the Group was awarded a contract by Alaska Power & Telephone Company (AP&T), worth around Euro 20 million, to supply, install and test two submarine fibre-optic cable links in south-east Alaska.

Prysmian Group to supply the cable for Australia's fibre network of the future
On 11 May 2022, Prysmian Group announced that it will work with Telstra to develop a state-of-the-art fibre network that will link up Australia's major cities. As part of the multi-year Australian fibre network project, Telstra will build a state-of-the-art dual fibre cable system that will link the country's cities with up to 20,000 km of new optical fibre land cable, increasing transmission capacity both between cities and regionally.

SuedOstLink project in Germany
On 24 June 2022, the Group announced that German transmission system operator TenneT TSO GmbH had awarded Prysmian a contract worth approximately Euro 700 million to develop the second 2 GW system to extend the SuedOstLink with 546 km of 525 kV HVDC underground cable.

Contracts worth Euro 250 million to develop two new submarine power interconnections between two Canary Islands and between the Spanish mainland and Ceuta in North Africa
On 18 July 2022, the Group was awarded two contracts worth approximately Euro 250 million by Red Eléctrica (Red Eléctrica de España, S.A.U.) for the development of two projects: a submarine power interconnection between the islands of Tenerife and La Gomera, and another submarine power interconnection between the Spanish mainland and Ceuta, a Spanish city on the north coast of Africa.

Contracts from Amprion worth over Euro 800 million to cable two mega offshore wind farms in Germany
On 15 September 2022, the Group announced that it had been awarded two major contracts worth a total of more than Euro 800 million by Amprion Offshore GmbH, a subsidiary of German transmission system operator Amprion. Prysmian will be responsible for the design, supply, installation and commissioning of land and submarine cables for two systems connecting the electricity grid to DolWin4 and BorWin4, two offshore wind farms in the German North Sea, which will transmit combined total power of 1.8 GW.

Prysmian to provide power grid asset management services to French operator RTE
On 2 November 2022, Prysmian Group was awarded a contract by French transmission system operator Réseau de Transport d'Électricité (RTE) to provide inspection, maintenance, and repair services for the Prysmian submarine export cables connecting the three offshore wind farms off the French coast of Normandy to the mainland. The 15-year inspection, maintenance and repair contract will cover the three 220 kV XLPE-insulated single-armoured HVAC submarine cables of the Fécamp (2x18 km offshore), Calvados (2x16 km offshore) and St. Nazaire (2x34 km offshore) wind farms.

Euro 60 million contract as part of the "Lightning Project" in the Middle East
On 15 November 2022, the Group announced that it had finalised a new Euro 60 million submarine cable-laying contract under the Lightning Project for a 320 kV HVDC interconnection in the United Arab Emirates. The Euro 220 million Lightning Project was awarded to Prysmian under a Limited Notice to Proceed (LNTP) in January 2022 by Samsung C&T through its EPC consortium with Jan De Nul Group.

New submarine power interconnection in Cyclades islands
On 18 November 2022, the Group announced that it had been awarded a contract worth some Euro 150 million by IPTO (Independent Power Transmission Operator), a Greek electricity grid operator, to connect the islands of Milos, Folegandros and Santorini.

Other significant events

Ravin Cables Limited
In January 2010, Prysmian Group acquired a 51% interest in the Indian company Ravin Cables Limited ("Ravin"), with the remaining 49% held by other shareholders directly or indirectly associated with the Karia family (the "Local Shareholders"). Under the agreements signed with the Local Shareholders, after a limited transition period, management of Ravin would be transferred to a Chief Executive Officer appointed by Prysmian. However, this failed to happen and, in breach of the agreements, Ravin's management remained in the hands of the Local Shareholders and their representatives. Consequently, having now lost control, Prysmian Group ceased to consolidate Ravin and its subsidiary Power Plus Cable Co. LLC. with effect from 1 April 2012. In February 2012, Prysmian was then forced to initiate arbitration proceedings before the London Court of International Arbitration (LCIA), requesting that the Local Shareholders be declared in breach of contract and ordered to sell the shares representing 49% of Ravin's share capital to Prysmian. In a ruling handed down in April 2017, the LCIA upheld Prysmian's claims and ordered the

Local Shareholders to sell the shares representing 49% of Ravin's share capital to Prysmian. However, the Local Shareholders did not voluntarily enforce the arbitration award and so Prysmian had to initiate proceedings in the Indian courts in order to have the arbitration award recognised in India. Having gone through two levels of the court system, these proceedings were finally concluded on 13 February 2020 with the pronouncement of a ruling by the Indian Supreme Court under which the latter definitively declared the arbitration award enforceable in India. In view of the continuing failure of the Local Shareholders to comply voluntarily, Prysmian has requested the Mumbai court to enforce the arbitration award so as to purchase the shares representing 49% of Ravin's share capital as soon as possible. This case is currently still in progress and so control of the company is considered to have not yet been acquired.

Admission of the Group's seven Italian companies to the "Cooperative Compliance" program
On 3 January 2022, the Group announced that it had been admitted to the Cooperative Compliance program with the Italian Revenue Agency after the Group's seven Italian companies successfully passed the rigorous review of the adequacy of the Tax Control Framework for detecting, measuring, managing and controlling tax risk. Admission to the program, which applies from tax period 2020, will allow the Group to establish a relationship based on trust and transparency with the Italian tax authorities, aimed at the pre-emptive analysis of issues with the highest tax risk and an ever-increasing level of oversight of the most relevant tax issues.

Investigation by Germany's Federal Cartel Office (FCO)
On 18 January 2022, the Group announced that the German Federal Cartel Office (FCO) had carried out inspections at some of the Group's sites in Germany. The inspections were conducted as part of an investigation by the FCO into alleged coordination in setting the standard metal surcharges applied by the industry in Germany. Prysmian is co-operating with the FCO.

Approval of financial statements at 31 December 2021 and dividend distribution
On 12 April 2022, the shareholders' meeting of Prysmian S.p.A. approved the financial statements for 2021 and the distribution of a gross dividend of Euro 0.55 per share, for a total of some Euro 145 million. The dividend was paid out from 21 April 2022, with record date 20 April 2022 and ex-dividend date 19 April 2022.

Appointment of the Prysmian S.p.A. Board of Statutory Auditors
On 12 April 2022, the shareholders' meeting of Prysmian S.p.A. appointed the following new members of the Board of Statutory Auditors for the next three years:

- Stefano Sarubbi (Chairman of the Board of Statutory Auditors)
- Roberto Capone (Standing Auditor)
- Laura Gualtieri (Standing Auditor)
- Stefano Rossetti (Alternate Auditor)
- Vieri Chimenti (Alternate Auditor)

Authorisation to buy and dispose of treasury shares
On 12 April 2022, the shareholders' meeting of Prysmian S.p.A. granted the Board of Directors authorisation to buy back and dispose of treasury shares, concurrently revoking the previous authorisation under the shareholder resolution dated 28 April 2021. Under this authorisation it is possible to make one or more buybacks of shares such that, at any one time, the total holding of treasury shares does not exceed 10% of share capital.

New stock grant plan for employees other than managers already covered by individual incentive schemes
On 12 April 2022, the shareholders of Prysmian S.p.A. approved an equity-settled stock grant plan for employees of Prysmian S.p.A. and Prysmian Group companies, except for managers already covered by individual incentive schemes; the plan aims to foster wide participation in future value creation and to strengthen the level of employee engagement; the plan is subject to consultation at local level with the relevant trade union representatives, where required.
In this regard, the Prysmian S.p.A. shareholders' meeting adopted a resolution to reduce the capital increase servicing the incentive plan for Prysmian Group employees approved by shareholders on 28 April 2020, from a maximum nominal amount of Euro 1,100,000.00, corresponding to 11,000,000 new ordinary shares, to a maximum nominal amount of Euro 800,000.00, corresponding to 8,000,000 new ordinary shares, and to approve a bonus issue of shares to be reserved for Prysmian Group employees in execution of the stock grant plan approved above, allocating 3,000,000 new ordinary shares to service the new stock grant plan for employees other than managers already covered by individual incentive schemes.

New investments in optical cable manufacturing at the Jackson plant in USA
On 16 May 2022, the Group announced it was investing another USD 30 million on top of the USD 85 million already announced to increase optical fibre cable manufacturing capacity and capability at its North American plants.

Sustainability Week: "We are what we do. Sustainability is not an act, but a habit"
Prysmian Group organised "Sustainability Week," a week-long digital event, running from 20 to 24 June 2022, aimed at discussing relevant sustainability issues and listening to stakeholders. Top management from the Milan headquarters, business units and regional offices around the world discussed progress in the area of ESG, the impact on the Group's operations, innovations and cutting-edge technologies developed over the past year. The event was not only an opportunity to underline how Prysmian's role as an enabler of the energy transition process is highly strategic in ensuring the decarbonisation process of the economy globally, but also an effective means of gathering feedback from customers, investors, suppliers, analysts, associations and universities through online events with special guests including industry leaders and expert researchers.
During Sustainability Week participants also had the opportunity to share experiences relating to People, Culture and Social Sustainability, by discussing the various objectives set by the Group in terms of diversity, equality and inclusion (DE&I), digital inclusion, community empowerment and employee engagement and upskilling. Drawing on the past experience of Prysmian Group's Sustainability Day, the event consisted of some 27 events held in all the Group's regions: Europe, North America, Latin America, Middle East, China and Oceania-Southeast Asia, involving regional CEOs and Sustainability Ambassadors, and local Stakeholders in their own language in order to promote engagement on the ground. A Sustainability Stakeholder Survey was conducted during the event in order to update Prysmian Group's Materiality Matrix for 2022.

President Joe Biden visits the new US high-tech renewable energy hub
On 21 July 2022, the Group welcomed US President Joe Biden on a visit to the Brayton Point site (Massachusetts), which will be home to its new submarine power cables manufacturing facility. As part of its plan to support the development of offshore wind power in the United States, Prysmian Group is committed to transforming the site of the former Somerset coal-fired power station into a high-tech hub for the energy transition process. The Brayton Point facility will manufacture innovative inter-array and export submarine cables of up to 275 kV AC and 525 kV DC, needed to connect offshore wind farms to mainland power grids. The plant will also have an R&D facility with a high-voltage testing lab, which will be the first of its kind in the United States.

Prysmian Group confirms its excellent score in Dow Jones Sustainability Assessment
On 26 September 2022, the Group announced that it has confirmed last year's excellent score in the Electrical Components & Equipment category of the S&P Global Corporate Sustainability Assessment, following the 2022 annual review.
Prysmian maintained its top scores (100 points) in Innovation Management, Environmental Reporting and Social Reporting, reaffirming the focus and attention dedicated to these areas. For Prysmian Group, sustainability is a driver of growth and innovation, integrated into the priorities of decarbonisation, circular economy, product development and digitalisation projects.

Prysmian further expands its cable-laying vessel fleet to support energy transition
On 22 November 2022, the Group announced an investment of approximately Euro 200 million (plus about Euro 40 million for cable installation equipment) for a new state-of-the-art cable-laying vessel, which will be fully operational by the first quarter of 2025, and will strengthen Prysmian's project execution capabilities and its EPCI (Engineering, Procurement, Construction, Installation) solutions. Like the Leonardo da Vinci, the new vessel will be built by the VARD Group (a Fincantieri Group subsidiary), one of the world's leading designers and builders of specialised vessels for the offshore market, and will stand out for its technical performance, operational flexibility and sustainability. The new cable-laying vessel will be very similar to the Leonardo da Vinci, which was delivered in 2021 and exceeded all expectations in its first year of operation, being widely recognised by the market as the best-in-class vessel to meet the growing demand of the submarine cable industry. With a hull substantially the same as that one of the Leonardo Da Vinci, a length of approximately 170 metres and a breadth of about 34 metres, the new cable-laying vessel will also be fitted with similar cable installation equipment: the main laying line with a winch for deep water installation at over 3,000 metres; a second independent laying line with linear caterpillars to boost operational flexibility; 2 carousels of 7,000 and 10,000 tonnes, providing the highest loading capacity on the market, helping reduce factory-to-site transport time and thus improving overall project efficiency. Bollard pull in excess of 180 tonnes will allow complex installation operations to be carried out by supporting a wide variety of burial equipment. The vessel will be equipped with state-of-the-art DP3 dynamic positioning and seakeeping systems and will have a maximum transit speed in excess of 16 knots. Like the Leonardo da Vinci, the new vessel

will also have green credentials: the high cable-load capacity and sailing speed will significantly reduce the number of cable installation campaigns compared with other vessels, leading to a reduction in overall CO2 emissions and about a 40% decrease in fuel consumption with respect to traditional cable-laying vessels. Moreover, the very efficient and green engines will cut NOX emissions by 85%, allowing the vessel to comply with the most stringent international environmental requirements. In addition, the new vessel will be equipped with a 3 MW battery pack. Prysmian's existing fleet of five state-of-the-art cable-laying vessels comprises: Giulio Verne, its former flagship with about 35 years of service in cable installation projects; Cable Enterprise, a very versatile DP2 vessel, mainly used for installation of offshore wind farm export cables; Ulisse, an efficient barge for shallow-water installation which uses an anchor-handling mooring system; Barbarossa, a small barge, recently added to the fleet and specifically designed for operations in very shallow water and intertidal zones; and Leonardo da Vinci, the world's most advanced cable-laying vessel. Prysmian also has the widest range of high-tech burial equipment, including Hydroplows, HD3 Ploughs and Post Lay Burial machines (Sea Mole, SeaRex and Otter). Once operational, the new vessel will be employed in the execution of major projects, including Dominion Energy, the largest submarine cabling project ever awarded to Prysmian in the USA; the Neuconnect Energy Link project, the first power transmission cable between the UK and Germany; and the Dolwin4 and Borwin4 projects, two offshore wind farm grid connection cable systems in Germany.

Prysmian Group and FiberHome Telecommunication Technologies Co. settle claim over patent infringement
On 22 November 2022, Prysmian Group and FiberHome Telecommunication Technologies Co., Ltd. a leading provider of information and telecom network products and solutions ("Fiberhome"), announced that they had settled the litigation regarding patent infringement and invalidity in Germany. The legal action had been brought by Prysmian Group in July 2020 in the District Court of Munich. Prysmian Group had claimed that Fiberhome products infringed the German designations of Prysmian's European patents EP 2390700 B1 and EP 1,668,392B1 ("the Patents") for fibre optic cables. In response, FiberHome had initiated an action in the German Federal Patent Court to nullify the Patents. Following extensive discussions, Prysmian Group and FiberHome reached a mutually satisfactory agreement concerning product sales that occurred prior to the date of the agreement (while future product sales are not covered by this agreement). Further to the payment of a settlement by FiberHome to Prysmian, an agreement was reached to terminate these legal actions (and any other potential past claims) with respect to European patent families validated in Germany, Spain, Poland and the Netherlands. European patent EP '392 relates to optical telecommunication cables, and in particular to an optical telecommunication cable with a very small diameter. European patent EP '700 is for optical telecommunication cables, specifically cables with an optimised bundling design.

Prysmian takes another step forward in its climate change commitment
On 14 December 2022, the Group announced that its score in the CDP Carbon Disclosure Project climate change 2022 ranking had increased to "A-" (from "B" in 2021).
The Group's latest score represents an important step forward in promoting decarbonisation throughout the value chain and confirms its leading role in transparency and the fight against climate change.

15. GROUP PERFORMANCE AND RESULTS

Financial performance

(Euro/million)	2022	2021	% Change	2020
Sales	16,067	12,736	26.2%	10,016
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**1,442**	**958**	**50.5%**	**822**
% of sales	9.0%	7.5%		8.2%
Adjusted EBITDA	**1,488**	**976**	**52.5%**	**840**
% of sales	9.3%	7.7%		8.4%
EBITDA	**1,387**	**927**	**49.6%**	**781**
% of sales	8.6%	7.3%		7.8%
Fair value change in metal derivatives	(31)	13		(4)
Fair value stock options	(104)	(33)		(31)
Amortisation, depreciation, impairment and impairment reversal	(403)	(335)		(393)
Operating income	**849**	**572**	**48.4%**	**353**
% of sales	5.3%	4.5%		3.5%
Net finance income/(costs)	(110)	(96)		(101)
Profit/(loss) before taxes	**739**	**476**	**55.3%**	**252**
% of sales	4.6%	3.7%		2.5%
Taxes	(230)	(166)		(78)
Net profit/(loss)	**509**	**310**	**64.2%**	**174**
% of sales	3.2%	2.4%		1.7%
Attributable to:				
Owners of the parent	504	308		178
Non-controlling interests	5	2		(4)
Reconciliation of Operating Income/EBITDA to Adjusted Operating Income/Adjusted EBITDA				
Operating income (A)	**849**	**572**	**48.4%**	**353**
EBITDA (B)	**1,387**	**927**	**49.6%**	**781**
Adjustments:				
Company reorganisation	11	21		32
Non-recurring expenses/(income)	47	2		9
Other non-operating expenses/(income)	43	26		18
Total adjustments (C)	**101**	**49**		**59**
Fair value change in metal derivatives (D)	31	(13)		4
Fair value stock options (E)	104	33		31
Asset impairment and impairment reversal (F)	34	6		68
Adjusted operating income (A+C+D+E+F)	**1,119**	**647**	**73.0%**	**515**
Adjusted EBITDA (B+C)	**1,488**	**976**	**52.5%**	**840**

The Group's sales in 2022 came to Euro 16,067 million, compared with Euro 12,736 million in 2021, posting a positive change of Euro 3,331 million (+26.2%).

The main factors behind this change were:

- positive organic sales growth, accounting for an increase of Euro 1,835 million (+14.4%). Excluding the Projects segment, organic sales growth would have been +12.1%;
- favourable exchange rate effects, generating an increase of Euro 830 million (+6.6%);
- fluctuation in the price of metals (copper, aluminium and lead), generating a sales price increase of Euro 592 million (+4.6%);
- increase of Euro 74 million (+0.6%) due to the change in the scope of consolidation after acquiring control of Omnisens S.A. and Eksa Sp.z.o.o..

Organic sales growth by the three operating segments was as follows:

PROJECT	ENERGY	TELECOM
+30.3%	+12.3%	+10.9%

The year 2022 delivered record results for the Group, with Adjusted EBITDA of Euro 1,488 million and organic growth of +14.4% year-on-year.

The Group achieved a record level of EBITDA and this has been driven by a strong customer focus, a broad business portfolio, operational discipline and by the high exposure to secular trends.

The organic growth described above is explained by the following main factors:

- growth of +30.3% in the Projects segment, driven by the Submarine business;
- an increase in the Energy segment, driven by Energy & Infrastructure, which recorded +14.7% organic sales growth, with a particularly positive performance by Power Distribution (+18.8%). Also, the business Industrial & Network Components recorded a positive organic growth of +8.7%, thanks to the excellent performance of Renewables;
- an increase by the Telecom segment with +10.9% organic sales growth, including solid growth in the optical business.

The Group's Adjusted EBITDA (before net expenses for business reorganisation, net non-recurring expenses and other net non-operating expenses) came to Euro 1,488 million in 2022, up Euro 512 million (+52.5%) on the corresponding 2021 figure of Euro 976 million. The Adjusted EBITDA margin on sales was 9.3% (7.7% in 2021).

EBITDA is stated after net expenses for business reorganisation, net non-recurring expenses and other net non-operating expenses, totalling Euro 101 million (Euro 49 million in 2021).

Amortisation, depreciation and impairment amounted to Euro 403 million in 2022, up from Euro 335 million in the previous year.

The fair value change in metal derivatives was a negative Euro 31 million compared with a positive Euro 13 million in the previous year.

A total of Euro 104 million in costs were recognised in 2022 to account for the effects of the long-term incentive plans and employee share purchase scheme (Euro 33 million in 2021).

Reflecting the effects described above, the Group's operating income came to Euro 849 million, compared with Euro 572 million in 2021, thus reporting a year-on-year increase of Euro 277 million.

Net finance costs amounted to Euro 110 million, slightly up from Euro 96 million in the previous year.

Taxes of Euro 230 million represented an effective tax rate of 31.1% (35% in 2021).

Net profit for 2022 was Euro 509 million (of which Euro 504 million attributable to the Group), compared with Euro 310 million in 2021 (of which Euro 308 million attributable to the Group).

Net financial debt stood at Euro 1,417 million at 31 December 2022, down Euro 343 million from Euro 1,760 million at 31 December 2021. In the past 12 months, the Group generated Euro 559 million in free cash flow, excluding Euro 7 million in outlays for acquisitions and Euro 44 million in outlays for antitrust matters.

With reference to the most significant contract awards in the Projects segment, the Group secured contracts worth Euro 3.4 billion during 2022, foremost of which the Neuconnect interconnection project for Euro 1.2 billion, a submarine cable project in the Middle East for Euro 280 million, an extension of the SuedOstLink project for Euro 700 million, the construction of two submarine interconnections in Spain for Euro 250 million, the Dolwin4 and Borwin4 projects, worth a total of Euro 800 million, for the cabling of two mega offshore wind farms in Germany, and a Euro 150 million contract for a new submarine power interconnection in the Cyclades islands.

Review of Projects operating segment

(Euro/million)	2022	2021	% Change	2020
Sales	2,161	1,594	35.6%	1,438
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**243**	**210**	**15.8%**	**186**
% of sales	11.2%	13.2%		13.0%
Adjusted EBITDA	**243**	**210**	**15.9%**	**186**
% of sales	11.2%	13.2%		13.0%
Adjustments	(41)	(8)		(13)
EBITDA	**202**	**202**	**-0.2%**	**173**
% of sales	9.3%	12.7%		12.1%
Amortisation and depreciation	(86)	(69)		(64)
Adjusted operating income	**157**	**141**	**11.3%**	**122**
% of sales	7.3%	8.8%		8.5%

The Projects Operating Segment encompasses underground and submarine high-voltage power cables, submarine telecommunication cables, and offshore specialty cables, as better described in the "Group Organisation" section of this report.
This segment fully qualifies for classification in the economic activities eligible for the purposes of the European taxonomy, specifically in activity 4.9 "Transmission and distribution of electricity", as explained in more detail in the "European Taxonomy" section of this report.

FINANCIAL PERFORMANCE

Sales by the Projects segment amounted to Euro 2,161 million in 2022, versus Euro 1,594 million in 2021, recording a positive change of Euro 567 million (+35.6%).

The factors behind this change were:

- organic sales growth, accounting for an increase of Euro 483 million (+30.3%);
- exchange rate trends, resulting in an increase of Euro 50 million (+3.2%);
- metal price fluctuations, producing an increase of Euro 34 million (+2.1%).

The Projects segment's organic growth is largely attributable to Submarine Power contracts in progress, which recorded a higher level of activity than in the previous year, as well as to inflationary forces emerging during the year. The High Voltage Underground business also reported significant growth, particularly in France, thanks to the growing contribution of cable manufacturing for the German Corridors, and in Oceania, North Europe, North America and LATAM.
The Submarine Telecom business saw no significant change in business volumes, while the Offshore Specialties business showed signs of growth.
The main Submarine Power projects on which work was performed during the period were: the Crete-Attica interconnector project in Greece, the Viking Link between Great Britain and Denmark, the two interconnection projects in Turkey, offshore wind projects in France and the United States, plus contracts to supply just export and inter-array cables for offshore wind farms. Sales in the period were the result of cable manufacturing activities by the Group's industrial facilities (Pikkala in Finland, Arco Felice in Italy, Drammen in Norway and Nordenham in Germany) and installation services, performed with the assistance of both its own assets and third-party equipment.
Adjusted EBITDA for 2022 came to Euro 243 million, up from Euro 210 million in 2021. The lower margin is attributable to several factors, including the execution of a different project mix in the Underground High Voltage and Submarine businesses (20% of sales 2022 from lower-margin projects awarded in 2018-2019), the cost of non-recurring events in the Submarine Telecom business, and above all inflationary forces.
In the fourth quarter of the year, however, Projects recorded double-digit margins (of 13.0%).

The Projects segment is key for energy transition processes, since, as a solution provider, it offers its customers a whole range of solutions for the implementation of renewable energy production and distribution projects. In this regard, the Projects segment aims to intercept the demand for technical solutions to support renewable energy production, expected to grow until 2050.
As evidence of this megatrend, the value of the Group's Submarine Power order backlog increased by Euro 1,650 million during the year to a record level of Euro 3.4 billion, mainly consisting of:

- offshore wind contracts in Great Britain (Sofia), the offshore contract in North America (Vineyard Wind), the DolWin4 and BorWin4 contracts for two systems that connect the electricity grid to offshore wind farms in the German North Sea;
- the interconnector between Great Britain and Denmark (Viking Link), the Crete-Attica link in Greece, the interconnection contracts in Turkey and the Middle East, the lots of the new Thyrrenian Link and Saudi-Egypt contracts, the NeuConnect contract for a 725 km onshore and submarine interconnector to link the German and UK electricity grids directly for the first time.

The Group's High Voltage order backlog is worth around Euro 2.3 billion, mostly consisting of German Corridor contracts.

Including the Submarine Telecom and Offshore Specialties businesses, the total order backlog of the Projects segment is worth some Euro 6.6 billion.

In order to facilitate the energy transition to renewable sources necessary to achieve sustainability goals worldwide, Prysmian has embarked upon an investment strategy that includes, among others, the purchase of a new cable-laying vessel for about Euro 200 million and the construction of a new submarine cable manufacturing facility at Brayton Point (Massachusetts - USA) for about Euro 200 million.

Review of Energy operating segment

(Euro/million)	2022	2021	% Change	2020
Sales	12,033	9,557	25.9%	7,207
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**968**	**542**	**78.6%**	**436**
% of sales	8.0%	5.7%		6.1%
Adjusted EBITDA	**974**	**546**	**78.3%**	**440**
% of sales	8.1%	5.7%		6.1%
Adjustments	(52)	(46)		(45)
EBITDA	**922**	**500**	**84.1%**	**395**
% of sales	7.7%	5.2%		5.5%
Amortisation and depreciation	(203)	(184)		(185)
Adjusted operating income	**771**	**362**	**112.9%**	**255**
% of sales	6.4%	3.8%		3.5%

The Energy segment encompasses the Energy & Infrastructure and Industrial & Network Components businesses, as better explained in the "Group Organisation" section of this report.
Some of the businesses within this segment qualify for classification in the economic activities eligible for the purposes of the European taxonomy, specifically, in activity 3.1 "Manufacture of renewable energy technologies" and activity 3.6 "Manufacture of other low carbon technologies", as explained in more detail in the "European Taxonomy" section of this report.

Sales by the Energy segment came to Euro 12,033 million, versus Euro 9,557 million in 2021, posting a positive change of Euro 2,476 million (+25.9%), the main components of which were as follows:

- positive organic sales growth of Euro 1,179 million (+12.3%);
- positive change of Euro 683 million (+7.2%) for exchange rate fluctuations;
- sales price increase of Euro 540 million (+5.6%) for metal price fluctuations;
- positive change of Euro 74 million (+0.8%) due to the acquisition of Eksa Sp.z.o.o., consolidated from 1 January 2022, and of Omnisens S.A., consolidated from 1 November 2021.

Adjusted EBITDA came to Euro 974 million, up from Euro 546 million in 2021, reporting a positive change of Euro 428 million (+78.3%), of which Euro 88 million attributable to exchange rates, and a major gain on pre-pandemic levels due to a recovery in prices that made up for the rise in costs of the main raw materials, energy and transport, even though volumes remained stable. The strong performance of the Energy segment was also due to the ongoing trend towards electrification, i.e. the growth of electricity as the main source of power.

The Energy segment reported a margin of 8.1% compared with a margin of 5.7% in 2021.

The following paragraphs describe market trends and financial performance in each of the Energy operating segment's business areas.

ENERGY & INFRASTRUCTURE

(Euro/million)	2022	2021	% Change	2020
Sales	8,196	6,361	28.9%	4,735
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**731**	**353**	**107.4%**	**272**
% of sales	8.9%	5.5%		5.8%
Adjusted EBITDA	**736**	**356**	**107.2%**	**275**
% of sales	9.0%	5.6%		5.8%
Adjusted operating income	**603**	**233**	**159.9%**	**152**
% of sales	7.4%	3.7%		3.2%

As better explained in the chapter "Group's Organisation", the Energy & Infrastructure business incorporates:

1. Trade & Installers: the low-voltage product portfolio includes rigid and flexible cables for distributing power to and within residential, commercial and industrial buildings;

2. Power Distribution: the product portfolio includes medium-voltage cable systems for both overhead and underground installations (and all types of accessories and network components) for connecting industrial and/or residential buildings to the primary distribution network, as well as low-voltage cable systems for power distribution. The solutions are primarily designed to support power transmission and distribution by utilities and grid operators.

FINANCIAL PERFORMANCE

Sales by the Energy & Infrastructure business area amounted to Euro 8,196 million in 2022, compared with Euro 6,361 million in 2021, posting a positive change of Euro 1,835 million (+28.9%), the main components of which were as follows:

- positive organic sales growth of Euro 933 million (+14.7%);
- positive change of Euro 424 million (+6.7%) for exchange rate fluctuations;
- sales price increase of Euro 414 million (+6.5%) for metal price fluctuations;
- increase of Euro 64 million (+1.0%) due to the acquisition of Eksa Sp.z.o.o. with effect from 1 January 2022.

The Energy & Infrastructure business's positive organic sales growth of +14.7% in 2022 was mainly due to the excellent performance of Trade & Installers, also supported by the growth drivers of energy transition and decarbonisation, namely expansion and enhancement of electricity grids, power generation from renewable sources, the development of clouding and the development of the non-residential construction market. In addition, the Power Distribution business enjoyed double-digit growth in all regions.
Trade & Installers enjoyed positive organic growth, albeit with geographical differences: good in South, North and Central Europe, recovering in the Middle East and slightly down in the United Kingdom. Growth was robust in North America and in line with expectations in LATAM and APAC. These factors significantly boosted the profitability of the Trade & Installers business compared with the previous year.

The Power Distribution business posted very strong organic growth in every region. There was a general improvement in profitability, due to the recovery of rising costs through higher sales prices and a favourable product mix in the Middle East, North America and LATAM. In Europe, persistently strong price pressure, especially in Central Europe and the United Kingdom, and difficulties in recovering key commodity price increases were partially offset by gains in industrial efficiency.

In the Overhead Lines business, volumes reported a year-on-year contraction in both North America and LATAM, despite which a good level of profitability was achieved.

Given the factors described above, Adjusted EBITDA for 2022 came to Euro 736 million, versus Euro 356 million in 2021, reflecting an increase of Euro 380 million (+107.2%), of which Euro 66 million attributable to exchange rate effects. The Energy & Infrastructure business reported a margin of 9.0%.

INDUSTRIAL & NETWORK COMPONENTS

(Euro/million)	2022	2021	% Change	2020
Sales	3,442	2,838	21.3%	2,252
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**251**	**195**	**28.6%**	**165**
% of sales	7.3%	6.9%		7.3%
Adjusted EBITDA	**252**	**196**	**28.5%**	**166**
% of sales	7.3%	6.9%		7.4%
Adjusted operating income	**186**	**139**	**33.6%**	**109**
% of sales	5.4%	4.9%		4.8%

The Industrial & Network Components business incorporates products and cables for Specialties, Renewable & OEMs, Elevators & Escalators, Automotive and Network Components, Oil & Gas and EOSS-Electronics and Optical Sensing Solutions. For a better understanding of the business, please refer to the "Group Organisation" section of this report.

FINANCIAL PERFORMANCE

Sales by the Industrial & Network Components business area amounted to Euro 3,442 million in 2022, versus Euro 2,838 million in 2021, recording a positive change of Euro 604 million (+21.3%), the main components of which were as follows:

- positive organic sales growth of Euro 247 million (+8.7%);
- positive change of Euro 237 million (+8.3%) for exchange rate fluctuations;
- sales price increase of Euro 110 million (+3.9%) for metal price fluctuations;
- positive change of Euro 10 million (+0.4%) due to the acquisition of Omnisens S.A..

Industrial & Network Components enjoyed a positive performance in 2022, thanks to strong growth in the OEM business and especially in Renewables. This performance benefited from growing trends towards both renewables and electrification.

Specialties, OEM and Renewables all recorded growth in both volumes and profitability, with strong organic growth in line with forecast market trends and displaying good resilience to the global economic situation, particularly in Europe, LATAM and APAC. The Renewables business, reported a very strong growth in Europe and LATAM, while the OEM business turned in a robust performance in the mobility and mining sectors.

The Elevator business enjoyed a positive performance in all regions, making up for the difficulties experienced in China caused by partial Covid-19 lockdowns.

There was a slight downturn in organic growth by the Automotive business, with a contraction in volumes in North America and Asia.

The Network Components business area grew compared with 2021, driven by the MV segment in the Americas, which was nonetheless stable in Europe despite strong price pressure. The HV and EHV businesses both reported stronger growth than in the previous year, with the recovery due to the phasing of certain projects in APAC and LATAM.

Given the factors described above, Adjusted EBITDA in 2022 came to Euro 252 million, up from Euro 196 million in 2021, reflecting an increase of Euro 56 million (+28.5%), of which Euro 22 million attributable to exchange rate effects.
The Industrial & Network Components business reported a margin of 7.3%, up from 6.9% in the previous year.

OTHER

(Euro/million)	2022	2021	2020
Sales	395	358	220
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**(14)**	**(6)**	**(1)**
Adjusted EBITDA	**(14)**	**(6)**	**(1)**
Adjusted operating income	**(18)**	**(10)**	**(6)**

This business area encompasses occasional sales by Prysmian Group operating units of intermediate goods, raw materials or other products forming part of the production process. These sales are normally linked to local business situations, do not generate high margins and can vary in size and from period to period.

Review of Telecom operating segment

(Euro/million)	2022	2021	% Change	2020
Sales	1,873	1,585	18.2%	1,371
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**231**	**206**	**12.1%**	**200**
% of sales	12.3%	13.0%		14.6%
Adjusted EBITDA	**271**	**220**	**23.1%**	**214**
% of sales	14.5%	13.9%		15.6%
Adjustments	(8)	9		8
EBITDA	**263**	**229**	**15.1%**	**222**
% of sales	14.0%	14.4%		16.2%
Amortisation and depreciation	(80)	(76)		(76)
Adjusted operating income	**191**	**144**	**33.3%**	**138**
% of sales	10.2%	9.1%		10.1%

The Telecom segment encompasses the manufacture and development of a wide range of cable systems and connectivity products used in telecommunication networks. This segment consists of the following businesses: Fibre Optics, MMS Multimedia Specials and Telecom Solutions, as better described in the "Group Organisation" section of this report.
Some of the businesses within this segment qualify for classification in the economic activities eligible for the purposes of the European taxonomy, specifically, in activity 3.6 "Manufacture of other low carbon technologies", as explained in more detail in the "European Taxonomy" section of this report.

FINANCIAL PERFORMANCE

Sales by the Telecom operating segment came to Euro 1,873 million at the end of 2022, compared with Euro 1,585 million in 2021.
The positive change of Euro 288 million (+18.2%) is explained by:

- organic sales growth of Euro 173 million (+10.9%);
- sales price increase of Euro 18 million (+1.1%) for metal price fluctuations;
- positive change of Euro 97 million (+6.2%) for exchange rate fluctuations.

Organic sales growth in 2022 was driven by continued progress in the optical business, particularly in North America, which reported rising volumes and prices.

In Europe, there was a slight recovery in volumes. Major European customers accepted an upward price revision justified by the rising cost of raw materials and energy.

Globally, copper cables continued their steady decline with the retirement of traditional networks in favour of new-generation ones.

The high value-added business of optical connectivity accessories continued to perform well, prompted by the development of new FTTx (last-mile broadband) networks, particularly in Great Britain.
The Multimedia Solutions business recorded positive organic growth due to an upturn in North American market volumes.

Adjusted EBITDA for 2022 came to Euro 271 million, reporting an increase of Euro 51 million (+23.1%) from Euro 220 million in 2021.
The Telecom segment posted a margin of 14.5% (13.9% in 2021).

The segment's good results were also linked to Prysmian's ability to provide the market with innovative products in response to cloudification and data booming megatrends. These trends have driven the Group towards an investment strategy aimed at increasing optical cable production capacity in North America (for example, the investments in the Jackson plant).

Results by geographical area

(Euro/million)	Sales		Adjusted EBITDA	
	2022	2021	2022	2021
EMEA*	6,381	5,272	311	265
North America	5,132	3,808	722	336
Latin America	1,275	1,060	120	99
Asia Pacific	1,118	1,002	92	66
Total (excluding Projects)	**13,906**	**11,142**	**1,245**	**766**
Projects	2,161	1,594	243	210
Total	**16,067**	**12,736**	**1,488**	**976**

(*) EMEA = Europe, Middle East and Africa

As stated in the Explanatory Notes to the current Annual Integrated Report, the Group's operating segments are: Energy, Projects and Telecom, reflecting the structure used in the periodic reports prepared to review business performance. The primary performance indicator used in these reports, presented by macro type of business (Energy, Projects and Telecom), is Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income and taxes.

Although the primary operating segments remain those by business, in order to provide users of the financial statements with information that is more consistent with the Group's greater geographical diversification following the General Cable acquisition, Sales and Adjusted EBITDA have been reported above by geographical area, excluding the Projects business whose geographical breakdown is unrepresentative.
For this purpose, sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold.

EMEA
The EMEA region's sales amounted to Euro 6,381 million in 2022, reflecting year-on-year organic growth of +10.7%. Adjusted EBITDA came to Euro 311 million (Euro 265 million in 2021), reporting a margin on sales of 4.9%, (5.0% in 2021). The solid results are attributable to the Energy & Infrastructure, OEM and Renewables businesses.

North America
The region's sales amounted to Euro 5,132 million in 2022, reflecting year-on-year organic growth of +18.3%. Adjusted EBITDA amounted to Euro 722 million (Euro 336 million in 2021), reporting a margin on sales of 14.1% (8.8% in 2021). All the main business areas recorded excellent results thanks to the Group's position as market leader.

LATAM
The LATAM region's sales amounted to Euro 1,275 million in 2022, reflecting organic growth of +8.2%. Adjusted EBITDA came to Euro 120 million (Euro 99 million in 2021), reporting a margin on sales of 9.4%, like the year before. Growth was primarily driven by the Renewables business which, together with Energy & Infrastructure, accounted for the increase in Adjusted EBITDA.

APAC
The APAC region's sales amounted to Euro 1,118 million in 2022, reflecting organic growth of +0.7%. Adjusted EBITDA came to Euro 92 million (Euro 66 million in 2021), reporting a margin on sales of 8.2% (6.6% in 2021). The Group has recorded a positive performance, despite Covid impacting China results. The positive performance was also supported by recovery in the performance of the associate Yangtze Optical Fibre and Cable.

Group statement of financial position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Euro/million)	31.12.2022	31.12.2021*	Change	31.12.2020
Net fixed assets	5,583	5,307	276	4,971
Net working capital	614	650	(36)	523
Provisions and net deferred taxes	(680)	(662)	(18)	(579)
Net invested capital	**5,517**	**5,295**	**222**	**4,915**
Employee benefit obligations	329	446	(117)	506
Total equity	3,771	3,089	682	2,423
of which attributable to non-controlling interests	186	174	12	164
Net financial debt	1,417	1,760	(343)	1,986
Total equity and sources of funds	**5,517**	**5,295**	**222**	**4,915**

(*) The previously published comparative figures have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in the Explanatory Notes: Section C. Restatement of comparative figures.

NET FIXED ASSETS

(Euro/million)	31.12.2022	31.12.2021*	Change	31.12.2020
Property, plant and equipment	3,020	2,794	226	2,648
Intangible assets	2,164	2,140	24	1,997
Equity-accounted investments	387	360	27	312
Other investments at fair value through other comprehensive income	12	13	(1)	13
Assets and liabilities held for sale	-	-	-	1
Net fixed assets	**5,583**	**5,307**	**276**	**4,971**

(*) The previously published comparative figures have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in the Explanatory Notes: Section C. Restatement of comparative figures.

At 31 December 2022, net fixed assets amounted to Euro 5,583 million, compared with Euro 5,307 million at 31 December 2021, posting an increase of Euro 276 million mainly due to the combined effect of the following factors:

- Euro 452 million in net capital expenditure on property, plant and equipment and intangible assets;
- Euro 403 million in amortisation, depreciation and impairment for the period;
- Euro 58 million in increases for property, plant and equipment accounted for in accordance with IFRS 16;
- Euro 123 million in positive currency translation differences affecting property, plant and equipment and intangible assets;
- Euro 27 million for the net increase in equity-accounted investments;
- Euro 21 million for monetary revaluations due to hyperinflation.

NET WORKING CAPITAL

The following table analyses the main components of net working capital:

(Euro/million)	31.12.2022	31.12.2021	Change	31.12.2020
Inventories	2,241	2,054	187	1,531
Trade receivables	1,942	1,622	320	1,374
Trade payables	(2,718)	(2,592)	(126)	(1,958)
Other receivables/(payables)	(856)	(608)	(248)	(515)
Net operating working capital	**609**	**476**	**133**	**432**
Derivatives	5	174	(169)	91
Net working capital	**614**	**650**	**(36)**	**523**

Net working capital of Euro 614 million at 31 December 2022 was Euro 36 million lower than the corresponding figure of Euro 650 million at 31 December 2021. Net operating working capital, which excludes the value of derivatives, amounted to Euro 609 million at 31 December 2022, remaining proportionately in line with the figure reported a year earlier. In fact, as a percentage of annualised last-quarter sales, net working capital was 3.8%, just slightly above the prior year figure of 3.5%.

EQUITY

The following table reconciles the Group's equity and net profit/(loss) for 2022 with the corresponding figures reported by Prysmian S.p.A., the Parent Company.

(Euro/million)	Equity at 31.12.2022	Net profit/ (loss) 2022	Equity at 3.12.2021	Net profit/ (loss) 2021
Parent Company Financial Statements	**2,461**	**144**	**2,295**	**139**
Share of equity and net profit of consolidated subsidiaries, net of carrying amount of the related investments	1,416	638	870	293
Reversal of dividends distributed to the Parent Company by consolidated subsidiaries	-	(243)	-	(121)
Deferred taxes on earnings/reserves distributable by subsidiaries	(60)	(30)	(30)	-
Elimination of intercompany profits and losses included in fixed assets	(31)	3	(35)	2
Elimination of intercompany profits and losses included in inventories	(15)	(3)	(12)	(3)
Non-controlling interests	(186)	(5)	(173)	(2)
Consolidated Financial Statements	**3,585**	**504**	**2,915**	**308**

NET FINANCIAL DEBT

The following table provides a detailed breakdown of net financial debt:

(Euro/million)	31.12.2022	31.12.2021	Change	31.12.2020
Long-term financial payables				
CDP Loans	175	175	-	100
EIB Loans	245	110	135	110
Non-convertible bond	-	-	-	748
Convertible Bond 2021	718	707	11	-
Convertible Bond 2017	-	-	-	489
Sustainability-Linked Term Loan 2022	1,191	-	1,191	-
Term Loan	-	998	(998)	996
Unicredit Loan	-	200	(200)	200
Mediobanca Loan	100	100	-	100
Intesa Loan	150	150	-	150
Lease liabilities	156	158	(2)	143
Interest rate swaps	-	3	(3)	12
Other financial payables	9	8	1	9
Total long-term financial payables	**2,744**	**2,609**	**135**	**3,057**
Short-term financial payables				
CDP Loans	1	-	1	1
EIB Loans	1	-	1	8
Non-convertible bond	-	763	(763)	14
Convertible Bond 2017	-	250	(250)	-
Sustainability-Linked Term Loan 2022	6	-	6	-
Term Loan	-	1	(1)	1
Unicredit Loan	200	-	200	-
Intesa Loan	1	-	1	
Lease liabilities	58	53	5	52
Interest rate swaps	-	6	(6)	7
Forward currency contracts on financial transactions	7	3	4	9
Other financial payables	56	56	-	51
Total short-term financial payables	**330**	**1,132**	**(802)**	**143**
Total financial liabilities	**3,074**	**3,741**	**(667)**	**3,200**
Long-term financial receivables	3	3	-	2
Long-term bank fees	-	1	(1)	3
Financial assets at amortised cost	3	3	-	4
Non-current interest rate swaps	59	-	59	-
Current interest rate swaps	13	-	13	-
Current forward currency contracts on financial transactions	3	3	-	4
Short-term financial receivables	8	12	(4)	4
Short-term bank fees	2	2	-	2
Financial assets at fair value through profit or loss	270	244	26	20
Financial assets at fair value through other comprehensive income	11	11	-	11
Financial assets held for sale	-	-	-	1
Cash and cash equivalents	1,285	1,702	(417)	1,163
Total financial assets	**1,657**	**1,981**	**(324)**	**1,214**
Net financial debt	**1,417**	**1,760**	**(343)**	**1,986**

Net financial debt of Euro 1,417 million at 31 December 2022 has decreased by Euro 343 million from Euro 1,760 million at 31 December 2021. As regards the principal factors behind the change in net financial debt, reference should be made to the next section containing the "Statement of cash flows".

STATEMENT OF CASH FLOWS

(Euro/million)	2022	2021	Change	2020
EBITDA	**1,387**	**927**	**460**	**781**
Changes in provisions (including employee benefit obligations)	15	19	(4)	(163)
Net gains on disposal of fixed assets	(1)	(2)	1	(20)
Share of net profit/(loss) of equity-accounted companies	(47)	(27)	(20)	(18)
Net cash flow from operating activities (before changes in net working capital)	**1,354**	**917**	**437**	**580**
Changes in net working capital	(105)	(28)	(77)	259
Taxes paid	(221)	(120)	(101)	(142)
Dividends from equity-accounted companies	10	8	2	8
Net cash flow from operating activities	**1,038**	**777**	**261**	**705**
Cash flow from acquisitions and/or disposals	(7)	(93)	86	(5)
Net cash flow used in operating investing activities	(452)	(275)	(177)	(244)
Free cash flow (unlevered)	**579**	**409**	**170**	**456**
Net finance costs	(71)	(79)	8	(86)
Free cash flow (levered)	**508**	**330**	**178**	**370**
Dividend distribution	(148)	(134)	(14)	(70)
Capital contributions and other changes in equity	-	1	(1)	1
Net cash flow provided/(used) in the year	**360**	**197**	**163**	**301**
Opening net financial debt	**(1,760)**	**(1,986)**	**226**	**(2,140)**
Net cash flow provided/(used) in the year	360	197	163	301
Equity component of Convertible Bond 2021	-	49	(49)	-
Partial redemption of Convertible Bond 2017	-	(13)	13	-
Increase in net financial debt for IFRS 16	(58)	(63)	5	(79)
Net financial debt from acquisitions and divestments	-	8	(8)	-
Other changes	41	48	(7)	(68)
Closing net financial debt	**(1,417)**	**(1,760)**	**343**	**(1,986)**

Net financial debt of Euro 1,417 million at the end of 2022 is Euro 343 million lower than at the end of 2021 (Euro 1,760 million). This reduction was made possible by the free cash flow generated by the Group of Euro 559 million, excluding Euro 7 million in flows from acquisitions and disposals and excluding Euro 44 million in outflows for antitrust matters. The net inflow of Euro 559 million was generated by:

a. Euro 1,405 million in net cash flow provided by operating activities before changes in net working capital;
b. Euro 105 million in cash flow absorbed by the increase in net working capital;
c. Euro 7 million in cash outlays for restructuring costs;
d. Euro 452 million in net capital expenditure;
e. Euro 71 million in payments of net finance costs;
f. Euro 221 million in tax payments;
g. Euro 10 million in dividends received from associates.

Alternative performance indicators

In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified statements and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. Such reclassified statements and performance indicators should not however be treated as substitutes for the accepted ones required by IFRS.
In this regard, on 3 December 2015, Consob adopted the ESMA guidelines in Italy with publication of "ESMA Guidelines/2015/1415" which supersede the "CESR Recommendation 2005 (CESR/05-178b)". The alternative performance measures have therefore been revised in light of these guidelines.

The alternative indicators used for reviewing the income statement include:

- **Adjusted operating income**: operating income before income and expense for business reorganisation[12], before non-recurring items[13], as presented in the consolidated income statement, before other non-operating income and expense[14] and before the fair value change in metal derivatives and in other fair value items. The purpose of this indicator is to present the Group's operating profitability without the effects of events considered to be outside its recurring operations;

- **EBITDA**: operating income before the fair value change in metal price derivatives and in other fair value items and before amortisation, depreciation and impairment. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;

- **Adjusted EBITDA**: EBITDA as defined above calculated before income and expense for business reorganisation, before non-recurring items, as presented in the consolidated income statement, and before other non-operating income and expense. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items, without the effects of events considered to be outside the Group's recurring operations;

- **Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies**: Adjusted EBITDA as defined above calculated before the share of net profit/(loss) of equity-accounted companies;

- **Organic growth**: growth in sales calculated net of changes in the scope of consolidation, changes in metal prices and exchange rate effects.

The alternative indicators used for reviewing the reclassified statement of financial position include:

- **Net fixed assets:** sum of the following items contained in the statement of financial position:
  - Intangible assets
  - Property, plant and equipment
  - Equity-accounted investments
  - Other investments at fair value through other comprehensive income
  - Assets held for sale involving Land and Buildings (excluding financial assets and liabilities held for sale)

- **Net working capital:** sum of the following items contained in the statement of financial position:
  - Inventories
  - Trade receivables
  - Trade payables
  - Other non-current receivables and payables, net of long-term financial receivables classified in net financial debt
  - Other current receivables and payables, net of short-term financial receivables classified in net financial debt
  - Derivatives, net of interest rate and forex risk hedges of financial transactions classified in net financial debt
  - Current tax payables
  - Current assets and current liabilities held for sale

12 Income and expense for business reorganisation: these refer to income and expense that arise as a result of the closure of production facilities and/or as a result of projects to optimise organisational structure;
13 Non-recurring income and expense: these refer to income and expense related to unusual events that have not affected profit or loss in past periods and are not likely to affect the results in future periods;
14 Other non-operating income and expense: these refer to income and expense that management considers should not be taken into account when measuring business performance.

- **Net operating working capital:** net working capital, as defined above, net of derivatives not classified in net financial debt.

- **Provisions and net deferred taxes:** sum of the following items contained in the statement of financial position:
  - Provisions for risks and charges – current portion
  - Provisions for risks and charges – non-current portion
  - Provisions for deferred tax liabilities
  - Deferred tax assets

- **Net invested capital:** sum of Net fixed assets, Net working capital and Provisions.

- **Employee benefit obligations** and **Total equity:** these indicators correspond to Employee benefit obligations and Total equity reported in the statement of financial position.

- **Net financial debt:** sum of the following items:
  - Borrowings from banks and other lenders – non-current portion
  - Borrowings from banks and other lenders – current portion
  - Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial receivables
  - Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial receivables
  - Derivatives on financial transactions recorded as Non-current derivatives and classified under Long-term financial payables
  - Derivatives on financial transactions recorded as Current derivatives and classified under Short-term financial payables
  - Medium/long-term financial receivables recorded in Other non-current receivables
  - Loan arrangement fees recorded in Other non-current receivables
  - Short-term financial receivables recorded in Other current receivables
  - Loan arrangement fees recorded in Other current receivables
  - Financial assets at amortised cost
  - Financial assets at fair value through profit or loss
  - Financial assets at fair value through other comprehensive income
  - Cash and cash equivalents

RECONCILIATION BETWEEN THE RECLASSIFIED STATEMENT OF FINANCIAL POSITION PRESENTED IN THE DIRECTORS' REPORT AND THE STATEMENT OF FINANCIAL POSITION CONTAINED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES AT 31 DECEMBER 2022

(Euro/million)		Note	31.12.2022 As per financial statements	31.12.2021(*) As per financial statements
Total net fixed assets	A		**5,583**	**5,307**
Inventories		6	2,241	2,054
Trade receivables		5	1,942	1,622
Trade payables		12	(2,718)	(2,592)
Other receivables		5	1,012	661
Other payables		12	(1,722)	(1,197)
Current tax payables			(133)	(54)
Derivatives		8	73	165
Items not included in net working capital:				
Financial receivables		5	11	15
Prepaid finance costs		5	2	3
Interest rate swaps		8	72	(9)
Forward currency contracts on financial transactions		8	(4)	-
Total net working capital	B		**614**	**650**
Provisions for risks and charges		13	(696)	(654)
Deferred tax assets		15	203	182
Deferred tax liabilities		15	(187)	(190)
Total provisions	C		**(680)**	**(662)**
Net invested capital	D=A+B+C		**5,517**	**5,295**
Employee benefit obligations	E	**14**	**329**	**446**
Total equity	F	**10**	**3,771**	**3,089**
Borrowings from banks and other lenders		11	3,067	3,729
Financial assets at amortised cost			(3)	(3)
Financial assets at fair value through profit or loss		4	(270)	(244)
Financial assets at fair value through other comprehensive income		7	(11)	(11)
Cash and cash equivalents		9	(1,285)	(1,702)
Financial receivables		5	(11)	(15)
Prepaid finance costs		5	(2)	(3)
Interest rate derivatives		8	(72)	9
Forward currency contracts on financial transactions		8	4	-
Net financial debt	G		**1,417**	**1,760**
Total equity and sources of funds	H=E+F+G		**5,517**	**5,295**

(*) The previously published comparative figures have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in the Explanatory Notes: Section C. Restatement of comparative figures.

RECONCILIATION BETWEEN THE PRINCIPAL INCOME STATEMENT INDICATORS AND THE INCOME STATEMENT CONTAINED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES FOR 2022

(Euro/million)		2022	2021
		As per financial statements	As per financial statements
Sales	A	16,067	12,736
Change in inventories of finished goods and work in progress		(30)	229
Other income		70	125
Raw materials, consumables and supplies		(10,588)	(8,906)
Personnel costs		(1,758)	(1,486)
Other expenses		(2,525)	(1,831)
Operating costs	B	**(14,831)**	**(11,869)**
Share of net profit/(loss) of equity-accounted companies	C	47	27
Fair value stock options	D	104	33
EBITDA	E = A+B+C+D	**1,387**	**927**
Other non-recurring expenses and revenues	F	(47)	(2)
Personnel costs for business reorganisations	G	(6)	(13)
Other expenses and revenues for business reorganisations	H	(5)	(8)
Other non-operating expenses	I	(43)	(26)
Total adjustments to EBITDA	L = F+G+H+I	(101)	(49)
Adjusted EBITDA	M = E-L	**1,488**	**976**
Share of net profit/(loss) of equity-accounted companies	N	46	18
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	O = M-N	**1,442**	**958**

(Euro/million)		2022	2021
		As per financial statements	As per financial statements
Operating income	A	**849**	**572**
Other non-recurring expenses and revenues		(47)	(2)
Personnel costs for business reorganisations		(6)	(13)
Other expenses and revenues for business reorganisations		(5)	(8)
Other non-operating expenses		(43)	(26)
Total adjustments to EBITDA	B	**(101)**	**(49)**
Fair value change in metal derivatives	C	(31)	13
Fair value stock options	D	(104)	(33)
Non-recurring impairment and releases	E	(34)	(6)
Adjusted operating income	F=A-B-C-D-E	**1,119**	**647**

16. RISK FACTORS

Prysmian Risk Model

Prysmian Group's value creation policy has always been based on effective management of risks and opportunities. Since 2012, by adopting the provisions on risk management introduced by the "Italian Stock Exchange Corporate Governance Code for Listed Companies" (Corporate Governance Code), Prysmian has taken the opportunity to strengthen its governance model and implement an evolving system of Risk Management that promotes proactive management of risks and opportunities using a structured and systematic tool to support the main business decision-making processes. In fact, this Enterprise Risk Management (ERM) model, developed in line with internationally recognised models and best practices, such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO 31000, enables the Board of Directors and management to make informed assessments of risk scenarios that could jeopardise the achievement of strategic objectives, and to adopt additional tools able to anticipate, mitigate or manage significant exposures and to pursue opportunities, in line with the Group's Risk Appetite, defined as the type and extent of risk that Prysmian is able and willing to assume.

The Group Chief Risk Officer (CRO), designated to manage the ERM process, is responsible for ensuring, together with management, that the main risks/opportunities facing Prysmian and its subsidiaries are promptly identified, assessed, managed and monitored over time. A special Internal Risk Management Committee (consisting of the Group's Senior Management) also ensures, through the CRO, that the ERM process develops dynamically, by taking account of changes in the business, needs and events that have an impact on the Group over time. The CRO reports periodically on such developments to senior management. Reference should be made to the "Corporate Governance" section of this report for a discussion of the governance structure adopted and the responsibilities designated to the bodies involved.

The ERM model adopted (and formalised within the Group ERM Policy which incorporates the guidelines for the Internal Control and Risk Management System approved by the Board of Directors back in 2014) follows a top-down approach, meaning it is directed by Senior Management and medium/long-term business objectives and strategies. It extends to all the types of risk/opportunity for the Group, represented in the Risk Model - shown in the following diagram - that uses five categories to classify the risks of an internal or external nature characterising the Prysmian business model:

- Strategic Risks: risks arising from external or internal factors such as changes in the market environment, from bad and/or improperly implemented corporate decisions and from failure to react to changes in the competitive environment, which could therefore threaten the Group's competitive position and achievement of its strategic objectives;

- Financial Risks: risks associated with the quantity of financial resources available and with the ability to manage currency and interest rate volatility efficiently;

- Operational Risks: risks arising from the occurrence of events or situations that, by limiting the effectiveness and efficiency of key processes, affect the Group's ability to create value;

- Legal and Compliance Risks: risks related to violations of national, international and industry-specific legal and regulatory requirements, and to unprofessional conduct in conflict with company ethics, exposing the Group to possible penalties and undermining its reputation in the marketplace;

- Planning and Reporting Risks: risks related to the adverse effects of disclosing incomplete, incorrect and/or untimely information with possible impacts on the Group's strategic, operational and financial decisions.

STRATEGIC

Macroeconomic and demand trends & Competitive environment
Stakeholder expectations and Corporate Social Responsibility
Key customers & business partners
Emerging country risk
Law & regulation evolution
Research & Development
M&A / JVs and integration process
Operating CAPEX
Strategy implementation
Organisational framework & governance

FINANCIAL

Commodity price volatility
Exchange rate volatility
Commodity interest rate volatility
Financial instruments
Credit risk
Liquidy risk / Working Capital risk
Capital availability / cost risk
Financial counterparties

OPERATIONAL

Sales & Tendering
Production Capaccity / Efficiency
Supply Chain Capacity / Efficiency
Business interruption / Catastrophic events
Contract execution / Liabilities
Product quality/Liabilities
Environmental
Information Technology
Human Resources
Outsourcing

LEGAL & COMPLIANCE

Intellectual Property rights
Compliance with laws and regulations
Compliance with Code of Ethics, Policies & Procedures

PLANNING & REPORTING

Budgeting & Strategic planning
Tax & Financial planning
Management reporting - Financial reporting

Members of management involved in the ERM process are required to use a clearly defined common method to measure and assess specific risk events in terms of Impact, Probability of occurrence and adequacy of the existing Level of Risk Management, meaning:

- **economic-financial impact** on expected EBITDA or cash flow, net of any insurance coverage and countermeasures in place, and/or qualitative impact on **reputation** and/or **operational efficiency/ continuity** and **sustainability**, measured on a scale that goes from minor (1) to very high (4);
- **probability** that a particular event may occur within the specific planning period, measured on a scale that goes from remote (1) to probable (4);
- **level of control,** meaning the maturity and efficiency of existing risk management systems and processes, measured on a scale that goes from adequate (green) to inadequate/non-existent (red).

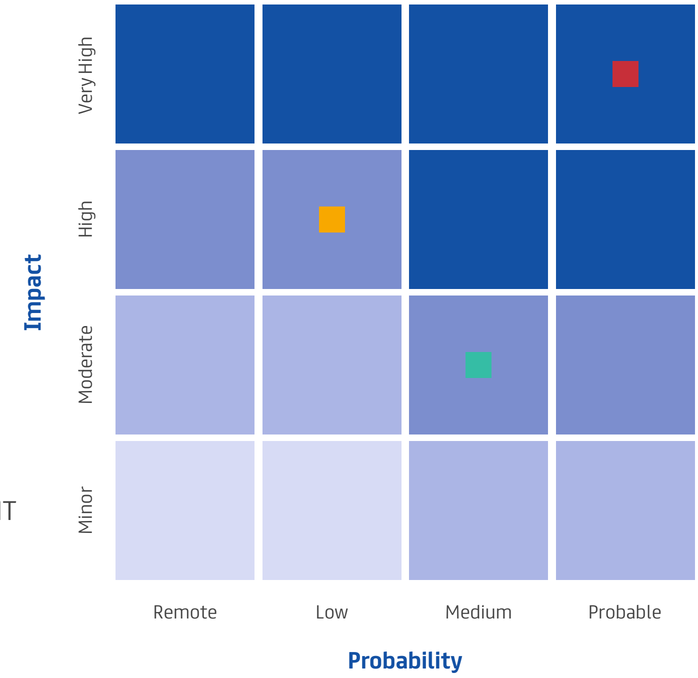
The overall assessment must also take into account the future outlook for risk, i.e. the possibility that the exposure is increasing, constant or decreasing over the period considered.
The results of measuring exposure to the risks analysed are then represented on a 4x4 heat map, which, by combining the variables in question, provides an immediate picture of the most significant risk events.

Risk assessment criteria

Assessment criteria
Impact
Probability
Level of Control

Level of Risk Management

- Risk NOT ADEQUATELY understood and/or managed
- Risk understood and/or managed with ROOM FOR IMPROVEMENT
- Risk ADEQUATELY understood and/or managed



This overall picture of the Group's risks allows the Board of Directors and Management to reflect upon the level of the Group's risk appetite, and so identify the risk management strategies to adopt, by assessing which risks and with what priority it is thought necessary to implement, improve and optimise mitigation actions or simply to monitor the exposure over time. The adoption of a particular risk management strategy, however, depends on the nature of the risk event identified, so in the case of:

- *external risks outside* the Group's control, it will be possible to implement tools that support the assessment of scenarios should the risk materialise, by defining the possible action plans to mitigate impacts (e.g. continuous monitoring activities, stress testing of the business plan, taking out of insurance coverage, disaster recovery plans, and so on);
- *risks partially manageable* by the Group, it will be possible to intervene through systems of risk transfer, monitoring of specific indicators of risk, hedging activities, and so on;
- *internal risks manageable* by the Group, it will be possible, as risks inherent in the business, to take targeted actions to prevent risk and minimise impacts by implementing an adequate system of internal controls and related monitoring and auditing.

ERM is a continuous process that, as stated in the ERM Policy, forms part of the Group's strategic planning process through identifying potential events that could affect its sustainability, and which is updated annually with the involvement of key members of management.
In 2022, this process involved the Group's key business/function managers, allowing the most significant risk factors to be identified, assessed and managed, including sustainability and climate change issues, aimed at ensuring lasting value creation for shareholders and stakeholders.
In particular, as early as 2021, the Group, with the extensive involvement of its management, had embarked upon a detailed analysis of the topic of climate change and energy transition. This work, developed in accordance with the requirements of the framework of the Task Force on Climate-related Financial Disclosures (TCFD), has made it possible to identify and assess the risks for monitoring and opportunities for pursuit in the short, medium and long term, arising from the transition induced by ever stricter decarbonisation policies. Further information on the analysis, assessment and management of climate change risks and opportunities can be found in the specific and separately published TCFD Report 2022.

The main risk factors to which the Group's particular type of business model is exposed will now be presented according to the classification in five families (strategic, financial, operational, legal and compliance and planning and reporting) used in the Risk Model described earlier, along with an outline of the strategies adopted to mitigate these risks.
Among the main risk factors, those related to ESG (Environment, Social, Governance) issues have also been assessed and reported, taking into account the Group's latest update of its materiality matrix for the purposes of the Non-Financial Statement. More details can be found in the specific section of the Non-Financial Statement.

With regard to financial risks, these are discussed in more detail in the Explanatory Notes to the Consolidated Financial Statements (Financial Risk Management). As stated in the Explanatory Notes to the Consolidated Financial Statements (Basis of preparation), the Directors have assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months. In particular, based on its financial performance and cash generation in recent years, as well as its available financial resources at 31 December 2022, the Directors believe that, barring any unforeseeable extraordinary events, there are no material uncertainties that could cast significant doubts upon the business's ability to continue as a going concern.

Strategic risks

Risks associated with the competitive environment

Many of the products offered by Prysmian Group, primarily in the Trade & Installers and Power Distribution businesses, are made in conformity with specific industrial standards and so are interchangeable with those offered by major competitors. Price is therefore a key factor in customer choice of supplier. The entry into mature markets (e.g. Europe) of non-traditional competitors, meaning small to medium manufacturing companies with low production costs, and the need to saturate production capacity, together with the possible occurrence of a contraction in market demand, translate into strong competitive pressure on prices, with possible consequences for the Group's expected margins.

Moreover, despite the existence of certain barriers to entry (such as those related to ownership of technology and know-how) high value-added businesses like high voltage underground and submarine cables and optical cables are seeing an escalation in competition both from existing operators and from new players, not necessarily from the industry but with leaner more flexible organisational models, and/or significant financial resources, with a potentially negative impact on both the Group's sales volumes and prices.
Prysmian may be unable either to reduce its costs sufficiently to offset the reduction in demand and the increased pressure on prices, or to effectively limit the greater competition from both new entrants and existing players, which could have a material adverse effect on its economic and financial condition and/or results of operations.
In addition, the acceleration of technological innovation observed in recent years, with an increasingly widespread use of renewable energy and a shift towards digitalisation, also fostered by the Covid-19 pandemic, represents a further area of competition in the medium and long term.
The strategy of rationalising manufacturing footprint currently in progress, the consequent optimisation of cost structure, the policy of geographical diversification and, last but not least, the ongoing pursuit of innovative technological solutions, all help the Group to address the potential effects arising from the competitive environment.

Risks associated with changes in macroeconomic conditions and demand

Factors such as trends in GDP and interest rates, the ease of borrowing, the cost of raw materials, and the general level of energy costs, significantly influence market demand. In such circumstances, government incentives for alternative energy sources and to develop telecommunication networks could diminish.
Shortages of equipment, materials and labour in some sectors could hamper the production of goods, causing delays in contract execution and holding back economic recovery. Economic downturns could have negative impacts on the financial condition and results of operations of Prysmian Group.

To counter this risk, the Group is pursuing a policy of geographical diversification on the one hand and a strategy of cost reduction on the other.
In addition, the Group constantly monitors developments on the global geopolitical stage which, as a result - for

example - of the introduction of specific industrial policies by individual countries, could require it to revise existing business strategies and/or adopt mechanisms to safeguard its competitive position.

Key customer dependence risks

The many and diverse types of customers (power transmission and telecom systems operators, distributors, installers, etc.) and their distribution across an equally wide number of different countries mitigate customer dependence risk at a group level.

Risk of instability in the Group's countries of operation

Prysmian Group operates and has production facilities and/or companies in Asia, Latin America, the Middle East, Africa and Eastern Europe. The Group's operations in these countries are exposed to different risks linked to local regulatory and legal systems, the imposition of tariffs or taxes, exchange rate volatility, and political and economic instability affecting the ability of business and financial partners to meet their obligations.
Some of the Group's facilities, particularly in certain locations, are at greater risk of experiencing economic and political destabilisation, international conflicts, restrictive actions by foreign governments, nationalisation or expropriation, and changes in regulatory requirements. Other difficulties could arise from having to contend with terrorist activities, natural disasters, the introduction of adverse tax laws as well as the development of potential pandemics in countries that do not have the resources to deal with such outbreaks.

Significant changes in the macroeconomic, political (e.g. the current crisis between Russia and Ukraine), fiscal or legislative environment of such countries could have an adverse impact on the Group's business, results of operations, assets and financial condition. Consequently, as mentioned in the preceding paragraphs, the Group constantly monitors developments on the global geopolitical stage that could require it to revise existing business strategies and/or to adopt mechanisms to safeguard its competitive position and performance.

Risk of market contraction or softer demand due to pandemic

The global macroeconomic situation deteriorated over the course of 2020 following the spread of the Covid-19 pandemic.
In response to this health emergency, governments in most countries adopted containment measures, including travel bans, quarantines and other public emergency measures, both in the first phase and during the subsequent waves that followed until 2022. During 2022 there were similar containment measures to those experienced in the early stages of the pandemic but limited to more confined geographies. It cannot be excluded that in the future there may be further restrictions that could lead to serious repercussions on economic activity and on the entire production system. The program of extraordinary measures, swiftly deployed by the Group since the onset of the Covid-19 pandemic, has proved effective and has put people first.

Risks related to acquisitions and disposals

The Group reviews potential acquisition targets on an ongoing basis and whenever it acquires new companies, their integration may pose challenges, particularly if management information and accounting systems are substantially different from those used elsewhere in the Group. It is also possible that unforeseen problems may be encountered in one or more of the acquired entities.

In addition, the Group may have to incur additional debt to finance acquisitions.
Prysmian Group may also dispose of some of its businesses through M&A transactions, themselves subject to uncertainty. Agreements entered into as part of disposal transactions typically provide for mutual obligations as well as representations and warranties and seller obligations to indemnify the buyer for any liabilities arising from the breach of such representations and warranties. In addition, such agreements typically contain conditions precedent that must be satisfied prior to completion, otherwise triggering the buyer's termination rights, meaning that there is no guarantee that outstanding transactions not yet completed will actually be concluded within the specified timeframe.

The following ESG-related risks are discussed in the Non-Financial Statement:

- Risks related to technological innovation and in particular emerging, alternative or replacement climate-related technologies;
- Risk of loss of competitiveness or leadership in the energy transition business;
- Risks associated with managing third-party patents for increasingly complex products.

Financial risks

Risks associated with availability of financial resources and their cost

The volatility of the international banking and financial system could be a potential risk factor in terms of obtaining finance and its associated cost. In addition, failure to comply with the financial and non-financial covenants contained in the Group's credit agreements could limit its ability to increase its net indebtedness, other factors remaining equal. In fact, should it fail to satisfy one of these covenants, this would trigger a default event which, unless resolved under the terms of the respective agreements, could lead to their termination and/or early repayment of any credit drawn down. In such a situation, the Group might be unable to repay the amounts demanded early, in turn giving rise to a liquidity risk.

Given the current amount of cash and cash equivalents and undrawn committed credit lines, totalling in excess of Euro 2,285 million at 31 December 2022, and six-monthly monitoring[15] of financial covenant compliance (fully satisfied at 31 December 2022), the Group is of the opinion that it has significantly mitigated this risk and that it is capable of raising sufficient financial resources at a competitive cost. A more detailed analysis of the risk in question, including a description of the Group's principal sources of finance, can be found in the Explanatory Notes to the Consolidated Financial Statements.

Exchange rate volatility

Prysmian Group operates internationally and is therefore exposed to exchange rate risk on the currencies of the different countries in which it operates. Exchange rate risk occurs when future transactions or assets and liabilities recognised in the statement of financial position are denominated in a currency other than the functional currency of the company which undertakes the transaction.

To manage exchange rate risk arising from future trade transactions and from the recognition of foreign currency assets and liabilities, most Prysmian Group companies use forward contracts arranged by Group Treasury, which manages the various positions in each currency.

However, since Prysmian prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally expressed in a foreign currency, could affect the Group's results of operations and financial condition. Exchange rate volatility is monitored both locally and centrally, by the Group Finance department, also using specific indicators designed to intercept potential risk situations which, when deemed to exceed the defined tolerance limits, will trigger immediate mitigating actions. A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Interest rate volatility

Changes in interest rates affect the market value of Prysmian Group's financial assets and liabilities as well as its net finance costs. The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates. Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts since it considers this risk to be immaterial. Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). In order to hedge this risk, the Group uses Interest Rate Swaps (IRS), which transform the variable rate into a fixed rate, thus

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15 The financial covenants are measured at the half-year reporting date of 30 June and at the full-year reporting date of 31 December.

reducing the risk caused by interest rate volatility. IRS contracts make it possible to exchange on specified dates the difference between the fixed rates contracted and the variable rate calculated with reference to the loan's notional value. A potential rise in interest rates, from the record lows reached in recent years, could represent a risk factor in coming quarters.
A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Credit risk

Credit risk is represented by Prysmian Group's exposure to potential losses arising from the failure of business or financial partners to discharge their obligations. This risk is monitored centrally by the Group Finance department, while customer-related credit risk is managed operationally by the individual subsidiaries. The Group does not have any excessive concentrations of credit risk, but given the economic and social difficulties faced by some countries in which it operates, the exposure could undergo a deterioration that would require closer monitoring. Accordingly, the Group has procedures in place to ensure that its business partners are of proven reliability and that its financial partners have high credit ratings.
In addition, in mitigation of credit risk, the Group has a global trade credit insurance program covering almost all its operating companies; this is managed centrally by the Risk Management department, which monitors, with the assistance of the Group's Credit Management function, the level of exposure to risk and intervenes when tolerance limits are exceeded due to difficulty in finding coverage on the market.

It should be noted that credit risk was not particularly impacted during 2022 by the spread of the Covid-19 pandemic nor by the Russian-Ukrainian conflict.
A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Liquidity risk

Liquidity risk indicates the sufficiency of an entity's financial resources to meet its obligations to business or financial partners on the agreed due dates.
With regard to Prysmian Group's working capital cash requirements, these increase significantly during the first half of the year when it commences production in anticipation of order intake, with a consequent temporary increase in net financial debt.
Prudent management of liquidity risk involves the maintenance of adequate levels of cash, cash equivalents and short-term securities, the availability of sufficient committed credit lines, and timely renegotiation of loans before their maturity. Given the dynamic nature of the business in which Prysmian Group operates, the Group Finance department prefers flexible forms of funding in the form of committed credit lines.
At 31 December 2022, the Group's cash and cash equivalents and undrawn committed credit lines totalled in excess of Euro 2 billion.
A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Commodity price volatility risk

The Group's operating results could be affected by changes in the prices of commodities and strategic materials (such as copper, aluminium, lead, resins and polyethylene compounds as well as fuels and energy), which are subject to market volatility.
The main commodities purchased by the Group are copper, aluminium and lead, accounting for more than 50% of the total raw materials used to manufacture its products. The Group neutralises the impact of possible variations in the price of copper, aluminium and, although less significant, lead through hedging activities and automatic sales price adjustment mechanisms. Hedging activities are based on sales contracts or sales forecasts, which if not met, could expose the Group to the risk of price volatility in the underlying assets.
A dedicated team within the Group Purchasing department monitors and coordinates centrally those sales transactions requiring the purchase of metals and the related hedging activities carried out by each subsidiary, ensuring that the level of exposure to risk is kept within defined tolerance limits.
A more detailed analysis of the risk in question can be found in the "Financial Risk Management" section of the Explanatory Notes to the Consolidated Financial Statements.

Risks associated with meeting pension plan obligations

Group companies have defined benefit pension plans in place throughout the world, into which they are required to pay specific contributions. Under these plans, the Group is obliged to provide a defined level of benefits to plan participants, and is therefore subject to the risk that the related assets are insufficient to cover the benefits. If a fund is in deficit, its managing trustee it will require Prysmian Group to fund the plan. In addition, the Group may be called upon to advance substantial contributions or provide further financial support to certain plans if their creditworthiness declines or if beneficiaries withdraw en masse from the plans and require immediate coverage of their deficits. The Group has taken measures to mitigate its exposure to these risks, including by preventing new participants from joining funded plans and requiring ongoing contributions from the original beneficiaries, but there can be no assurance that these measures will be sufficient to mitigate the relevant risks. The costs of defined benefit pension plans are determined on the basis of a number of actuarial assumptions, including an expected long-term rate of return on assets and a discount rate. The use of these assumptions makes pension expense and cash contributions subject to volatility from year to year.
A more detailed analysis of this risk can be found in the note on "Employee benefit obligations" within the Explanatory Notes to the Consolidated Financial Statements.

Operational risks

Liability for product quality/defects

Possible defects in the design and manufacture of Prysmian Group's products could give rise to civil or criminal liability towards its customers or third parties. Therefore, the Group, like other companies in the industry, is exposed to the risk of product liability legal actions in its countries of operation. In line with the practice followed by many industry operators, the Group has taken out insurance which it considers provides adequate protection against the risks arising from such liability. Should such insurance coverage prove insufficient, the Group's results of operations and financial condition could be adversely affected.
In addition, the Group's involvement in this kind of legal action and any negative outcome could expose it to reputational damage, with potentially further adverse consequences for its results of operations and financial condition.

Risks associated with failure to meet contractual conditions in turnkey projects

Turnkey projects involve operational and management complexities that can affect delivery times, the quality of the cables produced, the costs estimated at the contractual stage and, consequently, the agreed consideration and any costs of warranties. The Group uses the percentage of completion method to account for such projects, whereby the margins recognised in its financial statements depend on a project's progress and its estimated margins at completion. Consequently, work in progress and margins on incomplete projects may not be recognised correctly if the revenues and costs of completion, including any contractual variations and cost overruns and penalties that might reduce expected margins, have not been estimated correctly. The percentage of completion method requires the Group to estimate the costs of project completion and involves making estimates based on factors that could change over time and therefore could have a significant impact on the recognition of revenues and margins. Although the Group has policies and procedures designed to manage and monitor the implementation of each project, there can be no assurance that such problems will not arise. This could have a material adverse effect on the Group's business, financial condition and/or results of operations.
Specifically, projects for high/medium voltage submarine or underground power cables are characterised by types of contract entailing "turnkey" or end-to-end project management that therefore demands compliance with deadlines and quality standards, guaranteed by penalties calculated as an agreed percentage of the contract value and that can even result in contract termination if the Group (or its subcontractors and/or other third parties used by the Group in the execution of these projects) fails to comply with specific deadlines and quality standards.
The application of such penalties, the obligation to pay damages, as well as indirect effects on the supply chain in the event of late delivery or manufacturing problems, could significantly affect project performance and hence the Group's margins. Possible damage to market reputation cannot be ruled out.
Given the complexity of turnkey projects, Prysmian Group has implemented a quality management process involving an extensive series of tests on cables and accessories before delivery and installation, as well as ad hoc insurance coverage, often through insurance syndicates, to mitigate exposure to risks starting from the manufacturing stage through to delivery.
In addition, the ERM assessments for this particular risk have led the Risk Management department, with the support of the Sales department, to implement a systematic process of Project Risk Assessment for all turnkey projects, involving the assignment of a Project Risk Manager, right from the bidding stage, with the aim of identifying, assessing and monitoring over time the Group's exposure to specific risks and of foreseeing the necessary mitigation actions. The decision to present a bid proposal to a customer will therefore also depend on the results of risk assessment.
Management periodically assesses completed and ongoing contracts, analysing the risks involved, including a potential domino effect on the order backlog. The Group has set aside specific provisions for such risks that represent the best estimate of the related liabilities based on available information.

Business interruption risk due to dependence on key assets

The submarine cables business is heavily dependent on certain key assets, particularly the plants in Pikkala (Finland) and Arco Felice (Italy) for the production of a particular type of cable, and the cable-laying vessels owned by the Group (the "Giulio Verne" and the "Leonardo da Vinci"), some of whose technical capabilities are hard to find on the market. The loss of one of these assets due to unforeseen natural events (e.g. earthquakes, storms, etc.) or other incidents (e.g. fire, terrorist attacks, etc.) and the consequent prolonged business interruption could have a critical economic impact on the Group's performance. Prysmian addresses asset dependency risk by having:

- a systematic Loss Prevention program, managed centrally by the Risk Management department, which, through periodic on-site inspections, makes it possible to assess the adequacy of existing systems of protection and to decide any necessary remedial actions to mitigate the estimated residual risk. As at 31 December 2022, the Group's operating plants were sufficiently protected and there were no significant risk exposures. Almost all the plants have been classified as "Excellent Highly Protected Rated (HPR)", "Good HPR" or "Good not HPR", in accordance with the methodology defined by internationally recognised best practices in the field of Risk Engineering & Loss Prevention; limited exceptions, in a defined geographical area, have been classified as "Fair", for which a plan to improve and monitor progress has therefore been initiated;
- specific disaster recovery & business continuity plans that make it possible to activate, as quickly as possible, the countermeasures required to contain the impact following a catastrophic event and manage any resulting crisis;
- specific insurance schemes covering damage to assets and loss of associated contribution margin due to business interruption, so as to minimise the financial impact of this risk on cash flow.

Lastly, the construction of a new vessel was announced during the year with similar characteristics to the "Leonardo da Vinci", and due to start operating in 2025.

Key supplier dependence risks

In carrying out its operations, Prysmian Group uses numerous suppliers of goods and services, some of which are important suppliers of raw materials like, for example, certain metals (copper, aluminium and lead) and some polymer compounds, especially in the high voltage and submarine cables business. Dependence on key suppliers obviously constitutes a risk in the event of delivery problems, quality issues or price rises, especially in a context like present, where the pandemic, recent geopolitical crises and even localised events have clearly demonstrated the vulnerability of a complex and now globalised supply chain. In particular, for certain raw material suppliers, Prysmian is potentially exposed to their industrial risk (fire, explosion, flood, etc.). With the objective of preventing and mitigating these risks, the Group has a well-established qualification system to select and work with reliable suppliers of goods and services and, where possible, identify possible alternatives, thus avoiding single-source situations. The mitigation strategy is therefore based on partnerships with a number of key suppliers aimed at reducing the Group's exposure to supply shortages, on close monitoring of their performance and on projects and investments in R&D to develop alternative technical solutions.

Risks of dependence on key distributors and resellers for the non-exclusive sale of the Group's products

Distributors and resellers account for a significant portion of the Group's sales. These distributors and resellers are not contractually obliged to purchase the Group's products on an exclusive basis. Therefore, they may purchase competitor products or cease to purchase the Group's products at any time. The loss of one or more major distributors could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The following ESG-related risks are discussed in the Non-Financial Statement:

- Environmental risks
- Risks related to personnel management (lack or loss of key resources, talent management, etc.)
- Health and safety risks
- Risks related to the sustainability of the Group supply chain
- Cyber security risks
- Risks related to the increased severity of extreme weather events
- Risk related to GHG emissions, including higher operating costs due to the introduction of a carbon tax or implementation of an emission trading scheme
- Risks related to the rise in sea level
- Risks related to availability of water

Legal and compliance risks

The following ESG-related legal and compliance risks are discussed in the Non-Financial Statement:

- Risks of non-compliance with Code of Ethics, Policies and Procedures;
- Risks of non-compliance with data protection legislation;
- Risks of non-compliance with anti-bribery legislation;
- Risks of non-compliance with antitrust legislation;
- Risks arising from export restrictions, trade tariffs and other changes in trade policy;
- Risks related to changes in the Health, Safety and Environment regulatory environment;
- Risks related to the social sustainability of the Group's organisational structure and business model;
- Risks related to potential incorrect application (interpretation and/or errors and omissions) of tax obbligations.

Risks related to changes in industry standards and legal requirements

Group companies are required to comply with specific federal, state, local and foreign legal and regulatory requirements, as well as certain industry standards. Changes in applicable laws and regulations may affect the growth of the markets in which the Group operates.
Growth in the cable industry is partly due to legislation on energy and alternative and renewable energy sources, as well as to incentives for investing in utilities and infrastructure. It is not foreseeable whether, in the future, there will be changes and/or industry standards that are detrimental to the Group's business.
Although the Group's business is managed to mitigate such risks, there can be no assurance that changes in applicable standards, laws and regulations will not result in significant costs, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Planning and reporting risks

Planning and reporting risks are related to the adverse effects that any irrelevant, untimely or incorrect information might have on the Group's strategic, operational and financial and non-financial decisions.
At present, in view of the reliability and effectiveness of internal procedures for reporting and planning, the Group does not consider these risks to be material.

17. OTHER INFORMATION

Incentive plans

Information about incentive plans can be found in the Explanatory Notes to the Consolidated Financial Statements and in the "People and Human Rights" chapter of the Non-Financial Statement.

Related party transactions

Related party transactions do not qualify as either atypical or unusual but form part of the normal course of business by Group companies. Such transactions take place under market terms and conditions, according to the type of goods and services provided.
The Group has published, including on its website, the procedures adopted to ensure the transparency and substantive and procedural fairness of related party transactions.
Information about related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 32 to the Consolidated Financial Statements at 31 December 2022.

Atypical and/or unusual transactions

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions took place during 2022.

Secondary locations and basic corporate information

The list of secondary locations and basic corporate information about the legal entities making up the Group can be found in Appendix A of the Explanatory Notes to the Consolidated Financial Statements.

Financial risk management

The management of financial risks is discussed in the Explanatory Notes to the Consolidated Financial Statements (Financial risk management).

Treasury shares

Information about treasury shares can be found in Note 10 to the Consolidated Financial Statements at 31 December 2022.

18. BUSINESS OUTLOOK

After the rebound that followed the Covid-19 pandemic, global economy is now facing a phase of volatility and great uncertainty. Inflation has reached its peak for several decades, mainly due to the hikes in energy and commodity prices, and supply chain bottlenecks. To mitigate rising inflation, the main central banks began to pare back some monetary stimuli and to increase interest rates. At the same time, the Russian war in Ukraine and the supply chain slowdowns — also triggered by the pandemic consequences — continued to impact the world economic outlook.

After a 6.2% rebound in 2021, the global economy is expected to grow by 3.4% in 2022 and by 2.9% in 2023, according to the most recent estimates by the International Monetary Fund in January 2023. These estimates have been revised upwards compared to October 2022, reflecting a greater-than-expected resilience for many economies, including Europe and the United States. In detail, considering the war in Ukraine, Europe's economic growth was higher than expected and partly reflects the supporting measures for households and businesses approved by the main governments, in addition to the dynamic trend driven by the post-Covid reopening of economies. Gas prices have also traced back compared to the peaks reached last autumn, thanks to non-Russian gas supplies and demand contraction, also due to winter temperatures that exceeded seasonal average data.
Short-term growth forecasts are impacted by several elements of uncertainty, including the persistently high inflation levels, increasing interest rates and the geopolitical tensions due to the ongoing war in Ukraine.

The record results for 2022 further confirmed Prysmian Group's focus on proactively and seamlessly serving its customers, also leveraging its efficient and geographically widespread industrial footprint. This approach is supported by the excellent results achieved by the Energy segment, which hit a record level, by the Telecom business' solid performance, and the ongoing improvement of the Projects business, in line with expectations, with €3.4 billion orders awarded in the year and an order backlog of approximately €6.6 billion. Including the €1.8 billion order secured in March 2023 (Imjuiden) as well, the order backlog amounts to about €8.4 billion — an all-time high.

As a result, for the full year 2023 Prysmian Group expects demand to remain virtually stable in the construction and industrial cables businesses, after last year's excellent performance, with results that will depend on the capacity to implement pricing polices able to offset the impact on costs generated by inflation-driven pressures. In the high-voltage underground and submarine cables and systems business, the Group aims to confirm its leadership on the market, which is expected to grow sharply, driven by the development of offshore wind farms and interconnections to support the energy transition, as well as the start of a significant market uptrend in the United States, where the Group has decided to expand its production capacity with the construction of the new submarine cable plant at Brayton Point, Massachusetts. In order to fully seize the significant opportunities offered by the market, the Group decided to expand its installation capabilities, ordering a new vessel, which will join the Leonardo Da Vinci. For this segment, the Group expects results to grow compared to the previous year, thanks to the growing order book, a solid execution and the full use of the submarine cable business's capacity. In the Telecom segment, demand in the optical business is expected to grow. In Europe, the Telecom business' margins continue to be negatively impacted by higher energy prices.

The long-term growth drivers are confirmed, mainly linked to the energy transition, the strengthening of telecommunications networks (digitalisation), and the electrification process. The Group can also leverage its broad business and geographical diversification, solid capital structure, efficient and flexible supply chain and lean organisation, all of which is enabling it to effectively seize growth opportunities.

Given the above considerations, the Group expects to achieve an adjusted EBITDA for FY 2023 in the range of €1,375-1,525 million, and to generate a cash flow in the range of €450-550 million (FCF before acquisitions and disposals).

These forecasts assume no material changes in both the geopolitical crisis relating to the military conflict in Ukraine and in the development of the health emergency, in addition to excluding extreme dynamics in the prices of factors of production or significant supply chain disruptions. The forecasts assume, for the upper part of the range, an essentially stable construction market, whilst for the lower part they assume a rapid deterioration, particularly in the United States, where the current inflationary and pricing dynamics provide for considerable growth opportunities. In addition, the forecasts are based on the Company's current business scope, assuming a EUR/USD exchange rate of 1.08, and do not include impacts on cash flows related to Antitrust issues.

19. CERTIFICATION PURSUANT TO ART. 2.6.2 OF THE ITALIAN STOCK EXCHANGE MARKET REGULATIONS

Suitable measures have been taken to ensure compliance with art. 15 of the Regulations issued by Consob under Resolution no. 20249 of 28 December 2017, concerning conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU member states and which are material to the Consolidated Financial Statements, and whose requirements have been met.

Milan, 9 March 2023

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Claudio De Conto


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20. CONSOLIDATED NON-FINANCIAL STATEMENT

Introduction

This section represents the Consolidated Non-Financial Statement (hereinafter also the "NFS" or "Statement"), prepared, pursuant to articles 3 and 4 of Italian Legislative Decree 254/2016 (hereinafter also the "Decree") as amended, by Prysmian S.p.A.The reporting boundaries of the Non-Financial Statement includes both the holding (Prysmian S.p.A) and its subsidiaries.

The Consolidated Non-Financial Statement is published as part of the integrated annual report this year, for the first time. The objective is to offer stakeholders a more complete view of the results achieved and the challenges currently facing the Group. Prysmian's new, organic and transparent method of reporting combines information about economic performance and sustainable development, with financial data and KPIs relating to environmental, social and governance aspects.
Commencing from the high-level commitments and strategic positioning of the Group, already described in the Directors' Report, Prysmian's Consolidated Non-Financial Statement seeks to communicate the Group's sustainability performance in accordance with the requirements of the Legislative Decree 254/2016.
This Statement, approved by the Board of Directors on 9 March 2023, has been prepared pursuant to the "GRI Sustainability Reporting Standards 2021" issued by the GRI Global Reporting Initiative, on an "in accordance with" basis. The GRI Standards, currently the most widely adopted and internationally recognised standards for non-financial reporting, have been identified by Prysmian as "reference standards" for compliance with the requirements of the Decree.

To put this new approach to sustainability into practice, Prysmian Group has developed an "**Impact Creation**" model, comprising four macro-areas that interconnect to form a circle:

PRYSMIAN GROUP IMPACT CREATION MODEL

Sustainability context

- the first area comprises **Prysmian**, as a global leader in the sector for energy and telecom cable systems, and **its value chain**; this describes the Group's identity and activities, together with the key players with whom it deals on a daily basis;
- the second area comprises the real and potential, positive and negative **impacts** generated by Prysmian over the medium-long term **throughout the entire value chain**;
- the third area involves **measuring** and constantly monitoring the ESG KPIs that Prysmian has defined as part of its sustainable development strategy;
- the fourth area comprises the **long-term**, environmental and social **Ambitions** defined by the Group as a concrete response to the impacts that it generates through **constant** product **innovation**.

A description of Prysmian, the impacts generated by the Group throughout the entire value chain – identified via the materiality analysis – and the creation of value for its stakeholders can be found in the first chapter of the NFS:

- Sustainability embedded in Prysmian Group's activities.

The main ESG KPIs measured and monitored by the Group are analysed in the following sections of this document::

- Ethics and Integrity;
- Environmental responsibility;
- People and human rights;
- Sustainable value chain.

Each chapter is organised as follows:

- a section on the risks identified in relation to the material topics addressed therein;
- disclosure of the sustainability performance of the Group in accordance with GRI Standards 2021;
- background information and comments on the trends in the data presented.

More information about how this document was prepared can be found in the later section on "Methodology".

Sustainability embedded in Prysmian Group's activities

Creating value through stakeholder engagement

Creating value for stakeholders is an essential element of the Prysmian Group's Sustainability Strategy.

This commitment is reflected in stakeholder engagement projects and activities throughout the value chain, with active listening, the promotion of sustainable behaviours and the creation of innovative, green products and services capable of meeting their needs and expectations (see the "Sustainable innovation for products, applications and processes" section of this document for more about sustainable products and services and the related risks).

STAKEHOLDER VALUE CREATION

Costumers

Listen and engage with our customers to better serve them and to drive innovation

Actions:
- Customer satisfaction survey
- Cable App & Customer Portal

Shareholders

Public company with broad shareholders base

Actions:
- Long-term and sustainable value creation
- Shareholders' meetings and participation

Suppliers

Proactively promote the decarbonization of our supply chain incorporating ESG drivers in the suppliers selectioni

Actions:
- ESG evaluation of suppliers base
- Sustainability audits
- CDP partnership (Carbon Disclosure Project)

Schools, Universities & Research Centers

Invest and promote learning and education as a key driver of improvement and innovation

Actions:
- PG's Academy
- Local mentoring programs for 500 students

People

Create and nurture a diverse, inclusive, equal opportunities working environment where meritocracy is at the core

Actions:
- Internal projects of upskilling mobility and workforce development
- Health & Safety focusa

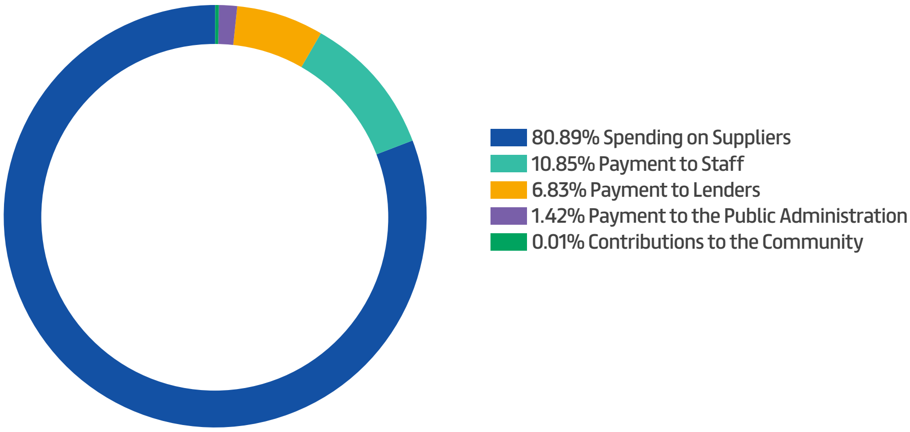
Local Communities

Promote and contribute to the social and economic development of the communities where we operate

Actions:
- Construction of nursery/school projects
- Donation of cables to improve local development

The total economic value generated, being the overall wealth created by the Group for all stakeholders, amounted to Euro 16,719 million in 2022. Much of this value, Euro 16,211 million, was redistributed[16] in the form of:

ECONOMIC VALUE GENERATED



Dialogue with the Group's stakeholders

Events dedicated to dialogue with those stakeholders whose interests are, or might be, impacted by our activities, are an integral part of the Group's growth strategy and provide an effective communication channel.

The purpose of these initiatives is to:

- identify **ideas for improvements that lead to product and process innovation**;
- **map the impacts generated and felt** by the Group, in order to ensure better management of reputational and other risks;
- **inform, engage and raise the awareness of stakeholders** regarding various aspects of importance to the Group and the societies in which it operates;
- **identify the needs, problems and expectations** of stakeholders in order to embed them in the Group's strategy and develop a relationship based on trust and transparency.

These engagement initiatives are pursued in various ways and via multiple channels.

In particular, Prysmian organised several Multi-Stakeholder Engagement events during the year, in which stakeholders - both internal and external - were invited to participate actively and discuss:

- **identification of the main impacts** (positive and/or negative, real and/or potential) **of the Group's activities** throughout the Prysmian value chain, including additional new actions that the Group could implement to contribute to sustainable development, considering their magnitude and probability of occurrence;
- identification of the major impacts felt by the Group with reference to two financial parameters - Free Cash Flow and Adjusted EBITDA - considering two different time horizons: short-medium term (3 years) and long term (by 2030);
- **assessment and prioritisation of the above impacts**;
- **clustering of the impacts into material topics** and their subsequent prioritisation via surveys and one-on-one interviews;
- **assessment, via interactive workshops, of their perception** of the Group's initiatives and activities regarding the targets of the UN Sustainable Development Goals (SDGs).

16 The economic value directly generated and distributed (EVG&D) has been calculated on an accruals basis, as envisaged by GRI 201-1.

Among the various 2022 stakeholder engagement activities, the Group organised for the first time a "Prysmian Sustainability Week" that was held on a virtual basis in order to reach a global audience of stakeholders. The event was streamed live in June to around 6,000 people connected from all over the world and was later seen by many more, who viewed the recordings made by the various streaming platforms. Speakers included representatives of the Group, including Prysmian directors, managers and employees, as well as such external guests, such as leaders of international organisations and partners in the value chain. Drawing on their personal and professional experiences, the various speakers contributed important points of view on specific sustainability issues, like "climate change and energy transition, the circular economy, recycling, the business impact of environmental processes, diversity & inclusion, impact on local communities, sustainable innovation, digitalisation and electrification etc.".

In order to carry out stakeholder engagement activities in a manner consistent with the new GRI Standard 3, the Prysmian Group also interviewed industry experts (including top academics from a number of leading Italian universities), international ESG investors, members of the Group's top management team and Board of Directors. To define and implement its stakeholder engagement process, the Prysmian Group follows the guidelines of the 2015 updated version of the AA1000SES International Standard, developed by AccountAbility (Institute of Social and Ethical Accountability).

Creating value for shareholders and other stakeholders is a key priority for the Prysmian Group, whose policy of strategic and financial communication is based on the highest standards of accuracy, clarity and transparency. Corporate activities and procedures are designed to provide the market with credible information about the business, with a view to increasing and consolidating the confidence of investors and fostering a long-term approach to investment in our shares. Every effort is made to avoid biased disclosures and ensure that all current and potential investors receive the same information, so that balanced investment decisions can be made.

Upon publishing its quarterly data, Prysmian organises conference calls with institutional investors and financial analysts. In addition, the Company promptly informs the market about any action or decision that could have a material impact on the valuation and performance of the share.
Relations with the financial market were continuous and intense during 2022, with more than 500 conference calls and one-on-one or group sessions. Some were held virtually, while others were held in person at the parent company's Milan headquarters and in the world's main financial centres such as London, Paris, New York, Sydney and Milan. Prysmian also participated in numerous industry conferences organised by leading international brokers, as well as in road shows and topic-specific events focused, for example, on Energy Transition, Digitalisation, Innovation and Sustainability.

In addition, the Group is increasingly devoting special attention to its relations with ESG investors, meaning those that focus their investment strategies on environmental, social and governance issues. Continuous engagement with them by the Company and top management - with various organised activities, as well as the Sustainability Week and dedicated meetings - has helped to further increase the weighting of these investors within Prysmian's shareholder base. In fact, the weighting of ESG investors has increased substantially in recent years, rising from about 13% in 2019 to over 48% at present. This latter percentage is well above the average for both the industrial sector and the Italian market.

In addition to such ESG topics as Energy Transition, Digitalisation, Climate Change, the Management of Human Capital, Diversity and Inclusion, the Sustainable Value Chain and Remuneration Policy, the meetings with investors also discussed other important matters that included Electrification, Innovation, Business Performance and Outlook over the short/medium term, and the financial structure and strength of the Group.

The Investor Relations function has maintained constant contacts with institutional investors, not least via the website,[17] which includes the recordings of conference calls and presentations to the financial community, corporate documentation, press releases and all other information relating to the Group, in both Italian and English.
Other available information includes the financial calendar, documents relating to shareholders' meetings, the Code of Ethics and the names of the analysts who cover the stock, as well as specific sections about Corporate Governance, Risk Factors and Share Performance.

17 www.prysmiangroup.com

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Investor Relations Office
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Materiality analysis 2022

Prysmian Group's approach to the **analysis of materiality** was revised in 2022.
There was a two-fold objective:

- adopt the guidelines for the new GRI Universal Standards 2021, which envisage an analysis of the impacts generated by the business on the economy, the environment, people and human rights using an "inside-out" approach (hereinafter "**Impact Materiality**");
- anticipate the changes in sustainability reporting expected when the Corporate Sustainability Reporting Directive (CSRD) comes into force, with application of the "double materiality" approach. In addition to the requirements documented in the GRI Standards, this approach also takes into consideration - from an "outside-in" standpoint - the financial impacts on the business of addressing ESG matters (hereinafter "**Financial Materiality**").

This analysis drew, in part, on the risk assessments already carried out by the Prysmian Group's Risk Management function, as well as on work performed in an enterprise risk management context (source: TCFD 2021).

Approach to impact materiality (inside-out)

Impacts generated by the business on the economy, the environment, people and human rights, in accordance with the GRI Universal Standards.

In order to report non-financial information in accordance with the major national and international standards, embed the needs and expectations of stakeholders in the activities of the organisation and identify important trends with regard to sustainability, during 2022 Prysmian began an analytical process for the definition of material topics by identifying the impacts generated of greatest significance to the business.

The process of updating the materiality of the Group comprises four phases, as indicated in the guidelines for "GRI Standard 3: Material Topics", which are discussed in the following sections:

1. Understanding the Context
   During the desk analysis phase, involving a documentary analysis of internal and external sources, the context in which Prysmian operates was identified. The following sources were considered during the desk analysis:
   - reports and articles on global trends (e.g. WEF, S&P Global Organization, PwC, OECD, ILO);
   - sustainability reports/non-financial statements of peers and competitors;
   - regulatory developments (e.g. Decree 254 on non-financial disclosures, the European Taxonomy);
   - GRI Sector Standards.

In addition to desk analysis, Prysmian carried out – and carries out constantly – a sentiment analysis designed to monitor changes in the perception of investors with regard to the most significant sustainability topics. This activity is performed with the support of an AI tool, which transmits the changes identified in real time. The concept of "**dynamic materiality**" is based on the idea that environmental, social and economic issues considered less important until now, might become more material over time. These analyses can be viewed in real time by visiting the "Materiality" section of the corporate website of Prysmian Group.[18]

2. **Identification of the real and potential, positive and negative impacts generated by Prysmian throughout the entire value chain**
   Downstream of the desk analysis and drawing on the risk assessment already carried out by the Risk Management function (source: TCFD Report 2021 of the Prysmian Group and ERM-related activities), Prysmian has identified 21 impacts, separated into real and potential, positive and negative, generated by the organisation and its business relationships, on the economy, the environment and people, including impacts on their human rights, as indicated in GRI Standard.

3. **Impact assessment and assignment of significance levels**
   The impacts identified were assessed by various types of stakeholders, selected on an ad hoc basis from the following categories:

   - **Internal stakeholders:** Top management and Group Board members;
   - **External stakeholders:** investors, selected customers;
   - **Sector experts:** academics, university faculty and researchers.

   A level of significance (from 1 to 5) was assigned to each impact, depending on its magnitude and probability of occurrence. This assessment was made over the year, during interviews, meetings and other stakeholder engagement activities, as discussed in the previous section.
   External stakeholder engagement activities:

   - Prysmian Group Sustainability Week;
   - Topic workshops;
   - External Stakeholder Survey;
   - Interviews with main investors.

   Internal stakeholder engagement activities:

   - Interviews with Top Executives;
   - Senior Leaders Survey;
   - Sustainability Steering Committee.

4. **Prioritisation of the most significant impacts**
   Following the assessments made by stakeholders during engagement activities, the positive and negative impacts were prioritised separately, classifying them in order of magnitude (from greatest to smallest). For the same magnitude, the greater probability of occurrence was taken into consideration. The positive and negative impacts were associated with specific material topics, which were in turn assessed for accuracy by internal and external stakeholders.

   Downstream of this process, the impacts were associated with the topics and GRI standards in a special correlation table under the areas identified in the Decree (environmental, human rights, social, anti-bribery, employees and/or transversal across all areas) in order to align the reporting with the express requirements of Decree 254/2016. "Correlation table Decree 254/2016, Material Aspects and GRI Aspects" is presented as an attachment to this document.

18 https://www.prysmiangroup.com/en/sustainability/strong-commitment/stakeholder-engagement-and-materiality-matrix/materiality-analysis

Impact materiality: positive impacts

In the table below, the levels of magnitude and probability of occurrence of each positive impact are indicated in two different shades of green. All the positive impacts have been ordered starting from the highest magnitude and ranking those with the same magnitude by the greatest probability of occurrence. The first 5 impacts listed have a different background colour to highlight their importance more clearly.

IMPACT MATERIALITY: POSITIVE IMPACTS

Material topics	Positive impacts generated on economy, environment and people	Positioning across the value chain	Type of impact	Magnitude	Likelihood
Enabling the decarbonization to net zero and digitalization	Facilitating the energy transition and decarbonization process of the economy and digitalization of the network.	The impact in the value chain is mainly in downstream processes (impacts on Prysmian's products).	Potential		
Sustainable innovation for products, applications and processes	Enabling the decarbonization of other businesses, such as Energy Cable and Fiber Optics markets.	The impact refers to the downstream processes of the value chain.	Potential		
Human capital's well-being, engagement & upskilling	Upskilling: Strenghtening and upskilling the competences of the personnel and develop talent.	The impact refers to the whole value chain.	Actual		
Sustainable value chain	Developing of a sustainable value chain that is extremely sensitive to ESG issues.	The impact refers to the upstream processes of the value chain.	Actual		
Governance, ethics and integrity	Foster transparency across all business partners and stakeholders.	The impact refers to the whole value chain.	Potential		
Greater diversity, inclusion & respect for human rights	Promotion of specific programs towards a more inclusive and diverse work environment.	The impact refers to Pysmian operations.	Potential		
Efficient, sustainable and circular operations	Contribution to increasing Circularity in the market through Prysmian's Value Chain.	The impact refers to the whole value chain.	Actual		
Human capital's well-being, engagement & upskilling	HC well-being: Promoting work-life balance practices within the organization.	The impact refers to the whole value chain.	Potential		
Human capital's well-being, engagement & upskilling	Engagement: Adoption of people oriented policies to safeguard people's needs.	The impact refers to Pysmian operations.	Actual		
Impacts on local communities	Positive economic impacts on local communities through employment and local procurement, taxes, or other payments to local governments, as well as through community development programs and investments in infrastructure or public services.	The impact occurs in several parts of the value chain: local procurement refers to upstream processes, whereas community involvement refers to core business activities (local employment) and downstream processes (customer engagement).	Potential		
Cyber security and data protection	Safe an protected data for all stakeholders.	The impact refers to the whole value chain.	Actual		

Impact materiality: negative impacts

In the table below, the levels of magnitude and probability of occurrence of each negative impact are indicated in two different shades of green. All the negative impacts have been ordered starting from the highest magnitude and ranking those with the same magnitude by the greatest probability of occurrence. The first 5 impacts listed have a different background colour to highlight their importance more clearly.

IMPACT MATERIALITY: NEGATIVE IMPACTS

Material topics	Negative impacts generated on economy, environment and people	Positioning across the value chain	Type of impact	Magnitude	Likelihood
Human capital's well-being, engagement & upskilling	Potential accidents, mental and physical illness due to a failure to disseminate a health and safety culture in the community in which the Company operates.	The impact refers to the whole value chain.	Potential		
Sustainable value chain	Change in competitive landscape.	The impact refers to Prysmian operations.	Potential		
Sustainable value chain	Lack of respect of Human rights and Sustainable practices throughout the Value chain.	The impact refers to the whole value chain.	Potential		
Enabling the decarbonization to net zero and digitalization	Contribution to GHG Emissions.	The impact refers to the whole value chain.	Actual		
Human capital's well-being, engagement & upskilling	Lack of key people and talent attraction management.	The impact refers to Prysmian operations.	Potential		
Sustainable innovation for products, applications and processes	Potential negative impact on the market due to the eme rging of disruptive technologies that can make our technologies and activities obsolete (eg. Hydrogen, etc.) undermining the capacity of creating value for our business partners.	The impact refers to Prysmian operations.	Potential		
Human capital's well-being, engagement & upskilling	Failure to meet employees expectation on well-being, upskilling and engagement.	The impact refers to Prysmian operations.	Actual		
Efficient, sustainable and circular operations	Pollution and discharge of waste/ scraps resulting from Prysmian operations.	The impact refers to Prysmian operations and downstream processes.	Actual		
Governance, ethics and integrity	Potential anti-competitive behaviour and corruption events that contribute to the lack of socio-economic development of the communities in which the Company operates in, limit the effects of Market competition and could result in higher prices of products.	The impact refers to the whole value chain.	Potential		
Governance, ethics and integrity	Lack of the social sustainability practices within the organisational structure and business model including the respect for human rights.	The impact refers to Prysmian operations.	Potential		
Cyber security and data protection	Unauthorized disclosure and processing of Personal Identifiable Information or sensitive data and information.	The impact refers to Prysmian operations and partially to the whole value chain.	Potential		
Biodiversity and impacts on nature	Loss of Biodiversity in terms of animals and/or plants near the areas in which Prysmian operates.	The impact refers to the whole value chain.	Potential		
Impacts on local communities	Land clearance and changes of land use to accomodate Prysmian operations.	The impact refers to Prysmian downsteam process.	Potential		

The new GRI approach to materiality analysis has led Prysmian to identify 10 material topics that remain consistent with those reported previously. The 10 material topics, indicated in the table below, were tested by the Group's stakeholders and prioritised according to their importance, with the following result:

MATERIAL TOPIC

Material Topic	Definition	Relevance
Enabling the decarbonization to net zero and digitalization	Policies and actions to reduce energy consumption and accelerate the race to net-zero CO_2 emission by setting science-based carbon reduction targets for the Group.	
Sustainable innovation for products, applications and processes	Development of solutions that may generate sustainability benefits (e.g. solutions for plants that generate renewable energy, smart grids, innovative solutions for the electrical system) and continuous research linked to the development of sustainable products and processes, considering the environmental and social impact of the product throughout its entire life cycle.	
Governance, ethics and integrity	Governance organization and mechanisms designed to ensure the fair and transparent management of business activities and the involvement of employees, management and shareholders, partly via the share ownership plan reserved for employees. Business management model based on the most stringent standards of business ethics and integrity, especially with regard to the measures adopted by the Group to prevent both active and passive corruption and to ensure right tax practices.	
Human capital's well-being, engagement & upskilling	Well-being intended in a wide sense, including: - well-being at work through health and safety management systems aimed at reducing the number of accidents and occupational diseases and - policies and actions put in place to attract talents and ensure the development of human resources, such as training and mentoring programs, wage policies, bonus and benefit policies, career plans, long-term incentives and promotion of physical and emotional well-being.	
Efficient, sustainable and circular operations	Efficient management of the business operations related to the environmental impacts generated and to the circularity granted by the recycling activity.	
Sustainable value chain	Promotion of a long-term value creation throughout a sustainable management of the whole value chain focusing on both upstream (with refer to the relevance of the relationship with Prysmian Group's suppliers) and downstream activities (clients are a key source for Prysmian, therefore a sustainable value chain involves the "client centricity" approach). The value creation considers both the economic performance and sustainability of the value chain which is deeply intertwined with suppliers and customers.	
Greater diversity, inclusion & respect for human rights	Promotion of multiculturalism, social and digital inclusion, protection of diversity in the workplace, reduction of disparities in living wages alongside the definition of policies and practices to protect human rights along the whole value chain.	
Impacts on local communities	Group's activities to promote energy and telecommunications access for everyone; sponsorship and donations for the development of the local community in order to create a positive impact.	
Cyber security and data protection	Enhanced cyber security measures to manage information security risks and ensure the protection of data and privacy.	
Biodiversity and impacts on nature	Awareness of Group's impact on ecosystems and of the consequences that the loss of biodiversity has on the business and in the areas in which the Group operates.	

The disclosures correlated with each material topic are presented in the following chapters of this document.

Approach to double materiality via financial materiality (outside-in)

Financial impacts on the business of addressing ESG matters, in accordance with the Corporate Sustainability Reporting Directive (CSRD).

On 16 December 2022 the Official Journal of the European Union published the Corporate Sustainability Reporting Directive (CSRD) - proposed by the European Commission on 21 April 2021 - that will amend the current reporting obligations (Non-Financial Reporting Directive transposed into Italian law by Decree 254/2016).

Among the changes, the Directive introduces the concept of double materiality that, in addition to the external impacts generated by the business (inside-out approach), requires the financial impacts felt by the business to be reported as well (outside-in approach).

The European Commission has mandated EFRAG to develop the new reporting standards, but EFRAG has not yet issued guidelines for quantifying the above financial impacts.
For this reason, Prysmian has decided to implement an analytical system for the quantification of impacts felt, consistent with the risk assessment process and methodology already adopted by the Group.
The exercise carried out to define Impact Materiality was the starting point for the identification of Financial Materiality. The impacts identified in the points listed above were assessed in terms of the financial impacts felt, using the interpretative model described below.

The following financial parameters were used to quantify the impacts felt: Free Cash Flow and Adjusted EBITDA, in line with the Enterprise Risk Management (ERM) model of the Group. Two time horizons were identified for their assessment: short term (within three years) and long term (2030).

The following tables consider the evaluation of the impacts within a range from 1 to 5.

FINANCIAL MATERIALITY: IMPACTS SUFFERED POSITIVE

Material Topics	Positive impacts generated on economy, environment and people	Example of Financial impact suffered*	Suffered impact on Free Cash Flow (Total)	Suffered impact on Adj.EBTDA (Total)
Enabling the decarbonization to net zero and digitalization	Facilitating the energy transition and decarbonization process of the economy and digitalization of the network.	- Increasing in revenue through a strengthening of the market share and access to new and emerging markets.		
Sustainable value chain	Developing of a sustainable value chain that is extremely sensitive to ESG issues.	- Reducing operating costs. - Reputational advantage. - Reduction of litigation costs.		
Human capital's well-being, engagement & upskilling	Upskilling: Strenghtening and upskilling the competences of the personnel and develop talent.	- Retention of key personnel - Increased productivity.		
Efficient, sustainable and circular operations	Contribution to increasing Circularity in the market through Prysmian's Value Chain.	- Reduction in purchasing cost due to recycled material. - Reduction in operating costs. - Reduction in waste disposal costs. - Reputational advantage.		
Sustainable innovation for products, applications and processes	Enabling the decarbonization of other businesses, such as Energy Cable and Fiber Optics markets.	- Increase in revenues due to the growth in demand for lower emissions products and services. - Potential increased attractiveness of low carbon investors. - Reputational advantage.		
Impacts on local communities	Positive economic impacts on local communities through employment and local procurement, taxes, or other payments to local governments, as well as through community development programs and investments in infrastructure or public services.	- Less legal actions due to an active engagement wih the community. - Tax-exempt donation costs. - Reputational advantage.		
Governance, ethics and integrity	Foster transparency across all business partners and stakeholders.	- Increased efficiency in the decision-making process. - Reputational advantage.		
Human capital's well-being, engagement & upskilling	HC well-being: Promoting work-life balance practices within the organization.	- Reduction in employee turnover. - Reduction of costs related to recruiting program. - Retention of key personnel.		
Greater diversity, inclusion & respect for human rights	Promotion of specific programs towards a more inclusive and diverse work environment.	- Reputational advantage. - Increased employee retention. - Potential reduction in employee turnover. - Increased productivity due to an higher level of employees engagement.		
Human capital's well-being, engagement & upskilling	Engagement: Adoption of people oriented policies to safeguard people's needs.	- Reduction in employee turnover. - Retention of key personnel.		
Cyber security and data protection	Safe an protected data for all stakeholders.	- Reduction of litigation costs. - Increased resilience of services/operations. - Reputational advantage.		

Short/Mid term: in 3 years　　Long term: 2030

* The list provided represents an example and it may not consider other impacts.

FINANCIAL MATERIALITY: IMPACTS SUFFERED NEGATIVE

Material Topics	Negative impacts generated on economy, environment and people	Example of Financial impact suffered*	Suffered impact on Free Cash Flow (Total)	Suffered impact on Adj.EBTDA (Total)
Governance, ethics and integrity	Potential anti-competitive behaviour and corruption events that contribute to the lack of socio-economic development of the communities in which the Company operates in, limit the effects of Market competition and could result in higher prices of products.	- Reputational damage. - Increase in litigation cost. - Potential sanction due to the non-compliance of statutory law.		
Human capital's well-being, engagement & upskilling	Potential accidents, mental and physical illness due to a failure to disseminate a health and safety culture in the community in which the Company operates.	- Disruption of services. - Potential increase in litigation costs. - Sanctions. - Increase cost in training and upskilling program for new hires. - Reputational damage.		
Human capital's well-being, engagement & upskilling	Lack of key people and talent attraction management.	- Reduction in margin due to a reduced productivity. - Higher expenditure on recruiting and retention programs.		
Sustainable value chain	Change in competitive landscape.	- Reducing Group's market share due to new entrant players, resulting in decrease of revenue and/or profitability due to stronger competitiveness.		
Efficient, sustainable and circular operations	Pollution and discharge of waste/scraps resulting from Prysmian operations.	- Potential sanctions and litigation costs. - Increasing operating costs to improve the resilience of plants in terms of water use. - Reputational damage.		
Human capital's well-being, engagement & upskilling	Failure to meet employees expectation on well-being, upskilling and engagement.	- Higher employee turnover. - Increased cost in recruting and talent attraction program.		
Sustainable value chain	Lack of respect of Human rights and Sustainable practices throughout the Value chain.	- Potential increase in Litigation costs. - Disruption of services. - Reputational damage.		
Impacts on local communities	Land clearance and changes of land use to accomodate Prysmian operations.	- Potential increased litigation costs. - Potential disruption of services. - Potential non-compliance on timeliness in the execution of a project with impacts on financials.		
Cyber security and data protection	Unauthorized disclosure and processing of Personal Identifiable Information or sensitive data and information.	- Litigation costs. - Potential sanctions in case of breach of data protection laws. - Potential disruption of services.		
Greater diversity, inclusion & respect for human rights	Lack of the social sustainability practices within the organisational structure and business model including the respect for human rights.	- Potential increase in litigation costs. - Potential increase in employee turnover. - Potential reduction in key people retention.		
Enabling the decarbonization to net zero and digitalization	Contribution to GHG Emissions.	- Manufacturing cost increase (eg. Carbon Tax). - Increasing operating costs to improve the resilience of plants (sea level rise, extreme weather events) and adopt/implement new practices and processes. - Loss of revenue due to potential downsizing or default of suppliers and/or customers. - Reputational damage.		
Biodiversity and impacts on nature	Loss of Biodiversity in terms of animals and/or plants near the areas in which Prysmian operates.	- Reputational Damage. - Litigation costs.		
Sustainable innovation for products, applications and processes	Potential negative impact on the market due to the emerging of disruptive technologies that can make our technologies and activities obsolete (eg. Hydrogen, etc.) undermining the capacity of creating value for our business partners.	- Decrease of revenue and potential write-offs and early retirement of existing assets due to a reduced demand for products and services. - Increased Litigation costs (e.g. third party patent owners).		

Short/Mid term: in 3 years   Long term: 2030

* The list provided represents an example and it may not consider other impacts.

Ethics and integrity

Prysmian Group strives constantly to ensure ethical and responsible conduct throughout the entire value chain. Its solid documentary framework, from the Code of Ethics to the Anti-corruption and Helpline Policies, means that daily business can dedicate particular attention to environmental and social matters, with a special focus on human rights.

Integrity underpins the 3 pillars of sustainability

The Ethics and Integrity of Prysmian Group underpin all Group activities:

- **Ethics in business activities**: applying the concept of business ethics means operating in the market with respect for the rules and standards governing transparency and competitive behaviour;
- **Ethics in internal relations**: for Prysmian, intellectual capital and the development of talent are strategic assets that secure the future growth of the Group;
- **Ethics in environmental and social matters**: Prysmian seeks to be environmentally responsible in terms of both products and processes.

Business ethics and integrity: the pillars of sustainability

Prysmian Group strives constantly to **promote business integrity and transparency throughout the entire value chain**. The complexity of business operations and the international scale of the Group mean that Prysmian is exposed to possible infringements of applicable laws and regulations, with possible repercussions for stakeholders, including employees, customers, contractors and suppliers. In addition, these infringements might damage the Company's reputation, adversely affect the socio-economic development of the communities in which it operates and restrict market competition. Partly to mitigate these risks, the Prysmian Group has defined **governance rules** and implemented a **system of internal** controls that promote integrity and transparency among all business partners and stakeholders, as well as strict processes that must be followed. The actions and procedures comprising the system of internal controls are designed *inter alia* to provide credible, truthful information to the market about the Group's activities, thus increasing the confidence of current and potential investors in the business and encouraging them to adopt a long-term approach to their investments.

The following tables on identified risks and the related mitigation actions are published pursuant to Legislative Decree 254/2016 (Consolidated Disclosure of Non-financial Information).

Risk identified	Material topic 2022
Failure to comply with the Code of Ethics, Policies and Procedures	Governance, ethics and integrity

Description of risk
This risk relates to illegal or unlawful conduct and infringements of existing laws and regulations, as well as to the anti-corruption, antitrust and export control matters identified earlier, with the possibility of administrative or judicial penalties, significant financial losses and/or reputational damage.

Mitigation actions adopted
The Prysmian Group puts in place a series of organisational tools aimed at implementing the principles of legality, transparency, fairness and loyalty used to operate. In particular, the Group:
- has adopted a Code of Ethics containing guidelines and ethical and behavioural principles that all those carrying out activities on behalf of Prysmian or its subsidiaries are required to observe (including managers, officials, employees, agents, representatives, external collaborators, suppliers and consultants);
- provides training to all employees and persons who work in the name and on behalf of the Group (e.g agents and intermediaries);
- through the Internal Audit & Compliance Department, constantly monitors compliance and the concrete application of these rules, not tolerating any type of violation.

Risk identified	Material topic 2022
Risks of non-compliance with the anti-bribery legislation	Governance, ethics and integrity

Description of risk
The legislation and regulations focused on the fight against corruption have become ever stricter in recent years. At the same time, organisations increasingly have to work in environments exposed to this risk, while also complying with the myriad of related rules imposed by various countries around the world, including Legislative Decree 231/2001 and the Anti-corruption Law (Law 190/2012) in Italy, the Foreign Corrupt Practices Act in the United States and the Bribery Act in the United Kingdom. All these regulations pursue the same objective: to fight and repress corruption. Prysmian Group's business model requires constant interaction with numerous third parties (suppliers, intermediaries, agents and customers). This is especially true in the Projects segment, where the management of large international projects requires it to operate and engage in business relations in countries that have significant levels of corruption (as shown by the Corruption Perception Index), often through commercial agents and local public officials.

Mitigation actions adopted
Prysmian Group acts to prevent corruption-related risks via:
- Group compliance policies (such as Anti-Corruption, Gifts & Entertainment, Conflicts of Interest etc.)
- The Third-Party Program, which is a tool to perform due diligence - using a dedicated on-line platform - before establishing relations of any kind with certain third parties (such as agents, distributors and particular categories of supplier);
- Training on the above issues for all employees;
- Compliance Audits (organised into Site Reviews, Project Audits and Third-Party Audits);
- The Anti-bribery Management System adopted by both Prysmian Group and Prysmian PowerLink S.r.l., the subsidiary dedicated to the Projects segment, which are both ISO 37001:2016 certified.

Risk identified	Material topic 2022
Risks of non-compliance with Antitrust legislation	Governance, ethics and integrity

Description of risk
Prysmian's strong international presence subjects the Group to the antitrust regulations of the various countries in which we operate. Each of these is more or less severe in terms of civil-administrative liability and - where applicable - criminal liability. Over the past decade, the various antitrust authorities have dedicated increasing attention to the business activities of players in the Group's market, evidencing a propensity for international collaboration among themselves. Prysmian intends to operate in the marketplace in full compliance with the rules protecting competition.

Mitigation actions adopted
In order to mitigate the risk, the Group has adopted worldwide an Antitrust Code of Conduct that all directors, executives and employees of the Group, as well as third parties where applicable, are expected to know and comply with in the performance of their duties and in dealing with third parties. With a focus on Europe, the USA, China and Australia, the Antitrust Code of Conduct provides a clear overview of the risks associated with failure to apply, or improper application of, the competition rules including, in particular, those regarding cartel (both horizontal and vertical) and the abuse of dominant positions. The Antitrust Code of Conduct is accompanied by a training programme (Integrity First) involving both on-line and classroom sessions, aimed at raising the awareness of the need to comply with the applicable antitrust regulations among all those who work in the name and on behalf of Prysmian Group.

Risk identified	Material topic 2022
Export-related risks (sanctions, restrictions, trade tariffs etc.)	Governance, ethics and integrity

Description of risk
Many countries have specific rules for international trade and apply laws and regulations that govern trade in products, software, technologies and services, including financial transactions and broking activities. These export control regimes, governed by the legislation of the United States, the European Union (see art. 215 TFEU) and the United Nations (see chapter VII of the UN Charter), impose restrictions on certain parties (individuals and entities) and on certain categories and types of product. Failure to comply with the above may result in fines and criminal and/or civil penalties, including imprisonment, with an adverse effect on the business, the financial situation and/or the operating results of the Group, and might affect the ability of bond issuers to fulfil their obligations.

Mitigation actions adopted
In order to prevent and mitigate the risk, Prysmian Group has adopted a policy for the management and control of exports that includes the following actions:
- monitoring of the countries and parties subject to restrictions, as well as the level of the restrictions in force;
- due diligence on the parties subject to restrictions, in order to avoid transactions with prohibited parties;
- classification of products to determine the applicable export compliance requirements and understand where and to whom they can be exported, as well as whether or not a licence or other authorisations is required;
- basic training for all employees on export controls and targeted training for persons in functions responsible for international commercial transactions and the control of exports;
- requests for end-user declarations that the buyer or the end user of the goods / technology complies with the current export regulations.

Prysmian Group has adopted a series of initiatives to define the ethical-social and behavioural responsibilities of its personnel: from the Code of Ethics to the Anti-Corruption Policy, and from the Antitrust Code of Conduct to the Helpline (Whistleblowing) Policy, to mention just a few. These documents define how to carry out activities and relate to colleagues, as well as how to pursue the ambitions of the Group, with particular regard for environmental and social matters, including human rights.

Among these documents, the Code of Ethics represents the "Constitution" of the Group, being the charter of rights and moral duties that defines the ethical-social responsibilities of each member of the organisation.

The **Code of Ethics**[19](hereinafter "Code") establishes the principles of conduct that everyone must follow, consistent with the vision and mission of Prysmian. Acting as a veritable guide to daily behaviour, the Code plays a strategic role for the Group as a fundamental tool for preventing irresponsible or illegal conduct by those who work in the name and on behalf of Prysmian. In fact, the Code covers all areas of compliance and also applies to business partners who deal with the Group and are required to read it.

The Code lives and evolves in parallel with the development of the business in a competitive context. It is always open to receive and accept requests for legality and propriety received from stakeholders. The Code complies with international best practices and incorporates the principles embodied in the UN Universal Declaration of Human Rights and the Fundamental Conventions of the International Labour Organization (ILO).

In this light, the Group also adopted a **Human Rights Policy**[20] in 2017. This policy is based on various international standards (such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, etc.) and applied in all Prysmian's locations and activities.

The Group has implemented a series of preventive actions relevant to the fight against corruption. The most important was the adoption of an **Anti-Corruption Policy**[21] that prohibits bribery of both public officials and private individuals and requires Prysmian's employees to respect it and, if more restrictive, to observe and comply with all the anti-corruption laws in force in the countries where the Group operates.

With regard to anti-competitive behaviour and in compliance with the priorities defined in the ERM process, the Group has adopted an **Antitrust Code of Conduct**[22] that all directors, executives and employees of the Group are required to know and follow in the performance of their duties and in dealing with third parties. In addition, more detailed documents have also been adopted covering current antitrust regulations in the European Union, North America, China and Australia.

In addition, Prysmian has adopted a **Sustainability Policy**[23] tthat defines the vision and reference values for various areas: Business Integrity, Governance, Products, Social and Environmental Responsibility. The Policy aims to provide sustainability guidelines for all Group companies, based on the strategic priorities identified by Prysmian as part of its medium/long-term vision.

19 The Code of Ethics of the Prysmian Group was updated and approved by the Board of Directors in 2019. It is made known to all stakeholders – external and internal – by publication on the corporate website www.prysmiangroup.com, in the Ethics and Integrity section, and on the "Prysmian People" intranet https://www.prysmiangroup.com/sites/default/files/atoms/files/Code%20of%20Ethics.PDF

20 The Human Rights Policy of the Prysmian Group was approved by the CEO in 2017. It is made known to all stakeholders – external and internal – by publication on the corporate website www.prysmiangroup.com and on the "Prysmian People" intranet https://www.prysmiangroup.com/sites/default/files/atoms/files/prysmian_group_human_rights_policy_eng_firma-vb.pdf

21 The Anti-Corruption Policy of the Prysmian Group was approved in 2019 and updated by the Board of Directors in 2021. It is made known to all stakeholders – external and internal – by publication on the corporate website www.prysmiangroup.com, in the Ethics and Integrity section, and on the "Prysmian People" intranet https://www.prysmiangroup.com/sites/default/files/atoms/files/1-Anti-Corruption-Policy.pdf

22 The Antitrust Code of Conduct of the Prysmian Group was updated and approved by the Board of Directors in 2019. It is made known to all stakeholders – external and internal – by publication on the corporate website www.prysmiangroup.com, in the Ethics and Integrity section, and on the "Prysmian People" intranet https://www.prysmiangroup.com/sites/default/files/atoms/files/1.%20Antitrust%20Code%20Of%20Conduct_%20Feb%202018.pdf

23 This policy, approved by the Group CEO, defines the commitments made by the business and the priorities, governance, strategies and vision linked to Sustainability. It can be found in the sustainability section of the corporate website https://www.prysmiangroup.com/en/sustainability/strong-commitment/integrated-sustainability-strategy

Response to Prysmian's pledges

Given the ambitions stated by the Prysmian Group with a view to conducting business in an ethical and transparent manner, a series of actions have been implemented to guarantee respect for the pledges made.
In this context, every two years the Group holds specific **on-line training dedicated to the Code of Ethics**. This training session was completed by 96% of the employed population during 2022.

Specific actions by Prysmian to **prevent corrupt practices** within the Group include:

- **on-site monitoring** combined with an audit of sample transactions, as part of the annual plan of the Compliance function;

- in line with the objectives set in prior years, during 2022 the Prysmian Group continued to monitor anti-corruption compliance, with the maintenance of **ISO 37001:2016 "Anti-Bribery Management Systems"** certification by Prysmian S.p.A. (obtained in 2021) and certification for the first time by Prysmian PowerLink S.r.l., the subsidiary dedicated to the Projects segment. Alongside these certifications, top management and each Regional CEO have signed Declarations of Conformity confirming their commitment to ensure: (i) understanding of the Group's compliance policies and (ii) completion of the training activities and initiatives. This commitment has also been extended to the first hierarchical reporting levels of the Regional CEOs;

- specific **training** has been delivered on compliance with the anti-corruption rules applicable to all Group personnel, with the direct involvement of top management;

- the **"Third Party Program"** was implemented during 2019. This Group policy is intended to prevent and manage the risk of corruption deriving from relations with agents, distributors and certain categories of supplier ("Third Parties"). In particular, before establishing business relations with any Third Party, the Policy establishes that due diligence must be carried out in relation to that party using a dedicated on-line platform. As a result of the above activity, a level of risk (high, medium, low) is assigned to each Third Party that, consequently, is subjected to an approval procedure that differs according to the level or risk identified. Furthermore, the due diligence work must be repeated every 18, 24 or 36 months, depending on the level of risk identified and the type of Third Party concerned. Furthermore, the Code of Ethics (which includes an anti-corruption clause) is accepted and signed by all contractors, suppliers and agents and, following introduction of the new Third-Party Program Policy, all new Third Parties must also sign the anti-corruption certificate;

- with regard to **Antitrust** matters, the nature of Prysmian's business means that competition is an inherent part of the activities of the Group's commercial functions. For this reason, the Compliance function assists with the delivery of relevant training sessions. Employees in the commercial functions have received classroom, video conference and on-line training over the past 12 months, together with personnel from various other functions and organisational levels;

- on the topic of **Whistleblowing**, Prysmian has adopted a specific Helpline Policy[24] and, during 2022, the parent Prysmian S.p.A. obtained ISO 37002:2021 "Whistleblowing Management Systems" certification, which confirms the soundness of the Group's approach;

- in the area of **Export Control**, the Compliance function supports the Group by implementing IT applications that check all commercial and procurement transactions, on a daily basis, to avoid matches with the various Economic Sanctions lists (USA, EU, UN etc.).
  In addition, given the changing geopolitical context and the application of severe international sanctions, since 2018 Prysmian has started to classify its products with both civil and military ("dual use") applications. Commencing from 2020, the Compliance function periodically delivers training sessions to employees on this topic;

- again commencing from 2020, the Company runs questionnaire campaigns with regard to "**Conflicts of interest**". See the section on "Conflicts of interest and important disclosures" for further information;

- lastly, the **Fraud Risk Management Policy** was introduced in 2022 and communicated to all functions that could be primarily affected. The Compliance function is delivering worldwide training on this topic.

24 https://www.prysmiangroup.com/en/company/ethics-integrity/helpline

All compliance policies adopted by the Prysmian Group (including, in addition to the above, the following policies: Global Compliance, Gifts & Entertainment, Donations, Sponsorship, Third-Party Program, Conflicts of Interest and Export Control) **are published on the corporate intranet** and are available in all official languages of the Prysmian Group, as they apply to every employee. The following policies are published on Prysmian Group's corporate website in the Ethics and Integrity section:[25] Code of Ethics, Human Rights, Helpline, Anti-corruption and Antitrust Code of Conduct, as they also apply to various external stakeholders.

Each year, the Compliance function holds specific meetings with the Regional CEOs and members of their teams to examine the results of the current year's compliance initiatives and discuss the plan for compliance activities in the coming year. These meetings are held at regional level and are based on an overall analysis of business risks. The outcome of these discussions guides the selection of monitoring activities, locations to be visited, commercial agents to be checked and projects to be examined.

The **Conflicts of Interest policy** ("COI") was issued in 2019, consistent with the Group's ongoing commitment to ensuring that the financial and personal interests of employees and consultants do not conflict with their ability to perform their duties professionally, ethically and transparently. The policy was approved by the Group's Board of Directors and published on the corporate intranet for employees to view. Should conflicts of interest arise, the process - including an annual call to declare potential COIs - requires them to be communicated so they can be assessed appropriately. In addition, again with reference to COI, a new on-line platform was implemented in 2021 in order to report potential conflicts of interest, whether within or outside the business. In particular, all Prysmian Group employees have been requested to disclose every personal or financial relationship that might give rise to a conflict of interest (98% completion for the 2022 campaign, a 1% improvement on 2021, out of a population of about 8,000 desk workers).

The **Gifts and Entertainment** policy was updated in 2021, establishing a series of rules to be satisfied before giving or receiving gifts or forms of entertainment. The policy distinguishes the approach to private firms from that to government bodies/public officials. Again in 2021, a new on-line platform was implemented that governs, based on predetermined parameters, the process that employees must follow to offer/receive gifts or forms of entertainment and obtain the required approvals.

With regard to management of the reports received via the Helpline and other available channels, a Group **Helpline Committee** meets every quarter to provide updates on the reports received during that quarter, as well as on the progress of any investigations carried over from previous quarters.
The Helpline Committee members comprise senior managers from the Operations, HR, Corporate Affairs and Compliance functions. The Chief Operating Officer also participates as an observer. Notably, the majority of the matters raised cannot be considered "critical". Nevertheless, exceptional cases that sometimes need external legal and investigative support are notified promptly to top management.

In addition to updating the Helpline Committee on a quarterly basis, the Compliance function also reports the KPIs for the quarter (e.g. new, closed, confirmed and unjustified matters, disciplinary or corrective actions taken - analysed by categories, region and country) to the Control and Risks Committee, which may request clarification about the resolution of any issues that have arisen.

The Group does not have global whistleblowing mechanisms/procedures/policies in place because applying them in all the different jurisdictions in which it is present, either locally or national, might not comply with local employment laws and practices. Prysmian applies the Helpline Policy and related procedures to manage all official complaints made by employees. Corrective or disciplinary measures may be adopted if these complaints are confirmed by the investigative work carried out. These measures are tailored specifically to each complaint made and do not necessarily require or involve changes to corporate policies or processes. Notably, Prysmian was audited in 2022 and awarded ISO 37002 certification for Whistleblowing Management Systems, becoming one of the first Italian companies to obtain this recognition.

Additionally, in compliance with local legislation in the United Kingdom, the Company has adopted a policy and related procedures for handling complaints.

25 https://www.prysmiangroup.com/en/company/ethics-integrity

Involvement of Stakeholders

As part of its commitment to ethical and legal behaviour, Prysmian invites all the Group's stakeholders to report any real or apparent violations of the law, the Code of Ethics, or of ethical standards, so that they can be examined and dealt with appropriately. In order to meet this requirement and create the necessary conditions of confidentiality, security and ease of reporting, in 2017 Prysmian adopted a **Helpline Policy** that allowed everyone (employees and non-employees) to report to the Group any misconduct and alleged unlawful activities identified within the organisation.

This process uses two channels for collecting reports, comprising dedicated telephone lines and a web portal, that are both managed by independent operators and available in the 26 languages used by the Group. A management committee (comprising a representative from Human Resources, the Corporate Affairs Department and the Compliance Function) has also been set up to evaluate reports and assign investigative work. Lastly, in order to facilitate communications between the Group and employees, and between the Group and third parties, making them more open and reducing the fear of reprisals, the above process has been rebranded from Whistle-blowing[26] to Helpline,[27] with a consequent update of the policy itself.

The Helpline system and the reporting channels described above remained in place and in use throughout 2022, as detailed below.

Reports received in 2022

Out of a total of 76 reports received in 2022, 62 were closed during the year, by 31 December 2022.

Out of the 76 reports received, 18 were "confirmed" or "partly confirmed" and a total of 27 corrective actions were adopted, given that more than one corrective action was taken in relation to certain reports.

These corrective actions comprised: 11 policy or process revisions and specific corrective actions, 7 written or verbal warnings, 5 coaching and training sessions, and 4 dismissals and/or resignations.

The 76 reports received in 2022 fell into the following categories:

- **"HR, diversity and workplace respect"** including – for example - benefit-related matters and possible discrimination in the workplace (49 cases);
- **"Business integrity"** including – for example – such matters as conflicts of interest; corruption; theft of goods/services/time; fraud; audit or accounting irregularities; kickbacks; retaliation; misuse of assets (26 cases). Of these 26 reports, the following 8 were classified as "confirmed" or "partly confirmed": 3 conflicts of interest, 1 fraud case, 1 theft of goods/services/time, 2 audit or accounting irregularities and 1 misuse of assets. None of the corruption and/or kickback reports were classified as "confirmed" or "partly confirmed".
- **"Environment, Health and Safety"** (1 case).

Performance in 2022

With regard to anti-corruption issues, in 2022 Prysmian Group recorded the following figures: 12 members of the Board of Directors of Prysmian S.p.A. (100%), 8,539 employees (of which 8,219 white collars, and 320 external/sales agents, both of them equal to 100%), and 3,564 business partners received communication about the organization's anti-corruption policies and procedures. On the other hand, with regard to anti-corruption training, it should be noted that it was provided to 3 members of the Board of Directors (equal to 25% of the total), and to 8,539 employees (of which 8,219 white collar and 320 external/sales agents, both equal to 100% of them).

26 The Whistleblowing Policy of the Prysmian Group is part of the Code of Ethics. It is made known to all stakeholders – external and internal – by publication on the corporate website www.prysmiangroup.com, in the Ethics and Integrity section, and on the "Prysmian People" intranet https://www.prysmiangroup.com/sites/default/files/atoms/files/Ethical_Code_En_new.pdf

27 The Helpline Policy of the Prysmian Group is part of the Code of Ethics. It is made known to all stakeholders – external and internal – by publication on the corporate website Prysmian Group Helpline System | Prysmian Group and on the "Prysmian People" intranet https://www.prysmiangroup.com/sites/default/files/atoms/files/Prysmian%20Group%20-%20Helpline%20Policy_11102019%20%28003%29%20IF%20logo_final_%4029112019.pdf

With regard to the ongoing Antitrust investigations and litigation brought by third parties against Group companies consequent to and/or connected with decisions adopted by the competent authorities, details of which are outlined in the note on Provisions for risks and charges in the Explanatory Notes to the Consolidated Financial Statements, it should be noted that the Group has recorded a provision for risks and charges of about Euro 179 million at 31 December 2022. Although the outcome of the outstanding investigations and related disputes is uncertain, this provision is deemed to represent the best estimate of liabilities based on the information available at the time of preparing this document. It should also be noted that three investigations for alleged Antitrust violations, conducted by public authorities against Group companies, were still underway in 2022. For further details, reference should be made to the note "Provisions for Risks and Charges" in the Explanatory Notes to the Consolidated Financial Statements.

Lastly, no infringements of anti-bribery regulations were reported against the Group during 2022.
Indeed, during the period 2020-2022, the Group did not receive any significant penalties[28] (monetary or otherwise) for non-compliance with environmental, social or economic regulations.

The tax strategy of the Group

The ESG leadership of the Group is founded inter alia on an honest and fair tax strategy, compliant with the regulations, that bases relations with the tax authorities and third parties on cooperation and transparency. The guiding principles for tax matters and related governance procedures adopted by Prysmian are described below.

Prysmian Group adopts a tax strategy applicable to all Group companies that has been approved by the Board of Directors of Prysmian S.p.A. This strategy is consistent with the fundamental values of honesty and propriety embodied in the Code of Ethics, in order to minimise the substantive impact of any tax and reputational risks.

The tax strategy of Prysmian Group is founded on the following principles:

- **compliance:** conformity with the tax laws, regulations and circulars issued by the tax authorities;
- **legality:** satisfaction by all Group companies of their tax and tax payment obligations;
- **sustainability:** efficient, effective and sustainable management of the tax variable, in order to support the Prysmian business and, like all other aspects of our business operations, maximise shareholder value;
- **integrity:** diligent exercise of professional judgement in order to ensure that all tax decisions are consistent with domestic and international best practices, following proper analysis and with appropriate documentation;
- **trust and transparency:** positive and transparent approach to the tax authorities, in order to develop and maintain fair and honest relations.

Tax management by complex multinational groups, such as Prysmian, may give rise to uncertainties about the correct tax treatment of transactions that do not fall into clearly defined categories. In these cases, the Group applies the tax treatment deemed most correct and appropriate, having due regard for any legitimate tax-saving opportunities and for the opinions of subject experts and related best practices. Prysmian strives to endorse sound and reasonable interpretations, adopting a cautious approach in order to avoid any reputational losses for the Group.

As a general principle, Prysmian adopts a **transparent and proactive approach to relations with the tax authorities**. Indeed, the Group has an open, honest and collaborative attitude. Prysmian is committed to transparency in the management of tax matters. If the regulations are subject to conflicting interpretations, the Group enters into proactive discussions with the tax authorities and even requests advance rulings, so that agreed solutions can be found before tax returns are filed.

28 For monetary penalties, significant means fines above 10,000 euro.

Governance and the control of tax risks

The following table, presenting the risks identified and related mitigation actions, is published as it relates to "Governance, ethics and integrity", one of the Gorup's material topics.

Risks identified	Material Topic 2022
Risks relating to possible improper applications (interpretations and/or errors and omissions) of tax law	Governance, ethics and integrity

Description of risks
The complexity of the Group's business activities and its international scale mean that it might not apply (interpretations and/or errors and omissions) tax law correctly, especially when the proper tax treatment of transactions that cannot be categorized readily is unclear, not least due to the rapid evolution of tax regulations in many of the jurisdictions in which Prysmian operates, thus exposing the Group to possible legal proceedings, reputational losses and/or financial losses including fines/penalties.

Mitigation actions adopted
Prysmian Group adopts a tax strategy for all Group companies that is consistent with the fundamental values of honesty and fairness set out in the Code of Ethics, in order to minimise any material impacts deriving from tax and reputational risks.
If there are uncertainties about the proper tax treatment of transactions that cannot be categorised readily, the Group applies the tax treatment considered most proper and appropriate, having due regard for legitimate tax-saving opportunities (if any), the opinions of subject experts and the related best practices. Prysmian is committed to embracing sound and reasonable interpretations, taking a cautious approach in order to avoid negative impacts for the Group.
It should also be noted that the Group has tax provisions for about Euro 107 million as at December 31st 2022.
As a general principle, Prysmian adopts a transparent approach to dealings with the tax authorities and, in the event of conflicting interpretations of the regulations, seeks proactive discussions with the tax authorities, including requests for rulings, so that an agreed solution can be found before its income tax declarations are filed. Lastly, the Group has initiated an internal process for defining and implementing the Tax Control Framework (TCF): a system for the management and monitoring of tax risks already adopted by the Group's Italian companies

The management of taxation is divided between the Parent Company's tax function and the CFOs in each country, as supported by specific tax teams in selected countries (e.g. Italy, USA). Tax advisors from leading firms / networks are involved in addressing specific tax matters of particular complexity and/or importance, with coordination by the Parent Company's tax function.

The tax function is organised as follows:

- **International Tax:** support for the CFOs in each country, with the central management and coordination of transfer pricing; the tax aspects of cross-border operations; non-routine and/or non-recurring transactions; inspections by the tax authorities in relation to the above operations;
- **Italian Tax:** responsibility for compliance with the Italian regulations governing direct and indirect taxation (e.g. calculation of taxes, preparation of tax returns); management of inspections by the tax authorities; provision of advice and training to management on tax matters;
- **Tax Risks:** responsibility for tax governance, with specific focus on the tax control framework (Italian companies).

At local (individual entity) level, CFOs are responsible for: managing tax compliance; managing and disseminating the tax risk culture; facilitating the centre-periphery exchange of information on cross-border matters; involving the Parent Company's tax function promptly in the event of non-routine and/or non-recurring transactions; notifying any changes in the selection/management of tax advisors.

Within the Group, work has started on defining and implementing the Tax Control Framework (TCF): a system for managing and monitoring tax risks that has already been applied to the Group's Italian companies. Prysmian also supports adopting cooperative compliance approaches abroad. In December 2021, the Prysmian Group's Italian companies were admitted to the cooperative compliance regime operated by the Italian tax authorities.

In addition, the Group tax manager attends the meetings of the Audit Committee at Prysmian S.p.A., in order to report on specific matters, and participates in tax groups organised by the leading trade associations.

Tax reporting in the countries in which the Group operates

Commencing from the Consolidated Non-Financial Statement for 2021, Prysmian has implemented a tax reporting model that supplements, on a voluntary basis, the GRI 207-4 Country-by-Country Reporting (CbCR) information (see the “Requirements” section) with data on the broader Total Tax Contribution (TTC), which is an ESG metric consistent with the standards defined by GRI 207-4 (see the “Recommendations” section) and the WEF.

This makes it possible:

- on the one hand, to provide an overview of revenues, profit before tax, income taxes - both paid and accrued - and the number of employees, as well as other economic and financial data; and, on the other
- to present in full the tax contribution made to the economic and social systems of the countries in which the Group operates, including not just income taxes, but also the other taxes levied on the Group (e.g. payroll taxes, taxes on products and services), and considering not only those taxes that represent a business cost (Taxes borne), but also the taxes on third parties collected by the business on behalf of public administrations using recharge, agency mechanisms etc. (Taxes collected).

As envisaged in GRI 207-4, given that the information to be disclosed in the latest consolidated financial statements (2022) is not available yet, the information and data presented below relates to 2021, being the time period covered by the consolidated financial statements “immediately preceding the most recent ones”.

Economic, financial and tax-related information is presented for the following areas: Nord America, EMEA, APAC and Latin America. Lastly, revenue information is provided for the main countries in each area.[29]

All data is stated in millions of euro (except for the number of employees, which is stated in FTEs).

Country-by-Country Reporting (CbCR) in accordance with the Requirements section of GRI 207-4

The disclosures envisaged by GRI 207–4 are presented below. This information includes economic, financial and tax-related data needed to understand the size of the business, as well as the income taxes accrued and paid in the countries where Prysmian is present.

The data is presented in accordance with the OECD Reporting Standard - Action 13 Country-by-country reporting and, as mentioned above, relates to 2021.[30]

29 Brazil, Canada, the United States, France, Germany, Italy, the Netherlands, Spain, the United Kingdom and China..
30 When evaluating the data in the table, note that any differences with respect to the consolidated financial statements are mainly attributable to: i) the Action 13 Country-by-country reporting criteria, which call for aggregated rather than consolidated information; and ii) the consolidation adjustments, made in accordance with the accounting standards adopted when preparing the consolidated financial statements, that were not allocated to individual Prysmian entities. Note also that:
- *Revenue Related Parties and Revenue Unrelated Parties* include non-recurring and financial income, as well as the revenues from ordinary operations. However, they do not include the dividends received from other legal entities within the Group. *Revenue Related Parties* includes the revenues deriving from transactions between Group entities resident in the same tax jurisdiction.
- *Profit (Loss) Before Income Tax* does not include the dividends received from other legal entities within the Group.
- *Total Income Tax Paid (on cash basis)* comprises the income taxes paid during the reporting year, regardless of the tax year to which they relate. They do not include the taxes on dividends received from other legal entities within the Group.
- *Total Income Tax Accrued – Current Year* comprises the current income tax charge for the year. The total does not include deferred taxes, provisions for unconfirmed tax liabilities or the taxes on dividends received from other legal entities within the Group.
- Reasons for the difference between *Total Income Tax Accrued - Current Year* and the theoretical tax due (GRI 207-4-b-x) are described in Note 26 - Taxes of the 2021 Consolidated Financial Statements;
- The *Number of Employees* is calculated at year end using the Full-Time Equivalent (FTE) methodology;
- *(Net) Tangible assets* comprise the net carrying amount of property, plant, equipment and inventories.

	Revenue related parties	Revenue unrelated parties	Total revenues	Profit and Loss before tax	Corporate income tax paid on cash basis	Corporate income tax accrued	Number of employees (FTE)	Tangible Assets	Employee Remuneration
North America	**788**	**3,964**	**4,752**	**164**	**48**	**88**	**5,868**	**1,313**	**424**
Canada	299	536	835	28	9	11	699	127	50
United States	489	3,428	3,917	136	39	77	5,169	1,186	374
LATAM	**374**	**1,197**	**1,571**	**56**	**13**	**20**	**4,374**	**415**	**87**
Brazil	125	472	597	19	2	4	1,607	170	36
Other	249	725	974	37	11	16	2,767	245	51
EMEA	**4,848**	**7,535**	**12,383**	**266**	**43**	**64**	**16,482**	**2,887**	**851**
France	429	950	1,379	92	5	6	2,594	463	164
Germany	290	836	1,126	10	1	3	1,910	322	141
Italy	2,453	1,688	4,141	18	10	19	2,526	694	179
Netherlands	195	393	588	45	7	12	902	192	64
Spain	324	599	923	(3)	-	-	1,180	224	70
United Kingdom	133	629	762	32	4	5	1,182	223	64
Other	1,024	2,440	3,464	72	16	19	6,188	769	169
APAC	**314**	**1,139**	**1,453**	**26**	**15**	**12**	**3,039**	**360**	**92**
China	201	499	700	32	7	5	1,669	148	37
Other	113	640	753	(6)	8	7	1,370	212	55
Total	**6,324**	**13,835**	**20,159**	**512**	**119**	**184**	**29,763**	**4,975**	**1,454**

The figures for 2020 are below:

	Revenue related parties	Revenue unrelated parties	Total revenues	Profit and Loss before tax	Corporate income tax paid on cash basis	Corporate income tax accrued	Number of employees (FTE)	Tangible Assets	Employee Remuneration
North America	**658**	**3,151**	**3,809**	**221**	**62**	**46**	**5,449**	**1,141**	**408**
Canada	229	334	563	19	11	8	576	107	39
United States	429	2,817	3,246	202	51	38	4,873	1,034	370
LATAM	**204**	**885**	**1,088**	**40**	**13**	**17**	**4,191**	**338**	**76**
Brazil	85	405	490	28	1	12	1,548	154	33
Other	119	479	598	13	12	5	2,643	184	43
EMEA	**3,641**	**5,727**	**9,368**	**(244)**	**41**	**44**	**16,479**	**2,545**	**816**
France	325	790	1,115	46	1	12	2,554	430	159
Germany	193	660	853	(4)	2	1	1,825	292	133
Italy	1,818	1,161	2,979	(82)	13	(0)	2,371	592	172
Netherlands	151	357	507	9	9	15	848	171	64
Spain	214	455	669	(256)	0	1	1,306	214	72
United Kingdom	126	465	591	(14)	(1)	(2)	1,167	205	58
Other	814	1,840	2,654	56	16	16	6,408	641	157
APAC	**218**	**902**	**1,120**	**(8)**	**6**	**8**	**2,906**	**275**	**78**
China	122	385	507	39	4	5	1,382	115	28
Other	96	518	613	(47)	2	3	1,524	159	50
Total	**4,720**	**10,665**	**15,385**	**10**	**123**	**114**	**29,023**	**4,298**	**1,378**

Total Tax Contribution (TTC)

Information about the total tax contribution is presented below. This information covers the full range of taxes paid in the countries where Prysmian is present. The data has been collected and presented on a cash basis, as this is deemed to be the best way to report the actual total tax contribution made.

The taxes paid comprise both:.

- **Taxes borne**: taxes that represent a cost for Prysmian; and
- **Taxes collected**: taxes on third parties, collected by Prysmian on behalf of the public administrations using agency and similar mechanisms.[31]

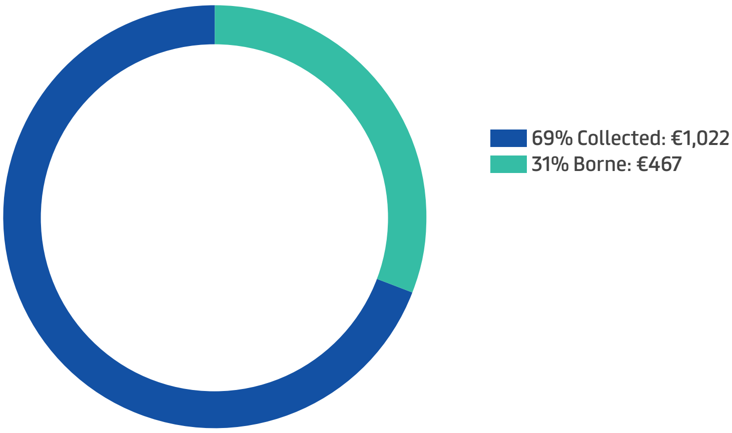
31 Despite not representing a cost for Prysmian, these taxes are included as part of the TTC because they also derive from the economic activities carried out.

The taxes borne and collected are categorised as follows:[32]

- **Profit taxes** – income taxes;[33]
- **People taxes** – payroll taxes;
- **Product taxes** – taxes on products and services;
- **Property taxes** – property and related taxes;
- **Planet taxes** – environmental taxes.

The total tax contribution made by Prysmian in 2021 amounted to Euro 1,489 million: 69% collected and 31% borne.

2021 TOTAL TAXES PAID: DISTINCTION BETWEEN BORNE AND COLLECTED



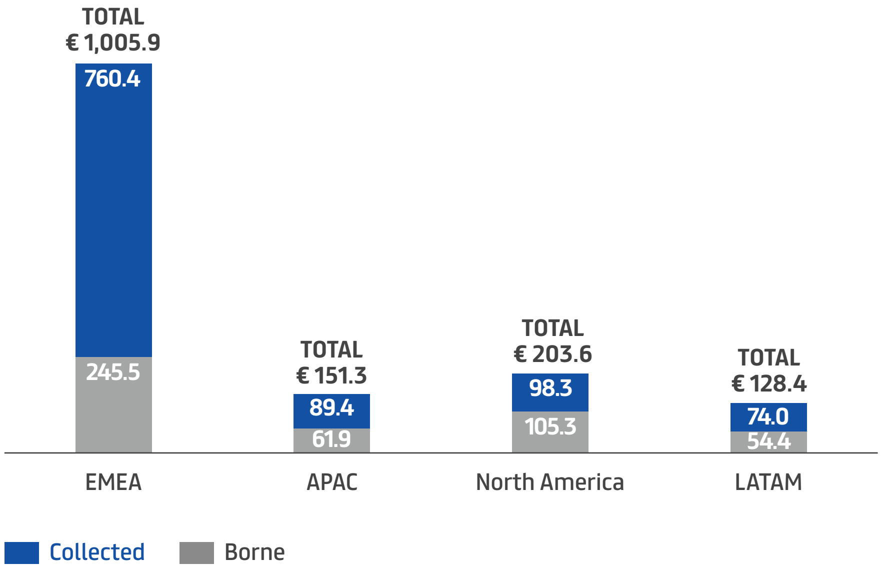
The total tax contribution is spread among the three geographical areas in which the Group operates, in a manner consistent with the distribution of revenue and the level of employment: EMEA represents 68% of the Group's total contribution, while the Americas and APAC account for 22% and 10% respectively.

32 The following tax categories are considered:
- **Profit** – income taxes: this category comprises both corporate income taxes borne (e.g. corporate income taxes applied at national or local level, taxes on productive activities, as well as withholding taxes) and collected, if levied on a third party (e.g. withholdings on interest, royalties).
- **People** - payroll taxes: this category includes all payroll-related taxes, including income taxes and social security contributions. The taxes levied on the employer are considered to be taxes borne (e.g. social security contributions, health insurance, pensions, disability contributions), while the taxes levied on workers are considered to be taxes collected (e.g. personal income taxes and social security contributions charges to workers, which are usually withheld by the employer).
- **Products** - taxes on products and services: indirect taxes applied to the production, sale or use of goods and services, including taxes and tariffs levied on trade and international transactions. This category includes taxes that may be paid by businesses with reference to their consumption of goods and services, regardless of whether paid to the supplier of the goods and services, or directly to the government. This category includes both taxes borne (e.g. consumption taxes; turnover taxes; excise taxes; customs duties; import duties, taxes on insurance contracts; non-deductible VAT) and taxes collected (e.g. net VAT paid).
- **Property** - property taxes: taxes on ownership, usage or the transfer of tangible or intangible assets. This category comprises both taxes borne (e.g. taxes on ownership and the use of property; taxes on capital applied to increases in risk capital, transfer taxes on the purchase or sale of assets, equity and capital transactions; registration taxes; stamp duty on the transfer of property; stamp duty on the transfer of shares) and tax collected (e.g. taxes on lease payments collected by the lessor and paid to the government).
- **Planet** - environmental taxes: taxes and levies on energy products (includes vehicle fuel); on motor vehicles and transport services; and on the supply, use or consumption of goods and services considered to damage the environment. Examples of planet taxes include: taxes and excise duty on electricity and gas, taxes on the production of nuclear fuels, carbon taxes and taxes on hydrocarbons.

The data was collected in foreign currency and translated using the average exchange rates for the year

33 Consistent with the Total income tax paid (on cash basis) reported in the table containing the GRI 207-4 data, Profit Tax Borne does not include the taxes on dividends received from other group entities.

2021 DISTRIBUTION OF THE TOTAL CONTRIBUTION



Compared with 2020, the total tax contribution has risen by about Euro 128 million (+9%).
This increase comprises both higher taxes borne and higher taxes collected and relates, albeit with differing intensities, to all geographical areas.

TABLE ANALYSING THE TOTAL TAX CONTRIBUTION IN 2021 BY GEOGRAPHICAL AREA (EURO/ MILLION)

	North America	Canada	United States	LATAM	Brazil	Other	EMEA	France	Germany	Italy	Netherlands	Spain	United Kingdom	Other	APAC	China	Other	Total
Tax Borne	**105.31**	**25.46**	**79.85**	**54.38**	**11.32**	**43.06**	**245.47**	**63.23**	**30.40**	**46.18**	**15.68**	**16.37**	**13.03**	**60.58**	**61.89**	**16.97**	**44.92**	**467.05**
Profit	49.59	9.24	40.35	12.76	1.66	11.10	43.71	5.44	1.08	10.41	6.85	0.03	4.12	15.78	15.44	7.21	8.23	121.50
People	27.21	1.66	25.55	18.62	5.87	12.75	165.94	49.36	26.67	32.44	6.82	14.71	5.55	30.39	11.50	6.37	5.13	223.27
Product	20.27	13.70	6.57	22.13	3.48	18.65	19.70	2.20	2.17	1.22	0.39	0.18	0.74	12.80	33.91	2.39	31.52	96.01
Property	8.24	0.86	7.38	0.86	0.31	0.55	13.74	6.16	0.48	1.94	0.24	1.45	2.21	1.26	0.59	0.55	0.04	23.43
Planet	-	-	-	0.01	-	0.01	2.38	0.07	-	0.17	1.38	-	0.41	0.35	0.45	0.45	-	2.84
Tax Collected	**98.32**	**13.75**	**84.57**	**73.98**	**20.09**	**53.89**	**760.43**	**109.04**	**94.87**	**45.41**	**72.69**	**75.72**	**116.51**	**246.19**	**89.36**	**45.03**	**44.33**	**1,022.09**
Profit	0.23	0.26	-	2.89	0.34	2.55	1.52	-	-	0.04	-	-	1.04	0.44	0.45	-	0.45	5.12
People	79.60	11.66	67.94	23.43	6.43	17.00	175.97	24.13	37.48	45.36	16.56	13.45	12.31	26.68	15.02	4.70	10.32	294.02
Product	18.46	1.83	16.63	47.66	13.32	34.34	582.53	84.91	57.39	0.01	56.13	62.11	103.16	218.82	73.89	40.33	33.56	722.54
Property	-	-	-	-	-	-	0.22	-	-	-	-	0.16	-	0.06	-	-	-	0.22
Planet	-	-	-	-	-	-	0.19	-	-	-	-	-	-	0.19	-	-	-	0.19
Total Tax contribution	**203.63**	**39.21**	**164.42**	**128.36**	**31.41**	**96.95**	**1,005.90**	**172.27**	**125.27**	**91.59**	**88.37**	**92.09**	**129.54**	**306.77**	**151.25**	**62.00**	**89.25**	**1,489.14**

TABLE ANALYSING THE TOTAL TAX CONTRIBUTION IN 2020 BY GEOGRAPHICAL AREA (EURO/ MILLION)

	North America	Canada	United States	LATAM	Brazil	Other	EMEA	France	Germany	Italy	Netherlands	Spain	United Kingdom	Other	APAC	China	Other	Total
Tax Borne	**117.92**	**21.91**	**96.01**	**46.44**	**10.01**	**36.43**	**252.54**	**70.53**	**27.60**	**48.77**	**17.15**	**19.17**	**7.76**	**61.56**	**23.86**	**11.48**	**12.38**	**440.76**
Profit	62.56	10.79	51.77	13.57	2.50	11.06	51.32	11.03	2.60	12.74	8.54	-	(0.89)	17.29	7.33	4.20	3.13	134.78
People	31.42	1.84	29.58	16.75	5.91	10.84	168.05	48.38	23.26	32.85	6.69	15.56	5.45	35.85	11.49	4.09	7.40	227.71
Product	15.07	8.59	6.48	15.36	1.44	13.92	12.10	1.78	1.25	0.85	0.25	0.12	0.79	7.06	3.98	2.19	1.78	46.51
Property	8.87	0.69	8.18	0.74	0.15	0.59	17.02	9.22	0.49	2.21	0.20	1.53	2.05	1.31	0.53	0.47	0.06	27.16
Planet	-	-	-	0.02	-	0.02	4.06	0.12	-	0.12	1.46	1.95	0.35	0.06	0.52	0.52	-	4.60
Tax Collected	**97.96**	**11.45**	**86.51**	**58.29**	**34.93**	**23.35**	**689.53**	**120.87**	**68.18**	**54.43**	**67.14**	**62.02**	**84.94**	**231.96**	**74.98**	**46.79**	**28.19**	**920.76**
Profit	0.18	0.18	-	3.00	2.01	0.98	1.59	(0.49)	-	0.04	0.30	-	1.26	0.47	0.23	-	0.23	5.00
People	78.83	10.33	68.50	20.17	6.54	13.64	167.82	21.23	37.95	43.48	17.07	16.80	11.13	20.16	7.79	4.27	3.52	274.61
Product	18.95	0.94	18.01	35.12	26.38	8.73	519.60	100.12	30.24	10.91	49.75	45.22	72.55	210.82	66.96	42.52	24.44	640.63
Property	-	-	-	-	-	-	0.02	-	-	-	0.02	-	-	-	-	-	-	0.02
Planet	-	-	-	-	-	-	0.50	-	-	-	-	-	-	0.50	-	-	-	0.50
Total Tax contribution	**215.88**	**33.37**	**182.52**	**104.71**	**44.94**	**59.77**	**942.08**	**191.40**	**95.78**	**103.20**	**84.29**	**81.18**	**92.70**	**293.52**	**98.85**	**58.27**	**40.57**	**1,361.52**

Focus on the 10 main countries in which the Group operates

The total tax contribution is mainly concentrated in Brazil, Canada, the United States, France, Germany, Italy, the Netherlands, Spain, the United Kingdom and China, consistent with the distribution of revenues and the number of employees.
These ten countries, together making a tax contribution of about Euro 996 million, or just under 70% of the total for the Group, in fact generate about 75% of the Group's revenues and employ 65% of all personnel.

The principal changes between 2020 and 2021 in the tax contributions of the ten main countries in which Prysmian operates are described below:

- in **Brazil**, product taxes collected fell by Euro 13 million due to the effect of sales that, under special tax regimes enjoyed by purchasers, were not subject to ICMS ("*Imposto sobre Circulação de Mercadorias e Serviços*"), an indirect tax similar to VAT;
- in **Canada**, product taxes borne rose by Euro 5 million as a result of higher imports, resulting in increased customs duties and charges;
- in the **United States of America**, profit taxes borne fell by Euro 11 million due to the workings of the income tax payment mechanism and, in particular, to payments made in 2020 with regard to prior years;
- in **France**, profit taxes borne fell by about Euro 6 million due to the workings of the income tax payment mechanism (the advances paid in 2021 were determined with reference to the results for 2020) and product taxes collected were about Euro 15 million lower;
- in **Italy**, product taxes collected fell by Euro 10 million due, in the main, to the lower VAT payments made in 2021 compared with 2020. This was due to (i) the adoption of Group VAT from 2021 and (ii) the VAT overpaid in 2020, which gave rise to VAT credits that were only offset from 2021;

- in **Germany**, **Spain** and the **Netherlands**, product taxes collected increased respectively by Euro 27 million, Euro 17 million and Euro 6 million, largely due to higher sales;
- in the **United Kingdom**, (i) profit taxes borne increased by Euro 5 million due to greater profitability in 2021 compared with 2020, a year adversely affected by Covid-19 and Brexit; (ii) product taxes collected increased by Euro 30 million, as a result of higher VAT payments in 2021, which also included the payment of VAT for 2020 following a payment extension granted during the pandemic.

Cyber Security

Creating value for our stakeholders also means protecting their personal and sensitive data and adopting operational procedures that preserve and leverage the wealth of information owned by the Group.

In a rapidly changing world where information has significant value and there is a growing interoperability between networks, systems, and applications, it is increasingly complex to manage and protect information assets, ensuring compliance with applicable regulations. This increased complexity - combined with the proliferation and evolution of persistent cyber threats - exposes companies to new kinds of risks, whose harmful effects could serious negative impacts in terms of financial loss, brand reputation, compliance, data leakage and business interruption.

In this ever-changing scenario, it is progressively challenging to achieve a secure environment, minimizing potential adverse impacts on business operations, and guaranteeing compliance to regulatory requirements.

The following tables on identified risks and the related mitigation actions are published pursuant to Legislative Decree 254/2016 (Consolidated Statement of Non-financial Information).

Risk identified	Material topic 2022
Cyber security risks	Cyber security and data protection

Description of risk
The increasing spread of technologies that allow the transfer and sharing of sensitive information via virtual spaces leads to the emergence of greater IT vulnerabilities. The Group therefore strives to protect its IT systems from the theft of or damage to hardware, software and the information held, as well as from interruptions in the services provided by them. In fact, the exposure to potential cyber attacks derives from several factors, such as the global distribution of IT systems and the cloud storage of high value-added information (such as patents, technological innovation projects, as well as financial projections and strategic plans not yet disclosed to the market). Prysmian has carried out an analysis to assess quantitatively the impact of the cyber attack risk on productive activities, considering the entire life cycle of assets, the growing use of IoT systems in operations and the probable acceleration of these technologies due to the energy transition programmes. Based on the "possible" future scenarios defined by the IEA, this analysis confirms a medium impact over the medium term, with increased operating costs and capital, and a medium-high impact over the long term.

Mitigation actions adopted
Since 2016 the Group has implemented an Information Security Strategy that defines the related governance structure adopted by the Group and provides guidelines for cyber risk management in the field of IT architectures and company processes. In particular, the Group has implemented a Cyber Security Program, complete with governance, policies and procedures, training, security reports, technologies and processes for monitoring, analysing and containing incidents, security assessments for selected plants, periodic review of the threat model and further analysis of the complex structural factors involved in the development of modern security for the Group as a whole. Manufacturing cyber attacks are increasingly frequent in the industrial sector and, in this regard, a programme to segregate the networks of production plants is currently in progress, starting with those considered most strategic. Once again, the cyber security committee met periodically during 2022 to supervise the activities of this programme. Special consideration was given to the Russia-Ukraine geopolitical crisis and its possible consequences for the Group, which are not believed to be significant. Lastly, multi-channel security campaigns and training were delivered throughout the Group during the year, with controlled social engineering and phishing activities designed to test the readiness of personnel to recognise these common types of cyber attack. Together with the Cyber Security function, the Audit function also carried out ad hoc audits (vulnerability assessments and penetration tests) on the technical specifications repository for cables.

Risk identified	Material topic 2022
Risks relating to data processing	Cyber security and data protection

Description of risk
In the current context, marked by the increasing globalisation of business, the proliferation of channels and methods of access to information, as well as an increase in the volume and types of data managed, the Prysmian Group is tackling the different data management topics that range from alignment with the latest industry regulations, to defence against potential threats against the confidentiality, completeness, accuracy and availability of information. Furthermore, the European GDPR (General Data Protection Regulation) entered into force in May 2018 and has become one of the major points of reference for a renewed effort in the area of data protection, with a focus on personal data.

Mitigation actions adopted
The programme for the protection of personal data adopted by the Group is based on the following fundamental elements that involve the entire business structure:
- implementation of a model based on mapping the personal data processed by business functions and keeping a register of processing activities;
- definition of a governance model designed to comply with the requirements of the GDPR and other emerging data protection requirements;
- evaluation and implementation of adequate technical and organisational measures to ensure a level of security appropriate to the risk, partly with the help of new tools such as the data protection impact assessment introduced by the GDPR;
- definition of the communications and training materials specifically reserved for the roles identified with the data protection organisational model.

This complexity is particularly relevant for manufacturers continuing to drive extensive innovation in products and services, manufacturing processes, and industrial ecosystem to compete in this changing global marketplace by adopting new technologies to achieve customer centricity and increase value-added services and business efficiency. In this context, Prysmian Group developed an Information Security Strategy, whose main objective is to set an overall direction to address the management, control, and protection of the Group's information assets efficiently and effectively.

The structure of Information and IT security management provides a Cyber Security Unit directly reporting to the Chief Information Security Officer (CISO) which is a member of the HQ HR staff.
The unit is structured to manage four main capabilities:

1. **Governance**, ensure the organization has the right governance structures in place to enhance and maintain its preventive, detective and respond & recover security capabilities;
2. **Prevention**, mitigate cyber exposure surface thanks to preparation and protection of the organization assets;
3. **Detection**, ensure the organization is aware of the internal and external threats and can proactively mitigate them and
4. **Response & Recovery**, defend the organization against successful cyber-attacks and recover from the impacts generated.

The organizational structure envisages the involvement of the Business Lines in activities related to IT security through the Information Security Committee, in the figures of the Head of Industrial Relations (CSO), the Chief Digital Officer (CDO), the Chief Audit & Compliance Officer, the Chief Risk Manager Officer (CRO), the Group Business Operations Officer and the Chief HR & Organization Officer.

The Group is provided with a comprehensive set of policies, procedures, and operating instructions to address and regulate, at different level of details, Information Security topics and processes, according to the Information Security Strategy and Framework.
Security documents as policies, procedures, operating instruction, and recommendations are regularly reviewed and endorsed with employees, published and available on the corporate intranet or administered through specific online training.

With the first Cyber Security program completed, a new three-year strategic roadmap was designed in 2021, which contains initiatives aimed at strengthening information security and consolidating the maturity achieved through a set of new initiatives to reduce overall cyber and compliance risks.

Consistently with the three-year Roadmap, in 2022 main initiatives were completed:

1. The deployment of the new security technologies acquired last year was completed on the entire perimeter of the IT, IoT and OT assets, making them fully operational, consolidated and integrated into the processes set forth in the Security Frameworks, significantly increasing the general level of security of the Company. This guaranteed that the emerging exacerbation of technological risks has been adequately contained and managed: the necessary and constantly adaptation of company defenses and processes for safeguarding IT assets are further elements of protection of industrial know-how and competitiveness of market. The current trustworthy technology stack[34] also enables focusing on the interplay between cybersecurity, privacy, ethics, and transparency, with the aim of protecting all stakeholders' interests and upholding societal expectations to aid cross-organizational cooperation.

2. An organization's cyber capabilities grow with its employees' understanding of cyber risks and their personal role and responsibility in helping to manage them.
   Cyber Security Culture's online trainings and readiness exercises (simulated attacks targeting the human vector) are mandatory for all employees, with reference to emerging risk dimensions, including those related to the extensive use of remote working. From 2022 Blue Collars employees' categories also received mandatory training for risks linked to their activities, over 90% of the overall new hires have successfully completed their special on-boarding trainings.
   The enhancement of periodic multi-channel campaigns (via email and posted on internal social network) allowed to further encourage learning, processing and consolidation of content, making trainings more engaging and effective.

3. Geopolitical events of the past year have significantly affected cyber strategy and tactical cyber security operations around the world. The need for a strategic vision to contain the risks triggered by unpredictable cyber weapons and rampant information warfare has found fulfillment in the action of the Information Security Committee. It has been convened 6 times for the following purposes: follow the evolution of relevant events, highlight the attention paid to threats, perform analysis by correlating the involved Business lines, request and sponsor initiatives in the branches of the countries concerned.
   Pivot deliveries are new technological security solutions, strengthening of internal measures and controls for third parties who have access to corporate environments and data.
   Special Security Plans were developed and implemented for the branches in Russia and Finland and the network segregation and segmentation plan for all North American factories was accelerated and completed.

The Information Security Risk Management process is based on the ISO / IEC 27005 standard and integrate the Enterprise Risk Management process of Prysmian Group. This process allows the Group to give the proper relevance to security measures, correctly linking them to the threats that affect the scope of analysis and the related risks, also retrieving data sourced from the intelligence process driven by the Threat Model .[35]

After the analysis, the risks that are considered not acceptable, with respect to the Group risk appetite, should be mitigated by means of the definition and implementation of treatment actions, properly prioritized based on risk values.

Technologies are now shared across a multitude of organizations. These organizations consequently have common dependencies or weaknesses. Reliance on the Group's suppliers as well as all outsourced products and services that support critical IT operations increase the Company's cyber risk and attack surface. The most recent and evolving cyber-attack vectors are turning to suppliers and leading to additional requirements for the supervision and continuous monitoring of the security of the Group's Third Parties.

The Group is continuously and consistently monitoring the security of its digital footprint with the support of cyber scoring agencies and this discipline is applied across the extended ecosystem: the primary scoring agency is Security Scorecard which rated the Company security maturity in 2022 between 85 to 90 (out of 100). This rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data: configuration information (which represents how diligent a company is in implementing best practices to mitigate risk) and observed security events (which are evidence of cyber events like system compromises or data breaches).

34 Set of software and applications that, linked to each other, lead to the creation of IT and technology projects.
35 Security process by which potential threats are identified, classified and analyzed, assessing their risk and providing the necessary countermeasures.

Security incidents or identified vulnerabilities can negatively impact the company's rating. They are addressed in a timely manner and the Group strives to maintain the score above 85/100.

If the risks factors are not properly managed with remediation actions and treatment plan, the confidentiality, integrity and availability of Group Information cannot be properly protected and this can result in damages or loss in financial (loss of competitiveness on the market in terms of margin reduction or cost increase), reputational (loss of brand reputation), operational (interruption or delay of business processes) and legal (lack of compliance to regulations, laws and contractual requirements) domains.

At the beginning of 2019, the Group defined and adopted a set of Key Performance Indicators useful for evaluating the level of Information Security. By using KPIs and periodically monitoring them, Prysmian Group can have a continuous and updated overview of Security, detecting potential deficiencies and addressing them in a timely manner.
The indicators cover all areas of the Information Security framework defined at Group level, targeting two different needs: business-oriented metrics provide management the clearest and most direct possible representation of Prysmian Information Security status, while technically driven metrics measure and improve the posture of the Group technology.
As for the Group Cyber Security Program, the Information Security Committee supervised the operating plans for the implementation of the planned initiatives during periodic updates in 2022.

In 2022 over 59 information security events ("incidents") with various severity were monthly handled, 37 suspect internet domains used for electronic fraud campaigns (malspam, phishing and ransomware) were identified and reported. Over 158 monthly security clearances were issued, to authorize significant changes on IT systems or providing access to Company critical assets. Lastly, 26 investigations were conducted to reduce and prevent theft and fraud activities, business interruption and reputational damage, carried out by insiders and hostile external hacktivists.

Prysmian Group, as a strategic know-how company, has continued the collaborations provided by membership of associations and consortia and agreements with national and international institutions, through information sharing activities on relevant cyber events, also recorded on its IT infrastructures.

Concerns about an increasingly fragmented and unpredictable world also ignited a notable shift in perception of the effectiveness of cybersecurity and privacy regulations.
Some elements of cybersecurity regulations represent compliance challenges; however, regulations, international and local standard of certification and attestations are increasingly seen as an effective measure in order to move towards cybersecurity and resilience activities.
Prysmian Group confirmed in 2022 its Bureau Veritas ISO/IEC 27001:2013 certification relating to the information security management system on the scope of Cyber Security, Information Security and Incident Management. As regards the foreign subsidiaries, Cyber Essentials and Assurance certifications were confirmed in 2022 for the UK subsidiaries and the first level Cybersecurity Maturity Model Certification (CMMC) compliance for the US subsidiaries of the Group.

In order to monitor CyberSecurity activities, the Prysmian Group has independently chosen to report the following indicators:

Description	UM	2022	2021	2020
Number of Information Security training courses	Number	**18**	13	11
Average time for high-risk vulnerability resolution	Weeks	**15**	17	33
Percentage of log sources integrated with SIEM solution(*)	Percentage	**89**	83	82
Number of Security incidents	Number	**707**	780	1,439
Percentage of cyber-attacks on total security incidents	Percentage	**3**	7	9
Average time for forensic activities after an incident	Hours	**4**	4	4

(*) Security software that helps recognize potential security threats and vulnerabilities before they have a chance to disrupt business operations.

Environmental responsibility

Prysmian Group has made a firm long-term commitment to reduce its environmental impact throughout the entire value chain. Being an enabler of the low-carbon transition and digitalisation means having the ability to innovate constantly. As ever, this aspect defines and underpins the long-term environmental ambitions of the Group, stimulating constant efforts to adopt leaners production processes with an ever lower environmental impact. To achieve these objectives, it is essential to make strategic decisions that foresee, mitigate and manage the risks associated with environmental matters. Via an effective system of information flows, Prysmian Group is able to manage all business-related risks and ensure that sustainability remains an integral part of our activities.

The following tables , presenting the risks identified risks and related mitigation actions are published pursuant to Legislative Decree 254/2016 (Consolidated Non-financial Statement).

Risk identified	Material topic 2022
Environmental risks	Efficient, sustainable and circular activities

Description of risk
The Group's manufacturing activities are subject to specific environmental regulations. These include the management of raw materials, energy resources, hazardous substances, water discharges, atmospheric emissions and waste, as well as the prevention of pollution and minimisation of the impact on environmental matrices (soil, sub-soil, water resources and the atmosphere). Furthermore, changes in these regulations tend to impose increasingly stringent requirements on firms, often calling for improvements in technology (best available techniques) and the relevant risk prevention systems, which generate additional costs. For these reasons, despite the Group's strong, ongoing commitment to environmental protection, its business operations might still have an impact on the environmental matrices, with possible implications for the continuity of production and economic and reputational consequences.

Mitigation actions adopted
In order to prevent and mitigate environmental risks, the Group has adopted an ISO14001-certified environmental management system at 97% of its production locations. Environmental matters are managed centrally by the Health, Safety & Environment (HSE) function. In coordinating the local HSE functions, this function adopts systems intended to guarantee strict compliance with the regulations in accordance with best practices, collects and analyses environmental data using a centralised platform, monitors the exposures to risk using specific indicators, organises specific training and carries out audit work at the production locations.

Environmental performance of the Prysmian Group

Through its activities, Prysmian plays a key role in energy transition and decarbonisation. For example, with its specifically designed submarine power distribution cables, the Company enables energy to be transported to land from offshore wind farms. Prysmian also enables the cross-border transportation of energy, reaching and connecting different countries. Via the production of optical fibre, the Group helps to digitalise society, considered an essential step in the development of a low-carbon economy and a new growth model. The Group has decided to make a concrete commitment to reduce the GHG emissions that derive from its activities and value chain, setting targets for the reduction of emissions (Scopes 1, 2 and 3) towards the Net-Zero target, thus helping to decarbonise the economy. Further information can be found in the earlier "Climate Change & Social Ambition" section of this document.

Prysmian impacts on the environment via its manufacturing activities, creating direct emissions (Scope 1) from combustion, releases into the atmosphere of SF6 gas used mainly for testing purposes, and leaks of refrigerant gases used mostly in air-conditioning systems, as well as indirect emissions from energy consumption (Scope 2). Indirect GHG emissions (Scope 3) account for over 99% of the Group's total carbon footprint. 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, Prysmian has included its Scope 3 emissions in the Non-Financial Statement for the first time and, like previous years, in both a specific GHG Statement and in the CDP Climate Change questionnaire. Detailed quantification of Scope 3 emissions has shown that over 97% of total emissions generated throughout the value chain are mainly attributeble to use of the products sold. The procurement of raw materials represents about 2.4% of the Group total, while the remainder is split between logistics, investment and other minor categories.

The Group is actively committed to safeguarding and protecting the environment and conservinge natural resources, in order to create sustainable value for the benefit of both the organisation and our stakeholders. The Group's commitment to these aspects is expressed not only by the intrinsic characteristics of our products, but also by how our production systems are managed. In particular, the prevention and reduction of their environmental impact is achieved, for example, by the efficient use of natural resources, the optimisation of logistics flows and the responsible management of waste. Prysmian's commitment is evidenced, both internally and externally, by communicating and applying its Health, Safety, Environment and Energy policy, (as explained in the section dedicated to Circularity).

In 2021, Prysmian submitted its GHG emission-reduction targets to the Science-Based Targets initiative (SBTi). Further details are presented in the "Climate Change & Social Ambition" section of this document.

In order to satisfy market requirements, about 30 Environmental Product Declarations (EPDs) were prepared, certified and registered for about 300 products in 2022, including medium and low voltage cables, as well as conductors, made in Brazil, France, Italy, Romania and Spain. As established in the related regulations, EPDs evidence an in-depth study of the environmental impact of the products concerned, considering all phases in their life cycle from manufacture of their raw materials to their end-of-life retirement and transformation into waste, including the related production processes, as well as installation and usage (Life Cycle Assessment – LCA). EPDs do not merely calculate the carbon footprint (represented by greenhouse gases), but extend the analysis to around 20 other environmental impacts. 2022 was a turning point in this sense, with the extension of this activity to a far greater number of products than in prior years. The assessments and certifications were conducted in accordance with the specific Product Category Rules (PCRs) devised, as appropriate, for EPDs in the various countries and as requested for competitive tendering. Work to prepare, issue and certify EPDs will continue to expand in the near future, in order to cover an increasing number of product families. As part of continuous improvement efforts, a broader strategy will be devised to guide an increasingly proactive approach, and different ways will be evaluated to set the Group's objectives for the EPD coverage of sections of the product portfolio.

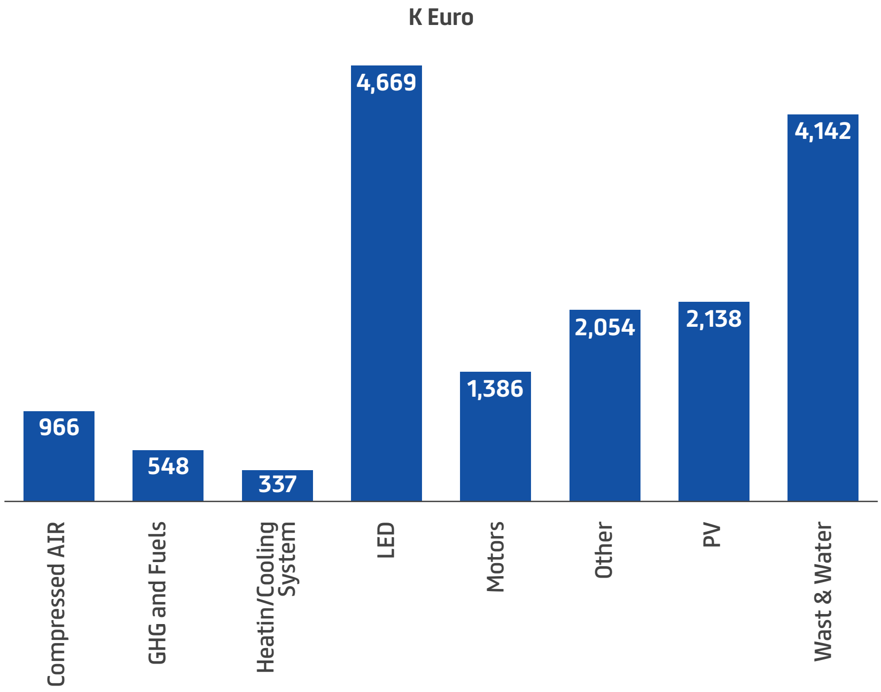
Great attention has been given to the collection and analysis of HSE data, in accordance with Group-level criteria. Data deemed "material" is reported by business units on a monthly basis, thus allowing for a more reliable and up-to-date database. This allows the HSE functions at Regional and Corporate level to analyse this data throughout the year. They can therefore not only review its development and ongoing compliance with local legislative requirements, but also make forecasts and launch or extend, to an increasingly larger number of units, those specific actions and/or projects coordinated at central level, including initiatives aimed at achieving Group-level targets (see the "**Actions to prevent waste generation throughout the Prysmian value chain**" section for further information). Of note in this context are:

- energy efficiency projects designed to reduce energy consumption and greenhouse gas (GHG) emissions at Group level;
- initiatives to improve waste management by increasing the portion recycled;
- optimal use of water resources via the introduction of partial or total recirculation mechanisms as part of the Group's cooling systems;
- constant improvement of the systems and tools for managing Health, Safety, Environmental and Energy matters at both production unit and organisational level.

Note that from 2021 onwards, the performance indicators used by operational functions to evaluate investments and industrial projects include GHG savings, where applicable, as an indicator of their actual environmental benefit, in addition to their energy and economic efficiency. The energy efficiency projects launched or progressed in 2022 covered several areas of interest. Some of them had been previously studied and analysed by the HSE function jointly with other central functions, with the goal of implementing the already validated initiatives in an increasing number of the Group's regions and plants.

In 2022, Group investment dedicated to all HSE projects, including work on energy efficiency, the reduction of direct GHG emissions and optimisation of both the management of water-based cooling systems and the management of waste, amounted to about Euro 37 million. Of this, about Euro 16 million was invested in initiatives for the improvement of environmental management, as shown in the chart below.

ENVIROMENTAL INVESTMENTS



The environmental projects / investments involved about eighty sites in 30 countries within the Prysmian reporting boundary.

The project to reduce SF6 was approved centrally at the end of 2021, with a view to cutting the CO2e emissions associated with the use of this gas by 90% over 5 years. The Livorno and Montereau plants were involved in 2022 and, due to the improved management and monitoring of consumption while using SF6 (mainly in product testing activities), a 76% reduction in environmental impact was achieved at Livorno and a 10% reduction at Montereau. Largely as a result of these projects, the Group's direct emissions associated with the escape of SF6 have fallen by 47%.

This project will continue in the coming years with further investment in the minimisation of SF6 releases.

Since 2013, Prysmian has made its environment management initiatives public by participating in the CDP (Carbon Disclosure Project) global environmental reporting system. In 2022, the Group received an [A-] rating, positioning it within the Leadership band and ahead of the European average of [B].

Energy

The Group's total energy consumption, shown in the following table, includes that one of its fleet.
For this reason, the comparative figures for 2021 and 2020 differs slightly from those reported in the published Consolidated Non-Financial Statement for 2021, in which the fleet data was presented separately.

Energy Consumed (GJ)(*)	Total 2022	Total 2021	Total 2020
Electricity from renewable sources	1,921,399	2,593,155	2,099,436
Electricity from non renewable sources	4,112,089	3,588,272	3,800,896
Natural gas	2,747,360	3,121,660	3,144,106
LPG	135,365	136,024	111,009
Petrol	7,424	5,905	13,232
Diesel	896,985	411,316	417,954
Fuel oil	5,571	6,050	24,659
Steam (purchased, not produced internally)	9,791	6,977	3,381
Heat (purchased from distribution networks)	135,931	150,491	126,872
Chilled water	-	281	374
Total	**9,971,915**	**10,020,131**	**9,741,919**

(*) The term "Energy Consumed" means the number of GigaJoules (GJ) of energy consumed within the organisation. This comprises energy purchased from sources outside the organisation (e.g. electricity, heating, cooling ans steam purchased for consumption) or generated by the latter (e.g. fuel used in self-generation activities). The 2020 and 2021 figures includes estimates for the Chiplun and Sohar plants. The 2022 figures contains estimates for the Chiplun plant only, since Sohar reported normally. The figures for 2020, 2021 and 2022 includes consumption by the fleet, which were previously reported separately.

The following table shows the energy intensity of the four business lines expressed in GigaJoules per kilometre or tonne of product:

Energy consumed per km/Ton of product	Power cables GJ/Ton	Telecom cables GJ/km	Optical Fiber GJ/km	Rod/Ton
2022	3.57	0.01	0.04	2.05
2021	3.38	0.02	0.04	2.24
2020	3.56	0.02	0.04	2.18

Emissions

The following tables, presenting the risks identified and related mitigation actions are published pursuant to Legislative Decree 254/2016 (Consolidated Non-financial Statement).

Risk identified	Material topic 2022
Risk linked to the emission of greenhouse gases, including increased operating costs caused by the introduction of a carbon tax or application of the Emission Trading Scheme	**Decarbonisation on the path to Net Zero and digitalisation**

Description of risk
This risk has been analysed considering a possible increase in production costs that could result from the adoption of more restrictive GHG emission laws and regulations, both in the form of taxation (carbon taxes) and participation in the emissions market (Emission Trading Schemes - ETS). Prysmian has carried out an in-depth analysis to assess the impact of that risk in relation to the Group's direct GHG emissions (Scope 1), considering current policies and those announced by governments and supranational organisations in the territories in which it operates. The exposure to risk over the 2022-2035 time horizon and with respect to the IEA scenarios analysed - STEPS, APS, SDS and NZE - does not appear critical overall, with a low impact over the medium term and a medium impact over the long term, although the impact on operating costs could vary markedly between territories. The carbon tax/ETS risk is monitored constantly, not least with respect to their possible effects on the cost of the raw materials and energy purchased by the Group (Scope 2).

Mitigation actions adopted
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 its production plants are located. In addition, the Group has defined a strategic plan (Sustainability Scorecard) with quantitative targets for the reduction of GHG emissions, using specific indicators aligned with the GRI Standards. The targets for reducing Scopes 1 and 2 emissions have been validated on a scientific basis in accordance with the Science-Based Target Initiative (SBTi), with a commitment to reach Net Zero by 2035.

Risk identified	Material topic 2022
Risks linked to the increased severity of extreme weather events	**Decarbonisation on the path to Net Zero and digitalisation**

Description of risk
The Group constantly monitors the exposure of all its production sites, considering the entire life cycle of the assets, to such weather events as storms, floods, hail etc. using CatNet®, a profiling tool that measures the exposure to geo-specific risks developed by Swiss Re. This tool has also been used to evaluate their exposure over a time horizon extended out to 2035, in a conservative high CO2 emissions scenario (RCP 8.5), confirming their low overall exposure to risks deriving from changes in the summer/winter rainfall and higher temperatures, with the exception of a few sites in areas with a maximum temperature rise of 1.5°C. Lastly, a sensitivity analysis was carried out for the period 2020-2040, assuming a further increase in the severity and frequency of the extreme weather events that have affected Group assets over the past 20 years. This analysis confirmed medium exposure to this risk, involving increased operating costs or loss of revenues. Similar conclusions were reached for lower CO2 emissions scenarios (RCP 2.6). The assessment of risks linked to the increased severity of extreme weather events has been extended to the entire supply chain (upstream or downstream activities and customers), considering a selection of strategic suppliers and customers.

Mitigation actions adopted
The Group has a well established loss prevention programme at all its production plants, which seeks to foresee and mitigate material losses and stoppages caused by extreme events, not least by monitoring changes in the weather. Additionally, risk mitigation actions include a Group agreement with an international company specialised in "disaster recovery & restoration" services, as well as insurance cover for both direct losses and loss of profits due to production stoppages. The assessment of third-party sustainability risks, including risks linked to the increased severity of weather events, is a fundamental part of the entire supply chain management process.

Risk identified	Material topic 2022
Risks linked to the rise in sea level (climate change)	Decarbonisation on the path to Net Zero and digitalisation

Description of risk
Since 2017, the Group has monitored the risk of climate change and, in particular, of rising sea levels, with a view to evaluating the potential impact on all production locations, considering the entire life cycle of key assets. A detailed analysis of the exposure to rising sea levels is carried out every year, supporting the analyses performed using CatNet®, a profiling tool that measures the exposure to geo-specific risks developed by Swiss Re, with the analyses performed using Aqueduct - a web platform made available by the World Resources Institute (WRI) - in a conservative high CO2 emissions scenario (RCP 8.5). The analysis confirmed, over a time horizon extending out to 2080, the absence of direct impacts on the Group's production plant. Nevertheless, the rise in sea level could increase exposure to the risk of coastal flooding caused by storms; this situation would however affect a very limited number of production plants (<2%). The impact, mainly in the form of increased operating costs or lost sales, would be low. The exposure will be monitored so that action can be taken ahead of time, including the introduction of additional control systems, where necessary. Similar conclusions have been reached for low CO2 emissions scenarios (RCP 2.6). The assessment of risks linked to the rise in sea level has been extended to the entire supply chain (upstream or downstream activities and customers), considering a selection of strategic suppliers and customers.

Mitigation actions adopted
The Group has a well established loss prevention programme at all its 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 part of the entire supply chain management process.

Greenhouse gas emissions, measured in tonnes of CO2 equivalent, have been calculated using the methodologies indicated in "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2004)" considering:

- for **Scope 1 emissions** (direct GHG emissions):
  - fuel consumption data;
  - release of refrigerant gases from air conditioning systems;
  - release of SF6 gas, mainly used for testing activities.
- for **Scope 2 emissions** (indirect GHG emissions), the consumption of purchased energy (mostly electricity).

Prysmian Group is a multinational and diversified concern; for this reason, and consistent with the requirements of the reporting standard, two main methods are used to account for Scope 2 emissions: the Location-based method and the Market-based method. Both methods, described below, are recognised and required by the GHG Protocol and are necessary for the reporting of Scope 2 emissions in the "CDP's Climate Change program" starting in 2016.

The Group's total GHG emissions, shown in the following table, include those ones of its fleet. For this reason, the comparative figures for 2021 and 2020 differs slightly from those reported in the published Consolidated Non-Financial Statement for 2021, in which the fleet data was presented separately.

Emissions of tCO_2 (*)		Total 2022	Total 2021 (**)	Total 2020
Scope 1(1)	Direct emissions from combustion (***)	232,178	216,874	219,519
	Emissions from refrigerant gas leaks	3,696	7,047	7,626
	Emissions from SF6 gas leaks	61,852	117,186	108,610
	Total Scope 1	297,725	341,107	335,755
Scope 2(2)	Location-based	501,745	512,458	519,589
	Market-based	367,379	365,862	422,675
Total	**Scope 1 e Scope 2 (Location-based)(3)**	**799,470**	**853,565**	**855,344**
	Scope 1 e Scope 2 (Market-based)(4)	**665,104**	**706,969**	**758,430**
Scope 3(5)		**269,684,778**	**284,562,292**	**291,462,668**

(*) As in 2020, the GHG emissions of the Chiplun and Sohar plants were estimated in 2021. This was only necessary for the Chiplun plant in 2022. The amounts reported in the Group Scorecard do not contain these estimated values.
(**) The Scope 2 tCO_2 data for 2021 includes the emissions from the purchase of heat in the form of district heating and steam for 7,468 tCO_2.
(***) Direct emissions from combustion include emissions from the fleet already separately disclosed in previous Non-financial Statement.
(1) Scope 1 Emissions comprise the organization's direct emissions, being those generated by resources under its direct control. The reported Scope 1 emissions refer to combustion processes (using natural gas, LPG, petrol, diesel, fuel oil, marine diesel), leakage of refrigerant gases (HFC, PFC) and lleakage of SF6 gas.
(2) Scope 2 Emissions comprise the indirect emissions of the organisation, being those deriving from its direct consumption excluding generation activities. These include: purchased electricity, district heating and steam.
(3) Scope 2 Emissions - Location-based method quantifies these emissions with reference to average emission factors for the energy generated within well-defined (e.g. local, sub-national or national) geographical boundaries.
(4) Scope 2 Emissions - Market-based method quantifies these emissions with reference to the C02 emissions of the energy suppliers from which the reporting company purchases, under contract, an electricity package. Markets differ on the contracts available for the purchase of energy or on the claim of specific attributes, but may include: energy guarantees of origin and direct contracts with suppliers (RECs, GOs, I-REC, etc.); supplier-specific emission factors; default emission factors that represent uncontrolled or unclaimed energy and emissions (defined as "residual mix"); average regional, sub-national or national emission factors.
(5) Scope 3 Emissions comprise the indirect emissions generated by the organisation throughout the value chain, via its upstream and downstream processes. These include the emissions deriving from purchased goods and services, the purchase of capital goods, fuel consumption and energy-related activities, upstream transportation and distribution, waste generated by operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, and investments.

In 2022, Prysmian identified 170 suppliers (approximately 60% of the Prysmian Group's total expenditure) deemed significant according to the sustainability criteria defined by the Group and invited them, in collaboration with CDP, to report their emissions, by responding to the CDP Climate Change questionnaire.

The number of replies increased slightly compared to 2021 and includes several SME providers who replied to the questionnaire for the first time. Prysmian has noted satisfactorily that a high percentage of suppliers have disclosed their objectives, including involving their supply chain on climate issues.

Further information about the methodologies used to calculate the Scope 1, 2 and 3 emissions can be found in the "Methodology" chapter of this document and Prysmian Group's 2022 GHG Statement.

The emissions intensity of each business line is shown below in tonnes of CO2e per tonne or kilometre of product:

GHG Emission per km/Ton of product (2022)		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	0.10909	0.00014	0.00083	0.09411
Scope 2	Location based	0.18327	0.00113	0.00159	0.01361
	Market based	0.13754	0.00093	0.00086	0.01501
Total	**Scope 1 and Scope 2 (Location based)**	**0.29236**	**0.00127**	**0.00242**	**0.10772**
	Scope 1 and Scope 2 (Market based)	**0.24663**	**0.00108**	**0.00169**	**0.10912**

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 and Scope 2 (Location based)**	**0.28133**	**0.00156**	**0.00250**	**0.11800**
	Scope 1 and Scope 2 (Market based)	**0.22246**	**0.00136**	**0.00195**	**0.12504**

GHG Emission per km/Ton of product (2020)		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	0.10081	0.00019	0.00114	0.09998
Scope 2	Location based	0.20906	0.00156	0.00146	0.01518
	Market based	0.16807	0.00154	0.00092	0.02357
Total	**Scope 1 and Scope 2 (Location based)**	**0.30987**	**0.00175**	**0.00260**	**0.11516**
	Scope 1 and Scope 2 (Market based)	**0.26887**	**0.00173**	**0.00205**	**0.12355**

Circular Economy

Prysmian is committed to implementing circular economy practices to reduce its environmental impact, using fewer resources to manufacture it products and keeping materials within the production cycle as long as possible.

The Group's approach to circularity addresses three main aspects:

1. **Procurement of recycled materials**:
   In recent years, Prysmian has focused effort on **research into and the development of a supply chain capable of offering recycled materials**, especially metals and plastics for the insulation and protection. Notably, the use of secondary materials in the cables industry is often limited by their availability. As an example, this is the case for recycled copper, with limited market supply that is often only suitable for more basic applications. Accordingly, dialogue with suppliers is essential, together with the launch of long-term projects that enable them to make the investments needed to build circular supply chains.

2. **Minimisation of scrap materials**:
   Over the years, Prysmian has worked hard to make better and more conscious use of its resources, thus reducing the scrap generated by every production process.
   The Group evidences this commitment by applying its **Health, Safety, Environment and Energy Policy**, as updated and approved by Prysmian Group CEO Valerio Battista in 2020, for the systematic management of energy and, in general, the optimised use of resources and materials. All these issues are considered mandatory for the achievement of Group objectives and the creation of values for all stakeholders. Prysmian communicates this policy to all internal and external stakeholders by publishing it on the Group's website[36] as well as on the corporate intranet.

3. **Recycling of waste** downstream of the plants:
   For some years now, Prysmian has set objectives intended to increase the percentage of recycled waste. In addition to communicating its targets, the Company shares its views, ideas and results with various stakeholders in order to facilitate collaboration and create meaningful relations. The 2022 Sustainability Week, discussed in the section entitled "Creating value through stakeholder engagement", was also an opportunity to present the commitments and sustainable practices implemented by the Group in the various geographical areas.

36 https://www.prysmiangroup.com/sites/default/files/atoms/files/HSEE%20Policy_2020_signed.pdf

With reference to the ISO 14001 standard on Environmental Management Systems, 97% of the Group's plants are certified at the end of 2022; additionally, 73% of plants are certified under ISO 45001 on Health and Safety Management Systems. Various types of organisational unit within the Group have also been certified, such as R&D, installation activities, and assembly and distribution centres, etc., adding up to 6 ISO 14001 certificates and 6 ISO 45001 certificates.
The Group promotes the integrated use of ISO 9001-45001-14001-50001 Management Systems, IT system support, the definition of specific targets and performance indicators (KPIs) for individual Regions or Business Units, as essential elements in the sustainability path of all its companies, in line with the commitments undertaken at Group level.
During the period 2019-2022, the Group did not receive any significant penalties[37] (monetary or other) for regulatory non-compliance in the environmental field.
The matters identified during periodic internal audit or visits by external bodies or customers are managed directly by the sites concerned, which determine the actions to be implemented and the related timing. Where it is not possible to meet the deadline set for compliance, management at the sites concerned arranges, with support from the country HSE function, to contact the supervisory bodies, confirming the willingness of Prysmian to implement the necessary measures and justifying the request for an extension of the original deadline.

Waste

In order to meet the commitments contained in the HSEE policy, mentioned earlier, the Group manages the various environmental matters by implementing Environmental Management Systems (EMS) compliant with international standard ISO 14001:2015. Application of the EMS makes it possible to define plans, processes and practices intended to improve the organisation's environmental performance. In addition, specific procedures and operating instructions have been prepared at Group level, with regular updates that also reflect any legislative changes and innovations, for the correct identification of:

1. Activities, processes, projects and investments that generate waste, and evaluation of the associated potential environmental impacts, both under normal and abnormal/emergency conditions;
2. Types of waste generated, their classification under locally applicable legislation and proper grouping and reporting, in line with internal criteria established uniformly at Group level;
3. Specific instructions and training for staff on the proper handling of waste in the Group's operating units and for its disposal in accordance with regulatory requirements, but also in order to minimise the environmental impact of operations downstream in the supply chain;
4. Specific instructions and training for staff on the reporting of waste in the database managed by HSE (database for reporting in the NFS), with particular attention to the reporting of all types of production waste;
5. Specific requirements and/or performance indicators applicable to the various types of suppliers, with random HSE audits to verify waste operations, in accordance with contractual agreements and regulatory requirements.

In order to track and assess the sustainability of business partners with regard to waste management activities and processes, some group companies have defined specific criteria addressing their ability and technologies to process the various categories of waste, in order to ensure the achievement of their objectives and contribute to reducing the environmental impacts of waste disposal.

The main types of waste generated by production activities have been split into specific categories, classifying their level of danger (hazardous waste and non-hazardous waste) according to the related EU classification, regardless of the country of origin and disposal of the waste. An exception is made for certain types of waste (such as laboratory chemicals), whose classification depends on local regulatory requirements.

The data on waste generated is collected and reported promptly at operating unit level using a common database (HSEDM). The reporting system makes it possible to aggregate this data by legal entity, country, region and ultimately for the entire Group. In general, the operating unit coincides with the plant, except in certain cases in which there are several operating units within the same plant. The Group's commercial and administrative offices and distribution centres are not included in the waste reporting procedure.

37 For monetary penalties, significant means fines above Euro 10,000.

Since 2020, operating units input their environmental data both monthly and annually, thus improving data collection and analysis at the various organisational levels. Further information about how data is reported can be found in the section on "Actions to prevent waste generation throughout the Prysmian value chain".

Various initiatives to improve waste management were implemented during the year; indeed, in addition to those carried out within individual environmental management systems as part of continuous improvement efforts, since the issue of sustainability applies to the entire organisation, a number of practices and initiatives pursued by functions other than HSE have also impacted on sustainability. In terms of reducing the production of waste, attention is drawn to the numerous efforts made to improve production efficiency (Lean Six Sigma projects) at individual plants, with coordination provided by the Manufacturing function. These practices seek to reduce production scrap rates in order, mainly, to enhance production efficiency but also to reduce directly the volume of scrap. The following results are provided as examples:

- **Sorocaba** (Brazil): by improving production efficiency, bleed-out scrap from the production of compounds was reduced by 32%, while waste from the production of sheathing was reduced by 21%.
- **Presov** (Slovakia): tin-plated copper scrap was reduced by 31% (the initial target for this project was 15%).
- **Merlino** (Italy): production scrap was reduced from 6.9 % to 1.17%, exceeding the initial target of 1.2%.
- **Kistelek** (Hungary): start-up scrap was reduced by 50%, compared with the initial objective of 20%.
- **Berlin** (Germany): conductor insulation scrap was reduced by 35%, compared with the original objective of 30%.

The management of waste and its proper disposal are regarded as important matters that are managed locally within the Environmental Management System. In addition, the Group has set a target for increasing the volume of waste sent for recycling, thus reducing the waste sent to landfills and/or incinerators.

Generation of waste and impacts of the waste generated

The management of waste is highly correlated with the processes that generate and those followed for its disposal. Prysmian contributes directly and indirectly to the positive and negative impacts associated with waste generation. The direct impact of the Group on the creation and quality of waste is linked to its production activities. In this context and consistent with the European guidelines for waste, Prysmian is committed to preventing the production of waste by promoting circular activities.

In a broader context, Prysmian intends to become an industry leader in the use of recycled materials and the design of products that can be recycled more easily. For this purpose, greater care is dedicated to supplier selection, both up- and downstream of the value chain. On the one hand, this has resulted in increased purchases of recycled materials and, on the other, in the activation of business relationships with waste managers who share Prysmian's vision in terms of sustainability and circularity.

Actions to prevent waste generation throughout the Prysmian value chain

Upstream, the Prysmian Group has decided to address this issue by including more specific HSE requirements in its processes for selecting new business partners. To achieve this, a project has been underway since 2021 to implement a vendor management portal in order to standardise various purchasing processes. This project will make it possible to structure the supplier qualification processes using questionnaires, whose questions will cover many topics including HSE.

Downstream, with regard to relations with the various waste management contractors, Prysmian has introduced specific requirements and/or performance indicators applicable to the various types of suppliers, with random HSE audits to verify waste operations, in accordance with contractual agreements and regulatory requirements. Among the performance indicators to be included in the requirements for competitive tendering, Prysmian is considering adding a recycled materials percentage. On this last point, some units have already taken advance action. For example, in the Netherlands, the call for tenders to select a new waste management service provider included specific requirements regarding circularity and recyclability (requirements based on the performance of their plants).

Waste reporting process

The waste reporting process uses a common tool (HSEDM) that covers all production sites except for Chiplun (India), which does not have access to the tool; accordingly, data for that plant is estimated.

Environmental data (including the quantity of waste) is input monthly, providing a detailed picture of how consumption and the production of waste vary over time.

In order to obtain more certain, precise and reliable data and increase the commitment in this area at various organisational levels, HSE Corporate worked with management in 2022 to implement a new procedure for the multi-level control and approval of environmental data input to HSEDM. In conformity with the GRI standards and, specifically, GRI 306-3, the Prysmian Group reports the following information:

- total weight in tonnes and percentage of waste generated, as subdivided based on the requirements of the indicator (e.g. level of hazard, type of recycling/disposal etc.);
- methods of calculation and assumptions made, estimation criteria adopted and tools used to report the waste generated.

In order to report using consistent criteria, as required by the relevant European regulations, the Corporate HSE function decided to apply the same waste classification criteria in all operating units. In this respect, the main types of waste generated by production activities have been split into specific categories, assigning a level of danger (hazardous waste and non-hazardous waste) to each of them.

Various destination categories are envisaged for each type of waste:

- **Recycling** - for which Prysmian has set a Group target (increase in % recycled);
- **Incinerator**;
- **Landfill**;
- **Other** (residual category).

The total waste generated by Group, shown in the following table, includes that one of the fleet. For this reason, the comparative figures for 2021 and 2020 differ slightly from those reported in the published Consolidated Non-Financial Statement for 2021, in which the fleet data was presented separately.

Waste produced by type (kg)	Total 2022	Total 2021	Total 2020
Hazardous	**14,050,194**	**13,924,252**	**11,153,661**
Ingredients of hazard compunds	607,561	568,389	217,837
Asbestos	1,258,609	1,167,066	137,775
Equipment containing PCBs	5,040	339	11,121
Solvents	220,901	154,637	173,367
Waste waxes and fats	173,927	187,043	193,438
Waste oil	686,913	657,773	717,190
Copper and aluminium sludge	867,378	1,052,258	1,082,578
Waste emulsions	3,395,798	2,876,611	2,592,846
Waste ink	38,131	45,042	58,898
Contaminated sawdust	146,717	98,319	99,618
Other hazardous waste	6,649,220	7,116,775	5,868,993

Waste produced by type (kg)	Total 2022	Total 2021	Total 2020
Non-hazardous	**220,355,520**	**199,677,575**	**180,577,201**
Compound scrap	23,682,339	21,956,798	21,442,171
Non-hazardous packaging	25,492,982	26,159,244	22,199,310
Non-hazardous ingredients for compounds	1,875,905	1,156,012	747,758
Sludge	22,982,236	1,799,508	2,411,386
Urban waste	23,099,982	23,184,858	22,783,020
Other non hazardous materials	26,334,108	27,567,830	26,617,777
Various alkalis	462,900	684,360	-
Scrap cable	96,425,069	97,168,965	84,375,779
Total	**234,405,714**	**213,601,827**	**191,730,862**

The total 2020 and 2021 figures include estimates for the Chiplun and Sohar plants. The figures for 2022 include estimates for the Chiplun plant, while the Sohar plant has reported normally since 2022.

Water

The following table, presenting the risks identified and related mitigation actions, is published pursuant to Legislative Decree 254/2016 (Consolidated Non-financial Statement).

Risk identified	Material topic 2022
Risks related to the availability of water	**Efficient, sustainable and circular activities**

Description of risk
Water is consumed at Prysmian plants mainly for industrial use and, in particular, for cooling purposes during certain processes. Cooling water is recirculated, in whole or in part, at most plants in order reduce the volume of water drawn. Each year, Prysmian carries out a water stress analysis, considering the ratio of water demand to water available. This analysis uses the web-based "Aqueduct" platform, developed by the World Resources Institute (WRI), to evaluate the geographical position of all Group plants exposed to the risk of reduced water availability, over a time horizon extending out to 2040, considering the entire life cycle of each asset. The analysis shows that about 28% of the total water drawn is located in areas with an extremely high water stress risk in a conservative, high CO2 emissions scenario (indicated by the Intergovernmental Panel on Climate Change (IPCC), RCP 8.5); however, considering the mitigation actions adopted, the financial impact remains low. There are similar conclusions for low CO2 emissions scenarios (IPCC, RCP 2.6). The assessment of water availability risks has been extended to the entire supply chain (upstream or downstream activities and customers), considering a selection of strategic suppliers and customers.

Mitigation actions adopted
Prysmian regularly measures the volume of water drawn at its production locations, analysing and checking the cooling process parameters to ensure the efficiency of water consumption; in this regard, water supply systems are maintained appropriately in order to avoid significant leakages. For the majority of plants for which water availability or water stress risks have been evidenced, it must also be borne in mind that current production processes employ water recirculation in order to reduce consumption. Lastly, the mitigation plan already envisages further improvements in the percentage of water recirculated and/or the installation of new recirculation systems to optimise water consumption, where necessary or cost effective, thus lowering exposure to the risk. With regard to the supply chain, the assessment of third-party sustainability risks, including water availability, is a fundamental part of the entire supply chain management process.

Prysmian Group plants mainly use water for cooling purposes; accordingly, the quality specifications for industrial water merely seek to prevent all biological and/or corrosion risks within the cooling circuits. For this purpose, some plants need to use softeners or biological treatments, depending on the source from which the water is drawn and its characteristics.

On-site wells are the main sources of water, satisfying more than half of all water needs, supported by other sources of surface water and the public water main. In order to optimise the consumption of water and energy, the process water used for cooling at many Prysmian plants is recirculated, either totally or partially, depending on the situation. As a result, the volume of water drawn is low in many cases.

The Group reports on the management of water resources, highlighting a) the systems and procedures already in place thanks to which the significance of water management is limited, and b) the assessments performed, making them even more transparent for all stakeholders.

As part of the continuous improvement of environmental performance and the related management system, Prysmian is committed to maintaining and improving the water recirculation systems already in place.
In addition, considering the quantity and quality of water sources, the type of usage and, existing recirculation systems, it was determined that the most significant water-related impact is not directly associated with organisational activities, but rather with the supply chain and, in particular, with the production cycles of the suppliers of raw materials, especially metals. For this reason, in addition to continuing to track and audit "critical" suppliers with reference to sustainability criteria and indicators, Prysmian extended assessment of the risks related to water availability to the entire supply chain in 2021 and introduced specific rating systems, including completion of the CDP Water Security Questionnaire by its suppliers.

In 2022, for the first time, the most relevant suppliers for the Group were invited to participate in the CDP Water Security questionnaire, thus providing useful information on their management of water resources, including the risks and associated objectives. The response rate of 37% is considered a good result for the first year and Prysmian appreciates the high percentage of suppliers who integrate water security issues into their long-term goals.
Various initiatives to reduce water consumption were implemented during the year, including one completed at the Cornimont plant in France, where water consumption was reduced drastically by installing a water recirculation system that minimises the environmental impact on surface water by minimising the volume of water discharged.

Cooling water is recirculated, either totally or partially, at most plants in order to optimise the volume of water drawn. Based on an analysis of 94% of the operating units, the results show that almost all possess recirculation systems, with water recirculation percentages of between 99% and 100% in 44% of cases, between 95% and 99% in 29% of cases, and between 90% and 95% in another 5% of cases, while recirculation percentages of less than 90% were found in 5% of plants. This issue does not apply to the remaining 11% of plants.

At local level, the water-related impact is analysed via the Environmental Analyses carried out as part of the ISO 14001:2015 management systems, and in line with local legislation.

In particular, Prysmian:

a. **Measures the volume of water drawn at its plants**. This data is monitored at both local and Group levels, recorded in the Environmental Management System at corporate level and disclosed in this Non-Financial Statement, as required by the guidelines for GRI 303 Water. Prysmian assumes that water consumption is the same as the volume of water drawn. When determining the volume of water drawn at plants, all variables are measured either directly (dedicated meter) or indirectly (using a water report). Water consumption is reported by all plants except for Chiplun (India), whose data has been estimated.
   With regard to the discharge of water, the Group collects data on the quantity of water returned to surface waters in a specific section of the common database (HSEDM), where each plant can input the volumes recorded. The type of measurements performed and their frequency with respect to the volume of water discharged are established locally, partly because industrial discharges are virtually zero in many cases thanks to recirculation systems. Nevertheless, every year this data is monitored and measured locally within the Environmental Management System. Increased effort by the Group to monitor water-related parameters might well result, in future, in a complete calculation of total discharges so that the trends can be analysed better.
b. **Carries out a water stress analysis**, considering the ratio of water demand to available water up to the year 2040. This analysis uses the web-based "Aqueduct" platform, developed by the World Resources Institute (WRI), as also recommended by "GRI Standard 303 Water" and the Task force on Climate-related Financial Disclosures (TCFD), to evaluate the geographical position of the Group's plants exposed to the risk of reduced water availability.
   In 2022, the water drawn from water stress areas represented about 28% of the total volume drawn by the Group.

Prysmian does not measure or monitor at Group level the volume of water discharges by treatment method, given the low significance of this parameter. Treatment units are installed upstream of discharges, if necessary, in order to ensure regulatory compliance, minimise the potential impact on the receiving body of water and avoid incidents of any kind.

Water drawn (m³) by source 2022	Water stress areas	All areas	Total
Water from wells	1,704,920	2,476,684	4,181,604
Water from public water main	474,587	2,387,648	2,862,234
Water from other sources – Fresh water	-	717,636	717,636
Total	**2,179,507**	**5,581,968**	**7,761,474**
Water drawn (m³) by source 2021			
Water from wells	1,975,482	2,745,141	4,809,692
Water from public water main	432,853	2,120,525	2,601,554
Water from other sources – Fresh water	-	1,208,089	1,230,884
Total	**2,408,335**	**6,073,755**	**8,642,130**
Water drawn (m³) by source 2020			
Water from wells	1,926,023	3,037,448	5,060,794
Water from public water main	380,077	2,126,881	2,556,114
Water from other sources – Fresh water	-	1,207,236	1,230,907
Total	**2,306,100**	**6,371,565**	**8,847,815**

The volume of water drawn is roughly equal to that consumed.

Biodiversity

The environmental aspects potentially impacted by Prysmian, with possible adverse consequences for the condition of the biosphere, include the biodiversity of animal and plant species.
The various environmental analyses carried out at site level show that Prysmian has no potential significant impact on biodiversity.

Nevertheless, Prysmian seeks to plan activities that are respectful of natural habitats, in order to maintain their equilibrium without adversely affecting any of the biological functions of the areas selected for operations, whether on land or at sea, while restoring any habitats that are adversely affected by those activities. This undertaking involves carrying out prior feasibility analyses of new plants and monitoring protected areas in the territories in which the Group operates, considering such aspects as local legislation on biodiversity and the geographical proximity of its plants to protected area or where potentially endangered species are present.

In order to consolidate the Group's commitment to protecting biodiversity and nature, Prysmian has established an inventory of protected areas, prepared directly by each plant, that will be updated annually. The analyses carried out and the inventories currently show that the majority of Prysmian Group plants are not located in or near protected areas.

Where necessary, or as agreed with the local authorities, Prysmian plants take part in conservation, including for example:

- In 2021 the Sorocaba site in Brazil, within which there is a Permanent Preservation Area (about 10 hectares, divided into two lots), launched a project agreed with CETESB (Governmental Environmental body) to plant or sow seeds for about 960 plant organisms as environmental compensation for use of the protected area.

- A similar request was made by the Brazilian municipality of Pocos de Caldas in 2022. The site arranged to plant 220 native plant species in an area of 2,630 sq.m. within the Prysmian site.
- At the site in Washington (U.K.), an area of 36 sq.m. has been dedicated to the preservation of local flora and fauna.

Given that marine and onshore installations generally take place in areas of great natural interest, it may be necessary to take steps to protect the vulnerable species there in accordance with the relevant national regulations.

As an example: a nest of one of the UK's "Birds of Conservation Concern" was discovered in Redcar, at the landing point of the Sofia Project, on 8 June 2022. In agreement with local authorities and under specific local regulation requirements the area was immediately cordoned off with cones and security tape, with the subsequent creation of a no-go zone supervised by Prysmian's project team. This no-go zone was maintained until the eggs hatched (on 4 July 2022). An urgent note was prepared and distributed to colleagues, explaining what to do in similar cases, together with environmental reports about the project and our awareness of environmental and sustainability matters.

People and human rights

Prysmian can only implement its ESG Strategy by investing in human capital and the local territory. Via its Social Ambition, the Group has continued to pursue objectives intended to improve the level of Diversity, Equality and Inclusion (DE&I) - including digital inclusion - within the organisation, employee engagement and upskilling, and respect for human rights throughout the entire value chain. This is because the primary drivers for the creation of value are respect for people, for their well-being and for the socio-economic development of the communities in which the business works. For this reason, over the past several years Prysmian has finetuned a process for updating the assessment of risks and opportunities in the area of sustainability, with a strong focus on social matters. The main takeaways, including the key strategies adopted for mitigating these risks and grasping the opportunities identified, are presented below.

The human capital of Prysmian Group

The following table, presenting the risks identified and related mitigation actions, is published pursuant to Legislative Decree 254/2016 (Consolidated Non-financial Statement).

Risk identified	Material topic 2022
Risks relation to the management of personnel (not having or losing key personnel, talent management etc.)	Greater diversity, inclusion and respect for human rights
Description of risk Prysmian promotes the creation and development of an experienced and well-trained workforce, supporting them in their diversity, in order to create an ever more inclusive working environment. The Group remains exposed to the risk of not having or losing key resources in strategic operational functions, especially in a new market context characterised by the energy transition and the strong push towards digitalisation, which require new skills. These persons can be identified by their managerial responsibilities and/or the specific know-how needed to implement business strategies. They are difficult to replace in the short term. **Mitigation actions adopted** In order to guarantee business continuity in line with the strategic objectives, the Group has established various programs designed to incentivise continuous training, professional growth and employee engagement, as well as appropriate systems of remuneration. Among these: the global recruiting and development programs - Build The Future, Stem It, Sell It and Sum It; the performance and talent management systems - Group Academies and Local Schools, the MyMentorship project, Internal Job Postings and Job Banding; the short- and long-term variable remuneration mechanisms, linked in part to sustainability objectives; non compete agreements and broad share ownership. In addition, each year the Group organises a global engagement survey, inviting all employees to respond and, share their opinions anonymously. This makes it possible to initiate global and local action plans for the continuous improvement of the working environment.	

The Prysmian workforce[38] numbered 30,525 FTEs at 31 December 2022, of whom 8,016 desk workers (comprising executives and white-collar employees), and 22,509 non-desk (blue-collar) staff.

Starting with the following tables, the number of employees is expressed in Headcount and refers to permanent and fixed-term contracts only.

The following table shows the number of Prysmian Group employees at 31 December 2022[39] reported by geographical[40] area and type of contract:

	EMEA	APAC	North America	LATAM	Total
Number of employees	15,641	3,741	6,190	4,613	**30,185**
Number of permanent employees	14,584	3,711	5,998	4,608	**28,901**
Number of temporary employees	1,057	30	192	5	**1,284**
Number of full-time employees	15,325	3,738	6,181	4,613	**29,857**
Number of part-time employees	316	3	9	-	**328**

38 This is the total workforce of Prysmian Group, calculated in FTE, and represents 100% of the Group's total employees, i.e. all subsidiaries or companies subject to the Group's management. The figure for the Group's total workforce and turnover include, Oman Aluminium Processing Industries - OAPIL and Associated Cables Pvt. Ltd., which had been excluded in previous years.
39 There may be slight discrepancies when comparing headcount figures for 2020, 2021 and 2022 due to internal contract transformations and deferred departures of non-operation personnel.
40 For details of the countries included in the respective geographical areas, please refer to the map of the Prysmian Group plants shown in the "Prysmian Group: Global leader" section.

The following table analyses the number of employees by type of contract for 2022, 2021 and 2020:

	Total 2022	Total 2021	Total 2020
Number of employees	**30,185**	29,013	27,745
Number of permanent employees	**28,901**	27,660	26,721
Number of temporary employees	**1,284**	1,353	1,024
Number of full-time employees	**29,857**	28,695	27,540
Number of part-time employees	**328**	318	205

The following table analyses employees by gender and type of contract:

	Male	Female	Total
Number of employees	24,376	5,809	**30,185**
Number of permanent employees	19,817	4,476	**24,293**
Number of temporary employees	1,008	276	**1,284**
Number of full-time employees	24,191	5,666	**29,857**
Number of part-time employees	185	143	**328**

Additional personnel metrics for the year 2021 are shown below.

	EMEA	APAC	North America	LATAM	Total 2021
Total	15,829	2,875	5,846	4,463	**29,013**

	Male	Female	Total 2021
Total	23,757	5,256	**29,013**

The following table analyses employees by geographical area and job grade:

Prysmian Group no. at 31.12.2022	White Collar	Blue Collar	Total
EMEA	4,543	11,098	**15,641**
APAC	1,119	2,622	**3,741**
North America	1,487	4,703	**6,190**
LATAM	1,070	3,543	**4,613**
Total	**8,219**	**21,966**	**30,185**

The following table analyses the percentage split of employees by job grade, gender and age group:

	≤30			30-50			≥50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Prysmian Group no. at 31.12.2022									
White Collar	56.2%	43.8%	100.0%	66.5%	33.5%	100.0%	74.5%	25.5%	100.0%
Blue Collar	79.6%	20.4%	100.0%	85.5%	14.5%	100.0%	89.5%	10.5%	100.0%
Total	**74.5%**	**25.5%**	**100.0%**	**80.2%**	**19.8%**	**100.0%**	**85.2%**	**14.8%**	**100.0%**
Prysmian Group no. at 31.12.2021									
White Collar	58.7%	41.3%	100.0%	67.2%	32.8%	100.0%	75.9%	24.1%	100.0%
Blue Collar	81.5%	18.5%	100.0%	86.8%	13.2%	100.0%	90.1%	9.9%	100.0%
Total	**76.7%**	**23.3%**	**100.0%**	**81.2%**	**18.8%**	**100.0%**	**86.0%**	**14.0%**	**100.0%**
Prysmian Group no. at 31.12.2020									
White Collar	60.1%	39.9%	100.0%	68.2%	31.8%	100.0%	76.2%	23.8%	100.0%
Blue Collar	83.2%	16.8%	100.0%	87.5%	12.5%	100.0%	90.3%	9.7%	100.0%
Total	**78.1%**	**21.9%**	**100.0%**	**81.9%**	**18.1%**	**100.0%**	**86.1%**	**13.9%**	**100.0%**

The following tables show, with reference to the entire Prysmian Group, the total number of new employee hires and leavers during 2022.

NEW HIRES 2022

	EMEA			APAC			North America			LATAM			Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Blue Collar															
<30 y	546	157	**703**	143	23	**166**	623	151	**774**	456	321	**777**	1,768	652	**2,420**
31-50 y	686	171	**857**	221	29	**250**	727	229	**956**	339	277	**616**	1,973	706	**2,679**
>50 y	103	23	**126**	22	1	**23**	186	63	**249**	19	17	**36**	330	104	**434**
Total	**1,335**	**351**	**1,686**	**386**	**53**	**439**	**1,536**	**443**	**1,979**	**814**	**615**	**1,429**	**4,071**	**1,462**	**5,533**
White Collar															
<30 y	147	107	**254**	25	42	**67**	46	29	**75**	35	36	**71**	253	214	**467**
31-50 y	222	150	**372**	78	49	**127**	79	49	**128**	64	48	**112**	443	296	**739**
>50 y	31	25	**56**	23	4	**27**	36	16	**52**	3	4	**7**	93	49	**142**
Total	**400**	**282**	**682**	**126**	**95**	**221**	**161**	**94**	**255**	**102**	**88**	**190**	**789**	**559**	**1,348**
Blue Collar+White Collar															
<30 y	693	264	**957**	168	65	**233**	669	180	**849**	491	357	**848**	2,021	866	**2,887**
31-50 y	908	321	**1,229**	299	78	**377**	806	278	**1,084**	403	325	**728**	2,416	1,002	**3,418**
>50 y	134	48	**182**	45	5	**50**	222	79	**301**	22	21	**43**	423	153	**576**
Total	**1,735**	**633**	**2,368**	**512**	**148**	**660**	**1,697**	**537**	**2,234**	**916**	**703**	**1,619**	**4,860**	**2,021**	**6,881**

LEAVERS 2022

	EMEA			APAC			North America			LATAM			Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Blue Collar															
<30 y	283	132	**415**	116	13	**129**	464	110	**574**	421	214	**635**	1,284	469	**1,753**
31-50 y	441	97	**538**	134	19	**153**	574	172	**746**	368	183	**551**	1,517	471	**1,988**
>50 y	285	34	**319**	26	5	**31**	264	59	**323**	55	14	**69**	630	112	**742**
Total	**1,009**	**263**	**1,272**	**276**	**37**	**313**	**1,302**	**341**	**1,643**	**844**	**411**	**1,255**	**3,431**	**1,052**	**4,483**
White Collar															
<30 y	56	34	**90**	18	16	**34**	35	13	**48**	21	14	**35**	130	77	**207**
31-50 y	246	117	**363**	51	42	**93**	83	42	**125**	80	54	**134**	460	255	**715**
>50 y	124	39	**163**	22	5	**27**	58	23	**81**	27	6	**33**	231	73	**304**
Total	**426**	**190**	**616**	**91**	**63**	**154**	**176**	**78**	**254**	**128**	**74**	**202**	**821**	**405**	**1,226**
Blue Collar+White Collar															
<30 y	339	166	**505**	134	29	**163**	499	123	**622**	442	228	**670**	1,414	546	**1,960**
31-50 y	687	214	**901**	185	61	**246**	657	214	**871**	448	237	**685**	1,977	726	**2,703**
>50 y	409	73	**482**	48	10	**58**	322	82	**404**	82	20	**102**	861	185	**1,046**
Total	**1,435**	**453**	**1,888**	**367**	**100**	**467**	**1,478**	**419**	**1,897**	**972**	**485**	**1,457**	**4,252**	**1,457**	**5,709**

In 2022, the overall outgoing turnover rate was 18.91% (of which 17.44% men and 25.08% women), while the incoming turnover rate was 22.80% (of which 19.94% men and 34.79% women).

NEW HIRES 2021

	EMEA			APAC			North America			LATAM			Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Blue Collar															
<30 y	472	177	**649**	128	29	**157**	603	135	**738**	513	182	**695**	1,716	523	**2,239**
31-50 y	529	148	**677**	234	55	**289**	646	174	**820**	449	129	**578**	1,858	506	**2,364**
>50 y	93	18	**111**	26	-	**26**	227	55	**282**	22	8	**30**	368	81	**449**
Total	**1,094**	**343**	**1,437**	**388**	**84**	**472**	**1,476**	**364**	**1,840**	**984**	**319**	**1,303**	**3,942**	**1,110**	**5,052**
White Collar															
<30 y	97	73	**170**	19	30	**49**	38	21	**59**	50	32	**82**	204	156	**360**
31-50 y	188	105	**293**	83	54	**137**	68	34	**102**	111	44	**155**	450	237	**687**
>50 y	23	8	**31**	13	1	**14**	46	17	**63**	7	2	**9**	89	28	**117**
Total	**308**	**186**	**494**	**115**	**85**	**200**	**152**	**72**	**224**	**168**	**78**	**246**	**743**	**421**	**1,164**
Blue Collar+White Collar															
<30 y	569	250	**819**	147	59	**206**	641	156	**797**	563	214	**777**	1,920	679	**2,599**
31-50 y	717	253	**970**	317	109	**426**	714	208	**922**	560	173	**733**	2,308	743	**3,051**
>50 y	116	26	**142**	39	1	**40**	273	72	**345**	29	10	**39**	457	109	**566**
Total	**1,402**	**529**	**1,931**	**503**	**169**	**672**	**1,628**	**436**	**2,064**	**1,152**	**397**	**1,549**	**4,685**	**1,531**	**6,216**

LEAVERS 2021

	EMEA			APAC			North America			LATAM			Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Blue Collar															
<30 y	261	99	**360**	108	17	**125**	378	87	**465**	414	139	**553**	1,161	342	**1,503**
31-50 y	370	72	**442**	135	32	**167**	500	128	**628**	365	122	**487**	1,370	354	**1,724**
>50 y	319	37	**356**	17	2	**19**	242	57	**299**	55	12	**67**	633	108	**741**
Total	**950**	**208**	**1,158**	**260**	**51**	**311**	**1,120**	**272**	**1,392**	**834**	**273**	**1,107**	**3,164**	**804**	**3,968**
White Collar															
<30 y	64	34	**98**	13	18	**31**	21	8	**29**	15	14	**29**	113	74	**187**
31-50 y	157	73	**230**	51	34	**85**	70	22	**92**	90	44	**134**	368	173	**541**
>50 y	101	34	**135**	9	3	**12**	55	24	**79**	24	2	**26**	189	63	**252**
Total	**322**	**141**	**463**	**73**	**55**	**128**	**146**	**54**	**200**	**129**	**60**	**189**	**670**	**310**	**980**
Blue Collar+White Collar															
<30 y	325	133	**458**	121	35	**156**	399	95	**494**	429	153	**582**	1,274	416	**1,690**
31-50 y	527	145	**672**	186	66	**252**	570	150	**720**	455	166	**621**	1,738	527	**2,265**
>50 y	420	71	**491**	26	5	**31**	297	81	**378**	79	14	**93**	822	171	**993**
Total	**1,272**	**349**	**1,621**	**333**	**106**	**439**	**1,266**	**326**	**1,592**	**963**	**333**	**1,296**	**3,834**	**1,114**	**4,948**

NEW HIRES 2020

	EMEA			APAC			North America			LATAM			Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Blue Collar															
<30 y	219	104	**323**	140	24	**164**	176	28	**204**	453	211	**664**	988	367	**1,355**
31-50 y	201	73	**274**	114	43	**157**	207	28	**235**	246	122	**368**	768	266	**1,034**
>50 y	46	4	**50**	2	-	**2**	69	12	**81**	10	6	**16**	127	22	**149**
Total	**466**	**181**	**647**	**256**	**67**	**323**	**452**	**68**	**520**	**709**	**339**	**1,048**	**1,883**	**655**	**2,538**
White Collar															
<30 y	92	60	**152**	17	20	**37**	27	10	**37**	28	8	**36**	164	98	**262**
31-50 y	137	74	**211**	33	14	**47**	37	28	**65**	48	22	**70**	255	138	**393**
>50 y	18	4	**22**	7	1	**8**	20	6	**26**	2	1	**3**	47	12	**59**
Total	**247**	**138**	**385**	**57**	**35**	**92**	**84**	**44**	**128**	**78**	**31**	**109**	**466**	**248**	**714**
Blue Collar+White Collar															
<30 y	311	164	**475**	157	44	**201**	203	38	**241**	481	219	**700**	1,152	465	**1,617**
31-50 y	338	147	**485**	147	57	**204**	244	56	**300**	294	144	**438**	1,023	404	**1,427**
>50 y	64	8	**72**	9	1	**10**	89	18	**107**	12	7	**19**	174	34	**208**
Total	**713**	**319**	**1,032**	**313**	**102**	**415**	**536**	**112**	**648**	**787**	**370**	**1,157**	**2,349**	**903**	**3,252**

LEAVERS 2020

	EMEA			APAC			North America			LATAM			Group		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Blue Collar															
<30 y	188	82	**270**	129	15	**144**	137	17	**154**	343	160	**503**	797	274	**1,071**
31-50 y	460	62	**522**	167	57	**224**	211	31	**242**	254	120	**374**	1,092	270	**1,362**
>50 y	262	18	**280**	36	11	**47**	171	32	**203**	38	9	**47**	507	70	**577**
Total	**910**	**162**	**1,072**	**332**	**83**	**415**	**519**	**80**	**599**	**635**	**289**	**924**	**2,396**	**614**	**3,010**
White Collar															
<30 y	54	27	**81**	12	9	**21**	17	7	**24**	18	11	**29**	101	54	**155**
31-50 y	121	39	**160**	46	47	**93**	37	21	**58**	49	32	**81**	253	139	**392**
>50 y	86	14	**100**	10	5	**15**	45	22	**67**	21	6	**27**	162	47	**209**
Total	**261**	**80**	**341**	**68**	**61**	**129**	**99**	**50**	**149**	**88**	**49**	**137**	**516**	**240**	**756**
Blue Collar+White Collar															
<30 y	242	109	**351**	141	24	**165**	154	24	**178**	361	171	**532**	898	328	**1,226**
31-50 y	581	101	**682**	213	104	**317**	248	52	**300**	303	152	**455**	1,345	409	**1,754**
>50 y	348	32	**380**	46	16	**62**	216	54	**270**	59	15	**74**	669	117	**786**
Total	**1,171**	**242**	**1,413**	**400**	**144**	**544**	**618**	**130**	**748**	**723**	**338**	**1,061**	**2,912**	**854**	**3,766**

The outgoing turnover rates were: EMEA, 12.1%; APAC, 12.5%; North America, 30.6%; LATAM, 31.6%. With regard to outgoing turnover rate by age group, the largest movements was among the under thirties (40.5%), followed by those between thirty and fifty (16.6%) and, lastly by those over fifty (11.6%). The rates for overall incoming turnover were: EMEA, 15.1%; APAC, 17.6%; North America, 36.1%; LATAM, 35.1%. The incoming turnover rates by age group were: 59.6% under thirty; 21.0% between thirty and fifty; 6.4% over fifty. There were 6,881 arrivals and 5,709 departures. See the above tables for more details.

The number of contractors[41] used by the Group in 2022, calculated using the following formula: total hours worked by contractors/theoretical annual working hours, assumed to be 1,800, is equal to 4,897.

Dialogue with social partners and collective bargaining

Around 63% of Group employees were covered by collective bargaining agreements in 2022.
For employees not covered by collective bargaining agreements negotiated directly by Prysmian and the works council, Prysmian - as the legal employer - applies the working and employment conditions envisaged in the collective bargaining agreements negotiated and agreed at national or industry level (i.e. not directly by Prysmian or by members of the works council, but rather by relevant industry employers' associations and national or industry trade unions).

41 This disclosure requires the organisation to report the number of workers who are not employees and whose work is controlled by the organisation. Control of work implies that the organization directs the work performed or has control over the means or manner in which the work is performed.

In the absence of a collective agreement applicable to the specific plant/site/place of work, Prysmian applies a dedicated employment policy that is notified to individual employees and accepted by them on formalising their personal employment contracts. The situation clearly varies a great deal but, in all cases, the terms and conditions of employment are always well defined and collectively known and accepted.

With reference to organisational changes and the related minimum notice period, each country in which the Group is present complies with the related local regulations in force.

Responsibility towards people

Prysmian recognises that its people are and always have been a fundamental asset to the business. The history and the success of the Group derive directly from the know-how and skills of our employees, as well as from their engagement and constant motivation to support our growth towards the future.
At a time of great difficulty and uncertainty, such as that characterising the global socio-economic and geopolitical context during 2022, Prysmian's human capital strategy, launched back in 2015, has focused increasingly on caring for its people and pursuing sustainability objectives.
The following external impacts generated by Prysmian have been identified within the "Well-being, engagement and upskilling of human capital" material topic:

- Positive impacts:
  - **Well-being of human capital:** promotion of activities that encourage work/life balance within the organisation;
  - **Upskilling:** training and specialisation of skills and development of talent;
  - **Engagement:** adoption of policies to safeguard and promote the well-being of people;

- Negative impacts:
  - Unfilled key roles and failure to attract talent;
  - Failure to satisfy employee expectations with regard to wellbeing, upskilling and engagement.

Specifically, to mitigate negative impacts and, at the same time, improve on the positive results already achieved in prior years, Prysmian implemented the following series of initiatives during 2022:

- **constant improvement and development of the organisational model**, consistent with our business strategies and priorities and the enhancement of talent;
- **strategic planning of resources** in order to ensure the compatibility of our human capital with the needs of the business in terms of competencies and skills, not least by investing in its development;
- **further focus on employer branding and the attraction of talent**: increase knowledge and awareness of the Prysmian brand as an employer and develop the positioning of the brand in the international job market, partly via onboarding and global strategic recruitment programmes;
- **talent management and multiple career and personal development opportunities**, with the implementation of global performance and potential assessment processes via internal promotions, with a particular focus on gender balance; with the strengthening of managerial and technical skills via upskilling sessions delivered by the Prysmian Group Academy; with the global mentoring project; with the further development of the Internal Job Posting tool;
- **promotion of diversity and inclusion**, via practices and policies designed to create an ever more inclusive working environment that encourages diversity. This area includes numerous initiatives and measures adopted locally this year to promote the wellbeing of our people and care for them at both a personal and family level;
- **development of employee engagement and sense of belonging** via a structured approach to measuring the internal climate, in order to align management and initiatives with the priorities perceived by employees by, in particular, a broad share ownership programme designed to make most of them shareholders;
- **rewarding and international mobility** as drivers of development, growth and meritocracy.

The actions and plans developed and implemented in these areas during 2022 were greatly influenced by the Social Ambition 2030, which Prysmian devised and published in July 2021. This ambition focuses particular attention on Diversity & Inclusion, Digital Inclusion, Local Community Involvement, Engagement & Training, and Health & Safety. In this sense, the ambition affirms the fundamental role of the Group in the support, growth and development of its employees and the social contexts concerned.

More information about the Prysmian Group's Social Ambition can be found in the "Climate Change & Social Ambition" section of this document.

Given Prysmian's drive to constantly improve its working environment, in 2022 launched another engagement survey (Speak Up survey) in collaboration with SDA Bocconi, which supports this work in order to ensure the comparability, confidentiality and consistency of the data obtained. Targeted once again all employees, including the blue-collar category, overall survey participation was 86% (83% white collar, 87% blue collar). Furthermore, the Engagement Index[42] was 61% and the Leadership Impact Index[43] was 55%. The Leadership Impact Index is also an integral part of the LTI plan vesting in 2022.

The practices and policies adopted by the Group to attract, train and develop talent are described below.

Ability to attract talent

The Group's Talent Acquisition function marked its second anniversary in 2022. Its strategies and culture have developed via the constant renewal and strengthening of projects and initiatives in three main areas:

1. Attraction and employer branding program;
2. Internal mobility via the Internal Job Posting tool;
3. Digital recruiting innovations and candidate experience obtained at Workdays.

For example, interview training sessions have been created for HR and managers, with over 600 hours of training delivered and facilitated by the Talent Acquisition team during the year. Consistent with the Social Ambition objectives, a new recruiting and attraction initiative named "STEM IT" has been launched. The program envisages a training, development and career-support path for new colleagues joining the R&D, Production, Logistics, Project Service and Installation, Quality, IT and HSE areas of Prysmian Group. In addition, female recruits hired through STEM IT participate in a dedicated training initiative known as "Women in STEM IT", which is intended to support their development and leadership within the organisation.

With regard to internal mobility and the continous development of human capital, Prysmian Group launched the Internal Job Posting (IJP) tool in 2019, first as a pilot project in the United States before the global roll-out in 2021.

IJP highlights how much of the investment in talent and the approach to employer branding is carried out internally, encouraging persons with potential already employed by the Group, while also improving the employee experience. Following the launch of Workday (in March 2021), the experience of colleagues who have taken the opportunity to make a professional change using the Internal Job Posting tool has improved markedly (+26%): 136 in 2021 and then 171 in 2022.

Over the past 10 years, Group recruiting programs have fostered further diversification of the training portfolio, not only in terms of attraction, but also in terms of managing the training and development of colleagues. The training programs offered by the Group are described below.

42 Engagement Index is taken as result greater than or equal to 5 - on a scale of 1 (low) to 7 (high) - on two questions in a survey measuring employee engagement.
43 Leadership Impact Index is considered a result greater than or equal to 5 - on a scale of 1 (low) to 7 (high) - on five questions of a survey measuring employee engagement. The indices were developed in collaboration with SDA Bocconi.

BUILD THE FUTURE, GRADUATE PROGRAM

52 new graduates, almost 40,000 candidates, 52% female representation, 11 editions

Objective: to recruit, support and develop new graduates for central roles in areas key to the future of Prysmian Group, especially Operations, R&D and Sales. The Graduate Program comprises various stages, from a careful selection process to the assignment of an important technical or managerial role after three years of international experience. Further growth in recruitment is expected in 2023.
Notably, since 2021 Build the Future has been accompanied by "Empower your community", a program intended to recruit new graduates who, by directly supporting the Group's companies, are primarily engaged roles linked to digitalisation and sustainability. Five new graduates were recruited as part of the "Empower your community" program in 2022. There will be more than ten recruits in 2023.

STEM IT

105 professionals, 65% female recruitment, First edition in 2022

Objective: to introduce new talents who are diverse in terms of culture and background and who can contribute to the process of cultural change and enhancement taking place in Prysmian Group.
In addition to an approximately two-month training period ("On-Boarding & Training on the Job"), leading to placement in a specific role within local unit, the program includes the assignment of a corporate mentor and continuous technical training. The STEM IT program has a section dedicated entirely to female leadership, known as "Women in STEM IT".

SELL IT

42 salespersons hired, 62% female recruitment

Objective: the growth and development of the sales force. Following the same steps as the "STEM IT" Program, the project starts with a careful selection of candidates. Recruitment through the Sell It program has seen an increase compared to 2021.

SUM IT

8 professionals, Thousand of applications, 75% female recruitment, Third edition

Objective: launched in 2020, this program is entirely dedicated to professionals working within the industrial and business control function.

Overall and consistent with the gender balance objectives, the Group's training program have seen growing recruitment of women over the past three years, as shown in the table below.

	2020	2021	2022
Men	80%	56%	39%
Women	20%	44%	61%

Training and development

The training and development of Prysmian Group personnel expanded in a structured manner during 2022, with a global increase in training hours per FTE of about 60% (from 18 to 29) compared with the prior year. This trend follows the growth objectives for training linked to Social Ambition 2030, without however losing sight of its impact on needs, or the tracking and validation of the related data, which have equal importance. Prysmian Group's educational and training programs are structured around the following types of school: Managerial, Professional and Digital.

The **School of Management** focuses on the development of talent (P4[44]), Graduate training (Global Program), cross-country regional programs (Regional Leadership Programs, five editions in 2022) and Women in Leadership (Women Leadership Program, 1 edition in 2022). It presented the first edition of the revised courses for Middle Managers (Journey International Leadership) and Executives (Journey Advanced Leadership) involving 130 persons, with an additional 130 already identified for the coming year. The new program structure enables participating managers to work on concrete objectives and projects, applying and - to some extent - choosing ad hoc content for their 18-month courses. In addition, the Company has adopted an internal mentoring program (Mymentoring), which has been combined with those indicated above. A total of 49 different courses were followed in 2022.

The **Professional School**, focused instead on the development of technical and functional skills within an international network, as well as on technical careers for "High achievers" (P3 [45]) and "Experienced" personnel (Global SUM it, STEM it and SELL it Programs), has also been reformed in collaboration with more than 70 internal trainers and an external training company. While three courses on fundamentals (mentioned earlier) have been delegated to the Regions following related Train-the-Trainer activities, the Professional School has added 8 Advanced courses, raising the total to 23, including courses on negotiation, sustainability and project management certification. The number of participants has increased to 1,104. In addition to all the technical and functional academies, the Professional School also offers an internal Master in Human Resources, now in its second edition, which trained 50 HR colleagues drawn from around the world in 2022. Furthermore, 200 internal HR trainers were certified in a course on Feedback created by the Academy, which was then delivered to more than 3,000 colleagues. As one of the concrete action plans in response to the results of the Speak Up survey, this initiative stands alongside the Stress Management training course in North America, the enhanced mentorship path with intergenerational focus in North Europe, the Soft Skills training course in China, and the Executive Coaching provided in Latin America.

Following the launch of Workday in 2021, initial investments in global uniform tracking of training data were made in 2022. Prysmian has also adopted a global procedure for monitoring effectively all steps in the internally controlling data collection. This was followed by training for the entire Human Resources community. In addition to the steps and dates for collection consolidation and validation, this procedure also sets the seal on the quarterly support that the Corporate Academy has provided and will provide to the Regions and Business Units, with a view to continuously improving data quality via sample checks and data-specific feedback.

44 In 2017, Prysmian Group introduced a structured two-year program called **"Prysmian People Performance Potential" (P4)**. This program involves evaluating potential of talents (i.e. those who were high performers in P3 over the previous 2 years), based on 3 indicators: motivation, leadership of change and speed of learning. During 2022, 27% of desk workers underwent to P4 evaluation, being the same percentage as those who had a corresponding assessment over the previous two years.
45 The performance and professional development of Prysmian Group employees are monitored and assessed via the **"Prysmian People Performance" (P3)** program, with support from an on-line platform. In 2022, the P3 performance process involved 6,793 desk workers, of whom 70% men and 30% women.

Digital, the third and final Corporate Academy School, offers about 30 courses and support the global sharing of technical and functional content for Desk Workers and Non-Desk Workers. in 2022, the number of courses and participants rose by 30% and 13% respectively. Once again, an on-line Leadership course for managers and leaders was promoted by the Digital School together with Harvard during 2022, repeating the success and acclaim of the previous two editions.

Prysmian Group has also launched the **Global Sustainability Academy**, which involves all Group employees in the more than 50 countries in which the business operates. The objective of this initiative - formalised during 2022 - is to spread a culture of sustainability among all employees around the world, as well as to strengthen further the Group's commitment to progressing the employee engagement and upskilling elements of its Climate & Social Ambition. Leading international business schools will participate in the learning programme of the Sustainability Academy.

The Global Sustainability Academy was inaugurated in Muscat, Oman, which is the headquarters of Oman Cables and Prysmian's MEAT Region, in January 2023.

The structure of the programme, which will run throyghout 2023, comprises five modules - Awareness, Knowledge, Impact, Leadership and KPIs - whose contents vary depending on the target audiance. All Academy modules will be delivered using a hybrid approach: some will involve physical attendance (such as those in Oman), while others will be available on-line or via podcasts so the entire corporate population can be reached.

In quantitative terms, during 2022:

- The content offered by the Local Schools launched in 2021 was enhanced by a "Train the Trainer" programme designed to expand the local training plans by adding:
  - soft skills (30 trainers certified, + 30 sessions delivered in 4 areas: Remote Public Speaking, Influence and Communication Skills, Emotional Intelligence, Stress Management);
  - Professional School courses, as customised locally by the Regions: Manufacturing Fundamentals, HSE Fundamentals and Supply Chain Fundamentals.
    Thanks to this initiative, 6 sessions of Manufacturing Fundamentals, 4 sessions of Supply Chain Fundamentals, 8 sessions of HSE Fundamentals were delivered in 8 regions during 2022.
- On-line content was extended with functional and professional courses, as well as content addressing specific topics, such as Diversity & Inclusion;
- The training experiences of the Regions and Business Units were shared, for their reciprocal enrichment;
- Local training plans were promoted at the Local Schools, communicating awareness of them via centralised newsletters sent, for the first time, to all Prysmian employees reachable by e-mail (hyperlinks to each training plan and all digital courses);
- Weekly meetings were planned and held with region and Business Unit training managers, in order to achieve the targeted hours for high-impact training by applying lean and agile methodologies.

Certain 2022 initiatives stood out for their excellence and success in specific Regions: Technical Schools (Central East Europe), Sales Schools (Latin America) and Leadership Labs per Shopfloor Supervisors (North America), becoming best practices for their counterparts as well.

HOURS OF TRAINING DELIVERED:

	Male	Female	Total
White Collar	140,424	87,455	227,879
Blue Collar	552,352	90,187	642,539
Totale	**692,776**	**177,642**	**870,418**

AVERAGE HOURS OF TRAINING DELIVERED PER EMPLOYEE

	Male	Female	Total
White Collar	25	34	**28**
Blue Collar	29	30	**29**
Totale	**28**	**32**	**29**

The average number of hours of training per employee was 29 in 2022, which was considerably more than in the two prior years, 2020 and 2021, when the average was 18.

Remuneration policy and welfare plans

Remuneration policy

The remuneration policy adopted by Prysmian Group is designed to attract and recognise talent with the skills needed to address the complexity and specialised nature of the business, as well as the international competitive context in which the Group operates. This policy is defined in a way that aligns the long-term interests of employees, management and shareholders, pursuing the priority objective of creating sustainable value over time for all stakeholders. The remuneration policy is largely founded on the principle of sharing the results achieved, via systems that establish a real and verifiable link between pay and performance, both individually and at Prysmian Group level.

The remuneration policy for expatriate employees and senior executives is determined centrally while, for other personnel, local programs are implemented in accordance with the guidelines on remuneration defined centrally.

The remuneration policy for executive directors and executives with strategic responsibilities is determined as the result of a shared and transparent process, during which the Remuneration and Nominations Committee[46] and the Board of Directors both play a central role. The Committee periodically submits the remuneration policy to the Board of Directors for approval and checks on its application during the year, engaging the shareholders when necessary for their feedback and input. The pay structure for executive directors, managers with strategic responsibilities and executives comprises a fixed component, a short-term variable component and a medium/long-term variable component.

The ratio between the total annual remuneration for 2022 (fixed remuneration plus annual variable) of the Chief Executive Officer, compared to the median[47] annual remuneration of Group employees, overall worldwide is equal at 71. The Ratio between the percentage increase in total annual compensation for the Chief Executive Officer and the median percentage increase in total annual compensation for all employees[48] is equal to 0.90.

The remuneration policy has been well received by shareholders. Feedback and suggestions regarding the remuneration policy are regularly solicited from investors and shareholders, and considered when preparing the policy itself, which is periodically submitted to a vote at the annual general meeting.

46 Further information about the activities of the Remuneration and Nominations Committee and the vote expressed by the shareholders is available in Section II of the "Report on Remuneration Policy and Compensation Paid" prysmian-remuneration-report-2022-eng.pdf (prysmiangroup.com)
47 Temporary workers, workers at the Nantong plant, employees of the Associated Cable company and workers employed on ships were excluded from the calculation of median remuneration. For the determination of the median remuneration, the theoretical remuneration at 31 December 2022 plus variable components such as production bonuses and MBOs was considered. For part-time workers, the theoretical part-time salary at 31 December 2022 was considered.
48 The median percentage increase in total annual remuneration for employees was calculated by considering the percentage increases in employee compensation between 2022 and 2021 and then calculating the median.

As part of its transparency on remuneration issues, Prysmian has issued guidelines, in compliance with local laws, that link pay measures at all levels of the organisation and variable remuneration plans to individual performance assessment The fixed element of remuneration is reviewed annually and, if necessary, updated to remain competitive with market conditions, the position held and personal performance, while always complying with local regulations. This meritocratic approach is based on a global system of organisational position and performance evaluation, which is applied on a consistent basis throughout the Group.

Sustainability is playing an increasingly important role in the remuneration policy of Prysmian.[49] Part of the variable short- and long-term remuneration of all managers, including the executive directors and managers with strategic responsibilities, is linked to achievement of sustainability targets, which are monitored using ESG indicators.

Welfare System

Throughout the Group, the monetary package is supplemented by additional benefits, such as supplementary pension and healthcare policies, personal injury insurance, a company car for those entitled and company canteen or restaurant vouchers. These benefits are adapted to local conditions, having regard for market characteristics and relevant regulations.
This focus on individuals is confirmed by Prysmian Group's commitment to investing in the development of employee-company relations, via numerous initiatives designed to foster engagement. The Group also enters into agreements with external partners for the supply of products and services at special rates for employees, such as discounts on theatre tickets, gym subscriptions, magazines and products purchased in shops.
In addition, a Global Maternity Policy has been implemented in all countries where the Group is present. The "Diversity and equal opportunity" section of this document contains further information on this topic. These benefits are equally valid for full-time and part-time employees.

This year, Prysmian Group again implemented national initiatives (Italy/Headquarters) that make it possible to:

- obtain a free flu jab, delivered on company premises;
- donate blood in collaboration with Avis;
- obtain a free check-up in collaboration with Niguarda Hospital, for prevention purposes and as part of the attention dedicated to the health of employees in the Milan Bicocca area;
- obtain insurance coverage at special rates with AON;
- participate in the award of 80 scholarship for Upper School pupils and 20 scholarship for the University education of the children of employees. These scholarship were set aside in 2022 and will be awarded in early 2023;
- receive an annual pass for public transport at a discounted price under an agreement with ATM.

Again at Corporate level with a view to tackling the emergency caused by higher energy costs and inflation, Prysmian has launched various initiatives to protect the purchasing power of employees, including:

- Distribution of petrol vouchers worth Euro 100 to all employees;
- Distribution of spending vouchers worth Euro 200 and upwards to all employees whitin certain income brackets.

Participation in the creation of sustainable value over time is open to all employees, via several share ownership plans allowing them to become stable shareholders.
The objectives pursued by Prysmian via the **YES Plan**, a discounted share purchase plan for employees, and the BE IN Plan, a plan for the conversion of production bonuses into shares, are to increase the participation, engagement, sense of belonging and business understanding of employees, ensuring that the interests of shareholders, customers and employees converge over time, and reinforcing the internal perception of Prysmian as a single and unique enterprise, truly "One Company", thus builnding a stable base of employee-shareholders. About 37% of employees are stable shareholders in Prysmian Group, collectively owning about 3% of the share capital.
The **BE IN** Plan was approved at the Shareholders' Meeting held in 2022 and has been in more than 40 plants, giving 16,000 Group employees the opportunity to become shareholders.

49 Further information about Prysmian's remuneration policy for executive directors and managers with strategic responsibilities, as well as the ESG goals linked to their variable remuneration, is available in the sections of the "Report on Remuneration Policy and Compensation Paid" prysmian-remuneration-report-2022-eng.pdf (prysmiangroup.com) entitled *Chief Executive Officer, Executive Directors and Managers with Strategic Responsibilities, 2020-2022 LTI Plan, ESG indicators in the 2022 MBO Plan, Section II.*

Respect for human rights

Prysmian Group takes many concrete steps to ensure respect for and protection of the human rights of all those involved in its business activities and value chain. A full audit plan has been implemented, with remote and on-site checks at the industrial plants, to identify any potential discrepancies with internationally recognised human rights principles.

Diversity and equal opportunity

Prysmian has identified the promotion of diversity and equal opportunities, through the development of an increasingly inclusive organisation, as a strategic objective for the management of human resources. Given this commitment, Prysmian Group has adopted a global "Diversity & Inclusion Policy" that is available on its corporate website,[50] with the development of initiatives to support it. Since 2016, when the "Side by Side" programme was launched, many local and corporate initiatives have been completed. More specifically, the portfolio of activities includes:

1. **Global Diversity Recruitment Policy**, available on the Group's corporate.[51] This procedure, which has been formalised at corporate level, defines an appropriate selection and recruitment process that applies a standardised methodology to ensure equal opportunity at all stages in the selection process, while also avoiding stereotypes linked to gender or other diversities. The Diversity Recruitment Policy was made official globally in March 2019, with translations into seven languages in addition to English (Italian, German, Spanish, French, Portuguese, Russian and Chinese).
2. A **Gender Pay Gap Analysis** of the entire population of desk-workers identified areas for improvement and a related action plan, which was progressed during 2022. The results of the analysis carried out, expressing the male/female wages-salary ratio in percentage terms by job grade and geographical area, are shown below:

2022	EMEA	North America	LATAM	APAC	Total
Executive	7%	3%	3%	21%	7%
Managerial Positions	2%	6%	4%	13%	4%
Employees	2%	2%	4%	10%	4%
Total	**2%**	**3%**	**4%**	**10%**	**4%**

3. **Health and welfare programs for senior employees, based on local choices**, have been developed. As an example, anyone over 55 at the Milan HQ can now have an annual check-up, rather than every two years.
4. **Actions to improve work-life balance** have been implemented, **such as flexi-hours and remote working**. There was an unprecedented relaunch and extension of these practices, which had already been introduced at several Prysmian Group offices, as a result of the Covid-19 pandemic, particularly remote working. Where compatible with the individual's role, working from home not only protected health and safety, but also offered the chance to try out new digitalised working methods. This led to a strengthening of individual responsibility, trust and remote team management. The result was the aforementioned New Working Policy. Remote working was considered as a genuine skill, so there was dedicated training for both clerical staff and managers between the end of 2020 and the beginning of 2021.
5. Internal and external communications campaigns on **Diversity & Inclusion** matters continued in 2021 and 2022, supported by success stories based on actual cases (by gender, age and culture), in order to raise awareness about these topics among employees and stakeholders.
6. In 2021, Prysmian launched a **Global Policy**, available on its corporate website,[52] against all types of harassment in the workplace, including sexual harassment, defamation, bullying and intimidation. The document indicates two procedures, one formal and the other informal, for reporting cases of harassment and requesting official action by the Compliance team.
7. The **Global Maternity Policy**, launched in May 2020, is still in place and available on the corporate website.[53] The policy grants 12 weeks of maternity leave to all employees in all countries. Local implementations are possible.

50 https://www.prysmiangroup.com/en/people-and-careers/why-prysmian/diversity-and-inclusion
51 https://www.prysmiangroup.com/en/people-and-careers/why-prysmian/diversity-and-inclusion
52 https://www.prysmiangroup.com/en/people-and-careers/why-prysmian/diversity-and-inclusion
53 https://www.prysmiangroup.com/en/people-and-careers/why-prysmian/diversity-and-inclusion

Human rights due diligence

The following table, presenting the risks identified and related mitigation actions is published pursuant to Legislative Decree 254/2016 (Consolidated Non-financial Statement)

Risk identified	Material topic 2022
Risks related to the social sustainability of the organisational structure and business model	**Greater diversity, inclusion and respect for human rights**

Description of risk
Prysmian Group faces daily complexities arising from the management of organisational and business activities carried out by persons with different social and cultural backgrounds. Despite constant commitment, careful supervision and periodic awareness building, with the provision of specific information and training sessions, it is never possible to exclude episodic improper conduct in violation of policies, procedures and the Code of Ethics and, therefore, of current regulations concerning human rights by those who carry out activities on behalf of Prysmian, with consequent possible penalties, significant reputational damage and business impacts.

Mitigation actions adopted
As an international business active in multiple countries and communities, Prysmian Group is with passionately committed to respecting and safeguarding the human rights of all employees and all those affected by our activities. The objective is to ensure that the Group is not involved in any way, either directly or indirectly, in activities that violate on human rights. In this light, the Prysmian Human Rights Policy was introduced in 2017, inspired by to various international standards on human rights (such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact etc.) and applied at all locations and in all Group activities. In addition, a Human Rights Due Diligence process has been in operating since 2018, enabling Prysmian to map the potential Human Rights impact of Group operations.
Applying this Due Diligence process, the assessment of plants that commenced in 2021 (100% of production locations) was completed during 2022.
Following this assessment, various locations found to be at high risk of violating human rights were audited to check if there was any substance to this analysis. Outside of the Group, Prysmian requires suppliers to show rigorous respect for human rights, applying a specific Due Diligence process that assesses the risk at supply chain level.

As an international business operating in many countries and communities, Prysmian is passionately committed to respecting and safeguarding the human rights of all employees and all those affected by our activities. The objective is to ensure that Prysmian Group is not involved in any way, either directly or indirectly, in activities that violate human rights.

With this objective in mind, the Group Human Rights Policy was introduced in 2017. This policy, available on the corporate website[54] of the Group, is based on various international standards (such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact etc.) and applied at all locations and in all Prysmian activities.

In addition, a Human Rights Due Diligence process, available on the Group's corporate website,[55] has been in operation since 2018, enabling Prysmian to map the potential Human Rights impact of Group operations.

1. **ASSESS:** Assessment of the current and potential impact on Human Rights, considering the risk of violations at country and plant level, identified using desk analysis and self-assessment tools.
2. **ACT:** Assessment of the results and performance of audits at high-risk plants; definition of actions necessary to prevent and/or mitigate the potential impact identified.
3. **MONITOR:** Monitoring of performance via checks and audits over a period of years.
4. **RESOLVE:** Resolution of violations.
5. **COMMUNICATE:** Communication of performance in the Sustainability Report.

Applying this Due Diligence process, the assessment of all production locations that commenced in 2021 was completed during 2022.[56]

54 https://www.prysmiangroup.com/en/company/ethics-integrity/human-rights/human-rights-in-prysmian-group
55 https://www.prysmiangroup.com/sites/default/files/atoms/files/20200724_PRY_HumanRightsPPT_final.pdf
56 This analysis, based on the Group reporting boundary in 2021, excluded the Chiplun (India) plant.

Following this assessment, 6 plants found to be at high risk of violating human rights were audited to check if there was any substance to this analysis.

The Prysmian Group also requires suppliers to show rigorous respect for human rights, applying a specific Due Diligence process that assesses the risk at supply chain level. This is described in more detail in the "Sustainable value chain" section of this document.

Furthermore, 11,875 hours[57] of training were delivered in 2022 on the topics of Ethics and Human Rights, with a view to raising and disseminating awareness about them within Prysmian.

More information about Prysmian's human rights due diligence process can be found in the Human Rights section of the website.[58]

Health and safety in the workplace

Safety is central to all Prysmian Group activities. Indeed, it is a key, cross-functional element of the organisation, both in terms of corporate value and in terms of the positive and negative impacts generated on all other key factors: Human Capital, Production, Property, Quality, relations with Customers and Suppliers.

This is why, since 2020 Prysmian has pursued a "Zero & Beyond" mission, based on a shared vision and guided by specific values. "Zero and Beyond" is a philosophy that includes safety in every aspect of life and in everything that is done, at home and in the community, as part of our responsibility towards people and the planet. Zero is the ultimate goal in terms of deaths, injuries, events and occupational diseases, while Beyond is the limit to be reached with this philosophy.

Complete information about this programme is shared on the Group website[59] and sponsored by top management. All Group personnel, whether Desk Workers or Non-Desk Workers, at Region and plant level, have been involved to ensure their awareness of the strategy adopted and encourage their participation as promoters. The strategy has been and continues to be disseminated in practice, via workshops, and at the level of visual communication, via banners, logos and the use of "Zero & Beyond" clothing.

In addition, the Prysmian HSEE Policy was updated in 2020, approved by CEO Valerio Battista and published on the Corporate website.[60] This policy contains all the principles that Group companies pledge to respect, including:

- The management of their activities using health, safety, environment and energy (HSEE) management systems compliant with international standards, with a commitment to make continuous improvements;
- The identification of hazards associated with their activities, the assessment of health risks and their elimination and/or minimisation via appropriate prevention measures, not only via the adoption of collective and individual protection systems, but also by encouraging a culture of safety that influences behaviours;
- The demonstration of leadership capable of involving all levels with the organisation and all those who work for the Group, ensuring that operational procedures and responsibilities are defined precisely, communicated appropriately and covered by specific training;
- The communication of HSEE information to all internal and external stakeholders, in accordance with specific procedures and programmes.

As a further guarantee and commitment to the management of occupational health and safety matters, all Group plants will be ISO 45001 certified by 2025.

Prysmian applies established procedures for the management of injuries, which are the tip of the iceberg in the system for managing reactive safety. Injuries can have negative impacts in human, financial and technical terms, as well as on the reputation of the organisation itself. The next section describes the procedure adopted for the in-depth analysis of events, so that their root causes can be identified and eradicated in order to prevent their recurrence.

57 Training hours refers to all the courses held at Prysmian Group and classified as "Ethics & Human rights" in 2022.
58 https://www.prysmiangroup.com/en/company/ethics-integrity/human-rights
59 https://www.prysmiangroup.com/en/sustainability/responsibility-towards-people/life-in-our-plants
60 https://www.prysmiangroup.com/sites/default/files/atoms/files/HSEE%20Policy_2020_signed.pdf

Occupational health and safety management system

The following tables, presenting the risks identified and actions adopted to mitigate them, are published pursuant to legislative Decree 254/2016 (Consolidated Non-Financial Statement).

Risk identified	Material topic 2022
Health and safety risks	Wellbeing, engagement and upskilling of human capital

Description of risk
The main health and safety risks to which Group personnel and contractors are exposed are linked to the work carried out by them at production locations, on vessels and at construction sites.
The Group has always been committed to protecting that the of the integrity, health and welfare of workers in their workplaces.
With particular reference to health and safety risks, the Group has adopted a centralised management system based on the identification and evaluation of factors deemed critical at various levels, with respect to the Group, country and operating unit. This approach allows for a complete picture of the risks associated with individual production activities, in order to manage, monitor and minimise the health and safety risks.

Mitigation actions adopted
In order to apply the health and safety standards defined at Group level, Prysmian uses tools and operating procedures for collecting, evaluating, aggregation and reporting of data at central level, as well as the implementation and verification of corrective and preventive actions; the monitoring of significant events (injuries, near misses, non-conformities and reporting); and training not only for the transfer of technical knowledge, but also to impart understanding of the approach taken and the risks incurred by non-compliance with the H&S rules and procedures. Note that 73% of Prysmian Group plants have ISO 45001 certification. In addition, the Group has defined quantitative targets (Sustainability Scorecard) for reducing the frequency and severity indices monitored.

Risk identified	Material topic 2022
Risks related to changes in the legislative environment governing Health, Safety and the Environment.	Transversal

Description of risk
The Group's production activities are subject to national and international laws and regulations governing Health, Safety and the Environment. Future legislative and/or regulatory changes, more or less foreseeable, might affect the operations of the Group, its ability to compete in the marketplace and its financial results, unless those changes are identified, anticipated and managed on a timely basis. In particular, the Group has analysed the potential regulatory risk relating to energy efficiency, including the introduction of more stringent reporting requirements and possible changes in local legislation that transposes the "Energy Efficiency Directive" 2012/27/EU (EED), as amended, on the efficiency of end-use energy.

Mitigation actions adopted
Via the HSE Management System, centralised and coordinated by the Corporate HSE team, the Group monitors constantly any changes and/or developments in the HSE requirements, including:
- changes into HSE legislation at local and Group level and related periodic reporting to top management, in order to discuss any actions needed to comply with the regulations;
- implementation of initiatives and projects designed to mitigate risks and promote continuous improvement.

With reference to the regulatory risk relating to energy efficiency, several actions have been taken, including:
- definition of an Energy Audit Plan at the Group's plants, including sites that are currently not required by law to perform energy audits;
- development of energy efficiency projects at local and global level;
- periodic plant visits to verify their compliance with the rules and standards defined;
- specific training sessions for all Prysmian personnel involved in energy management, including raising awareness about energy saving and emission reduction issues, for which the Group has set reduction targets in accordance with the SBTi (Science-Based Target Initiative) that include a Net-Zero target for Scope 1 and 2 emissions by 2035.

To ensure a systematic and concrete approach to safety, the Group adopts the ISO 45001 "Occupational health and safety management system" for 73% of corporate assets. In particular, the adoption of ISO 45001 certification enables the organisation to:

- establish systematic processes that take account of the business context by evaluating risks, opportunities and legal requirements;
- determine the risks associated with its activities, in an attempt to eliminate them or introduce ad hoc controls designed to minimise their severity;
- establish operational controls;
- increase awareness of the matter by all interested parties at every level within the organisation;
- ensure that workers play an active role in health and safety matters.

The Group has issued a procedure that defines the methodology for identifying, assessing and documenting all workplace health and safety risks, in order to eliminate or reduce them, keep any residual risks under control and comply with legal requirements.

The corporate risk assessment procedure is endorsed and adapted at local level, in compliance with current laws. Accordingly, all systematic risk management activities are carried out at plant level, including the reporting of hazards, risks and unsafe conditions identified by operators; all these activities follow established local management and reporting procedures.

Corporate has issued a procedure for the management of workplace incidents. This procedure, endorsed and applied at local level, requires all incidents – with or without lost days – to be reported and analysed by specified deadlines using Group software. The objective is to share information about the most significant incidents and raise cross-functional awareness at all plants.

In fact, in order to ensure compliance with current regulations, the HR functions at country level, with support from the safety managers, prepare training plans for their personnel and develop specific training course for the various categories of worker, depending on their roles, duties, levels of responsibility and working environment. At corporate level, the Health and Safety function carries out training based on the Group procedures to be applied locally, as well as training via the HSE Academy.

In order to monitor the employee safety KPIs, monthly reviews are carried out at both plant and regional level to identify possible improvements and structured action plans, as well as strengths and best practices to share with other plants. Each plant and region reviewed is included in a quarterly follow-up process designed to monitor the progress of their work. In addition, the use of tools and methodologies for managing reactive, preventive and pro-active safety activities was consolidated in 2022.

All occupational health and safety projects presented to the Investment Committee were approved. These projects focused on the following areas: forklifts, asbestos, fire detection systems, system for managing the treatment of water and waste. Prysmian also developed an ad hoc risk assessment covering traffic management in which all plants participated. Having identified various risks, a campaign targeting traffic management has begun at all plants and will continue over the next few years.

Statistical analyses are carried out on all injuries resulting in lost days that occur throughout the Group, in order to identify the work-related risks.

The improvements needed, for which specific action plans have been defined, include:

- management of traffic and forklifts, with the launch of numerous projects – some already completed – drawing on funds set aside by the Group. Actions taken to manage and mitigate the risk include: separation of shared areas, signage, barriers, pedestrian routes, forklift/pedestrian detection devices.
- assessment of the risk of cuts (category with the third largest number of injuries) is in progress, including the preparation of a census of equipment, a systematic re-assessment of the risks associated with the use of cutting tools, and the sharing of best practices with other plants.

The following table analyses Group personnel by type of worker included within the reporting boundary. The Frequency rate has fallen by 11% with respect to 2021, while the Severity rate has increased by 19% due to the ongoing effects in 2022 of injuries suffered in the prior year. In addition, the table contains data about the occupational diseases recorded and recognised during the year. The most common problems relate to the musculoskeletal system and the auditory system..

Prysmian Group 2022	Group	Prysmian employees	Temporary agency workers(*)	Contractors(**)
Severity rate (IG)(1)	53.46	54.20	44.12	31.56
Frequency rate (IF)(2)	1.40	1.32	2.39	1.02
Hours worked	58,933,731	54,582,051	4,351,680	8,814,534

(*) **Temporary agency workers:** workers employed by staffing agencies.
(**) **Contractors:** This disclosure requires the organisation to report the number of workers who are not employees and whose work is controlled by the organisation. Control of work implies that the organisation directs the work performed or has control over the means or manner in which the work is performed.
(1) **Severity rate:** ratio of days lost due to injury to the number of hours worked, multiplied by a factor of 200,000.
(2) **Frequency rate:** ratio of injuries with loss of working days in excess of 24 hours to the number of hours worked, multiplied by factor of 200,000. The calculation of injuries only considers those suffered in the workplace and not during travel between home and work, unless transportation was organised by the company.

Prysmian Group 2022	Prysmian employees	Temporary agency workers	Contractors
Number of fatalities	-	-	-
Fatality rate(1)	-	-	-
No. of reportable injuries	360	52	45
of which with serious consequences	*8*	-	-
Severity rate (IG)(2)	54.80	44.12	31.56
Frequency rate (IF)	1.32	2.39	1.02
Frequency rate for injuries with serious consequences (IF)	0.03	-	-
Hours worked	54,582,051	4,351,680	8,814,534
No. of occupational diseases(3)	35	-	-
Occupational disease rate(4)	0.64	-	-

(1) **Fatality rate:** ratio of the number of fatalities to hours worked, multiplied by a factor of 200,000.
(2) **Frequency of injuries with serious consequences:** ratio of injuries with loss of working days in excess of 180 days to hours worked, multiplied by a factor of 200,000. Injuries with serious consequences are defined as those lasting more than 180 days.
(3) **Occupational diseases:** illnesses contracted in the course of and as a result of the hazardous work to which the worker is assigned (e.g. deafness from noise, tumours caused by paints, dyes or carcinogenic substances etc.). The risk may be caused by the work that the worker does, or by the environment in which the work is performed.
(4) **Occupational disease rate:** ratio of the number of occupational diseases reported and recognised during the year to the number of hours worked, multiplied by a factor of 1,000,000.

Prysmian Group 2021	Prysmian employees	Temporary agency workers
Number of fatalities	1	1
Fatality rate	0.004	0.050
No. of reportable injuries	394	49
of which with serious consequences	*11*	*1*
Severity rate (IG)	46.98	49.92
Frequency rate (IF)	1.49	2.44
Frequency rate for injuries with serious consequences (IF)	0.04	0.05
Hours worked	52,997,509	4,018,110
No. of occupational diseases	58	-
Occupational disease rate	1.02	-

One of the two fatalities in 2021 was a contractor and not a temporary agency worker.

Prysmian Group 2020	Prysmian employees	Temporary agency workers
Number of fatalities	-	-
Fatality rate	-	-
No. of reportable injuries	317	5
of which with serious consequences	*8*	-
Severity rate (IG)	46.40	10.91
Frequency rate (IF)	1.29	0.36
Frequency rate for injuries with serious consequences (IF)	0.03	-
Hours worked	49,057,574	2,805,742
No. of occupational diseases	9	-
Occupational disease rate	0.18	-

The following table shows the occupational diseases reported and recognised in 2022.

Hazards	Associated risk	Actions taken to eliminate the hazard and minimise the risks
Covid-19 pandemic		Implementation of the Prysmian Covid-19 Protocol
Noise	Hearing system damage	Acoustic analysis; training in the use of PPE; update of the list of identified Risk Agents; dosimetric measurement of noise to determine the level of exposure to the risk
Hazard for the musculoskeletal system (ergonomics)	Physical exertion; high level of repetition and frequency of a movement affecting one part of the body; ergonomic risk; manual handling of loads; vibration risk	Ergonomic analysis of the plant to minimise physical exertion and repetitive movements

Sustainable value chain

Prysmian Group constantly strives to understand the needs and requirements of its partners, in order to develop solutions to their problems ahead of time. This explains Prysmian's role as a leader of sustainability, committed at all times to supporting and promoting the creation of sustainable value for customers and all stakeholders, by facilitating the energy transition and digitalisation processes, as well as by providing proactive, sustainable leadership. The sourcing of raw materials and the performance of activities themselves are governed by strict sustainability policies with regard to environmental impact and respect for human rights and business ethics. This approach seeks to avoid or mitigate risks, while embracing all opportunities for the sustainable growth of the Group and its businesses.

Prysmian Group's supply chain

Prysmian's supply chain plays a decisive role in the business and the sustainability strategy of the Group. On the one hand, it endeavours to keep plant capacity saturated and eliminate production bottlenecks while, on the other, it guarantees a competitive advantage thanks to the careful selection of suppliers in ESG terms and constant engagement with them, by forging long-term partnerships.

Sustainability of suppliers

The following table, presenting the risks identified and actions adopted to mitigate them, is published pursuant to Legislative Decree 254/2016 (Consolidated Non-Financial Statement).

Risk identified	Material topic 2022
Risks related to the sustainability of the Group supply chain	Sustainable value chain

Description of risk
The Group's business model, with a global presence in over 50 countries and a high diversification of product applications, is based on a complex supply chain that requires a continuous interface with numerous suppliers of different sizes and cultural backgrounds. Without prior investigation and control, the management of a complex supply chain might result in the Group procuring goods and services from suppliers that do comply with its guidelines and policies, with the risk of supporting suppliers that do not operate in line with international standards. In addition, the Group believes it has a responsibility that goes beyond its organisational boundaries and, therefore, by managing the sustainability of its supply chain (upstream or downstream activities and customers), it is also able to limit any reputational risks that may arise.

Mitigation actions adopted
In addition to its commitment to the evaluation of counterparties, the Group has adopted guidelines and policies with which suppliers are required to comply (for example, the Code of Ethics and the Code of Business Conduct). There will be an immediate reaction should it emerge that third parties involved in the supply chain have implemented actions not conforming to the principles of environmental and social sustainability, which would expose the Group to potentially significant image and reputational risks. If the issues flagged are not promptly resolved and eliminated, the Group reserves the right to activate a procedure for the termination of existing business activities and temporary, or, in serious cases, definitive exclusion from the Group's supplier list. The assessment of risks related to the sustainability of third parties is a fundamental step in the entire supply chain management process that 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. In this regard, with a view to enhancing its social and environmental strategies in the supply chain area, the Group has defined a Supply Chain Strategy and related actions that supplement the ESG factors throughout the value chain.

The sustainability of suppliers must be assured from both a social and an environmental standpoint. Prysmian is committed to having a supply chain that respects all aspects of workers' rights and reflects the high standards applied by the Group to all direct counterparties.

From an environmental standpoint, **supplier selection** is key to reducing the Scope 3 emissions of the Group, so that the entire supply chain can achieve carbon neutrality by 2050. In addition, Prysmian seeks to support those suppliers that use recycled materials in their production processes. This applies both to metals (especially copper) and to plastics, such as polyethylene. Notably, transportation and logistics also have a non-negligible impact on the Group's emissions. Accordingly, Prysmian continuously monitors and optimises its logistical flows, in order to assure the sustainability of the business in economic and other terms, given the considerable weight and volume of the products handled. In this context, constant efforts are made to reduce CO2 emissions by improving the efficiency of the distribution networks and fleets of the various logistics partners.

The supply chain aims to deliver excellent service levels, ensuring availability of the products needed by customers, given that the Group absorbs about 2-3% of global copper production and about 7% of the copper used in the electrical and electronics sector.

When sourcing aluminium, the Group increasingly selects **suppliers that are vertically integrated** (with processes that manufacture aluminium rod directly from aluminium oxide), in preference to those that are not integrated (manufacturers that purchase aluminium ingots in order to produce rod). In addition to being economically advantageous and enabling the Group to guarantee the security of supply, this strategy assures significant environmental benefits linked tothe simplification of logistics and elimination of the ingot re-melting cycle.

Under Prysmian's policy, raw materials can only be used if they have received technical approval and have been sourced from **qualified suppliers**. Consistent with the procedures adopted by the Group, the Purchasing area - in collaboration with the Quality and R&D functions - carries out product/process audits to assess the ability of the supplier to manufacture the materials concerned and guarantee the required technical performance and expected quality.

The Non-Raw Material category incorporates all the services and goods which are not directly connected to the end products. Excluding installation services, the main Non-Raw Material categories include: transportation, packaging, MRO (maintenance, repairs and operations) and utilities, which combined represent over 50% of the total Non-Raw spend.

One of the possible challenges of being a global leader in manufacturing that has to source metals and raw materials, is the need to continuously monitor the entire procurement base and ensure that all Prysmian's business partners apply ethical conduct in their business processes.
The real and potential impacts are above all environmental, given the nature of the materials used, and social, as some materials may need to be sourced in regions populated by vulnerable communities. Prysmian can count on a broad and diversified procurement base, with mutually advantageous business relationships. Most of the Group's suppliers are established leaders in their markets, applying best practices for the management of ESG factors. However, the Group also works with smaller players who can benefit from working with a customer like Prysmian, willing to support their business continuity and make recommendations on how to improve their sustainability management.

MATERIAL USED BY WEIGHT OR VOLUME (KTON)

	2022	2021	2020(*)
Metals	**1,219**	1,189	1,083
Compounds(*)	**365**	374	339
Ingredients	**288**	299	276
Chemical products	**6**	6	6
Other (yarns, tapes and oils)	**26**	25	23
Total	**1,904**	**1,893**	**1,727**

(*) Compounds: in the processing of rubber, mixtures of polymers and ingredients (talc, kaolin, carbon etc.) having various functions (e.g. strengtheners, accelerants, colourants).

Renewable materials are 1% in 2022.

Depending on the raw materials sourced, Prysmian identifies two main risks, namely their carbon footprint and their origin. With regard to **environmental impacts**, Prysmian Group manages the following long-term partnerships:

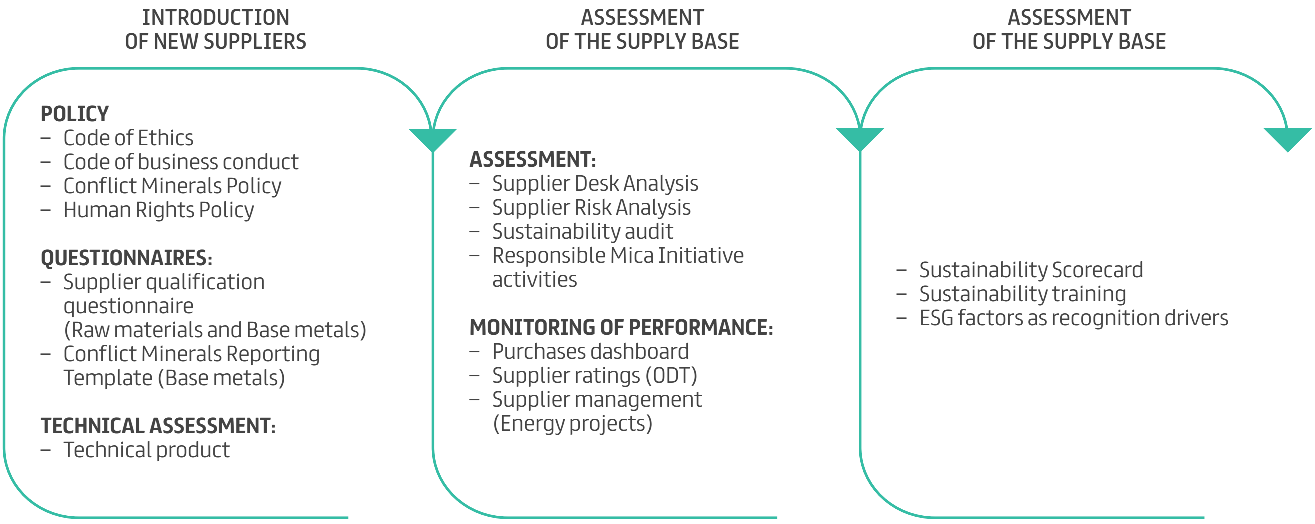
1. long-term partnership with the Carbon Disclosure Project (CDP) to tackle climate risk and find new low-carbon opportunities. The CDP helps Prysmian to collect and analyse Scope 1 and Scope 2 emission data from suppliers, following which feedback is sent to suppliers and new targets are set for the continuous reduction of adverse environmental effects. In 2022, the Group concentrated on improving the response rate from the suppliers concerned (who represent about 50% of total spending by the Group);
2. partnership with the Carbon Trust: the Carbon Trust has helped the Group set its Science-Based Targets. See the "Climate Change & Social Ambition" section of this document for further information.

With regard to the **social impacts** deriving from the origin of its materials, Prysmian adopts measures to monitor the potential infringements of human rights:

1. Prysmian Group implements a Conflict Minerals Policy, with the aim of guaranteeing a conflict-free supply chain that does not contribute to fuelling armed clashes in conflict zones or high-risk areas;
2. In order to manufacture certain safety cables and make them fire-resistant, Prysmian contacts producers and distributors to purchase limited quantities of certain types of glass-based tape containing low percentages of mica. This mineral is not used directly in the Group's products and production processes. Mica is mined in geographical areas where several factors contribute to unsustainable working conditions and the use of child labour. Prysmian has been addressing this issue since 2016 by requiring all suppliers to provide appropriate information about their mica sources and certify the absence of child labour. In 2021, Prysmian Group became the first business in the cable industry to join the Responsible Mica Initiative (RMI). Membership of the RMI enables Prysmian to exercise even more effective control over its supply chain.

In addition to the Code of Ethics and the Human Rights Policy already described in the chapter on "Ethics and Integrity", Prysmian applies the following policies to manage business relationships with its supplier base:

- Supply chain strategy
  Following the development of sustainability-related activities within the supply chain, in 2016 Prysmian Group started work to integrate ESG factors more closely within its Supply Chain Strategy, thus highlighting their importance and recognising them as integral to that strategy. This document seeks to summarise the main characteristics of Prysmian's Supply Chain Strategy and the actions taken to integrate ESG factors within it. The document has been available on the corporate website[61] since 2021.



61 https://www.prysmiangroup.com/sites/default/files/atoms/files/2022-PrysmianGroup-Purchasing-SupplyChainStrategy-public.pdf

- **Code of business conduct**
  With a view to ensuring compliance with ethical, economic, environmental and social standards throughout the value chain, Prysmian Group has adopted a Code of business conduct that promotes a responsible and sustainable supply chain. This document, prepared by the Supply Chain function and approved by the Group CEO, is available on the corporate website.[62]

  The principles set down in the Code apply to the business transactions and daily activities of the employees of all Group entities and their suppliers, business partners, commercial agents, sub-contractors and distributors. The document covers the following topics:

  - business integrity (fair trade, conflicts of interest, gifts and offers of entertainment, corruption, corporate responsibility);
  - human rights and workers' rights (child and forced labour, occupational health and safety, non-discrimination, freedom of association and collective bargaining);
  - environment (principle of precaution, use of raw materials and compliance, energy consumption, greenhouse gases and other emissions, water consumption, waste generation and recycling).

  Prysmian's application of the related guidelines is impressed on suppliers at the preliminary stages of collaboration.

- **Conflict minerals policy**
  Prysmian Group implements a Conflict Minerals Policy, with the aim of guaranteeing a conflict-free supply chain that does not contribute to fuelling 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.[63]

GOODS AND SERVICES PURCHASED LOCALLY (%)*

	2022	2021	2020
EMEA	69.0	60.1	70.8
APAC	84.0	76.3	79.7
North America	100.0	99.3	97.9
LATAM	95.0	80.2	83.0

* Calculation of the percentage excludes data relating to Italian and Corporate suppliers. The data relates to all Prysmian Group activities. The calculation procedure uses the methodology adopted in 2018 for Prysmian plants and former General Cable plants, except for form General Cable plants located in North America, for which specific calculations were made depending on the location of the supplier.

The Group considers suppliers to be "local" when they are based in the same country as Prysmian companies.

62 https://www.prysmiangroup.com/sites/default/files/atoms/files/Prysmian_Code%20of%20Business%20Conduct_Final_070519.pdf
63 https://www.prysmiangroup.com/sites/default/files/atoms/files/Conflict%20Minerals%20Policy_Eng.pdf

Supplier analysis and management

As envisaged by the Supply Chain Strategy, Prysmian Group carries out the following assessment activities to analyse further and monitor the related risks:

1. Supplier Desk Analysis:
   The main purpose of developing the supplier desk analysis is to assess the sustainability of major suppliers. The analysis of the business aspects of sustainability considers the relevant social, economic and environmental criteria (ESG) and is performed by a third-party partner of Prysmian Group. The Sustainability Partner analyses the websites of each supplier, plus any other forms of public information, in order to evaluate a list of elements relating to three macro areas:
   - sustainability and management systems;
   - environmental criteria;
   - human rights and workers' rights.

   A total of 500 suppliers with potential environmental and social impacts were analysed in 2022, covering expenditure of Euro 7,784 million. This analysis identified 81 suppliers (16%) with a potentially negative environmental impact. Among these, 2 suppliers (2% of the total) adopted an improvement plan designed to mitigate the negative impacts identified. Prysmian's analysis also identified 79 suppliers (16%) with a potentially negative social impact. Among these, 2 suppliers (2% of the total) adopted an improvement plan designed to mitigate the negative impacts identified. The above suppliers are not alone in adopting an improvement plan, but they were the only ones classified as Red or High Risk in Prysmian's annual desk and risk analyses of suppliers with negative environmental or social impacts.

2. Risk Analysis:
   The supply chain risk analysis is based on assessment and analysis of the data obtained from the desk analysis (therefore considering the same 500 suppliers described in point 1), and uses sustainability scores combined with a list of parameters deemed critical by Prysmian for risk assessment purposes. The combination of these criteria enables Prysmian to identify the various clusters of risk. The following table shows the combination and importance of the critical parameters, including ESG factors, assessed by Prysmian in order to identify any suppliers that may be at risk.

IMPORTANCE	CRITICAL EXPENDITURE	WEAKNESS
Speed and impact	**Base metals:** all **Raw materials:** suppliers that exceed Euro 100 thousand **Non-raw materials:** selected suppliers in high-risk areas or categories	Aole supplier and geographical position

3. Sustainability audits:
   A programme of sustainability audits has been implemented since 2017. The objective, duly achieved, was to complete 30 audits by the end of 2022. Further details on trends in the audit results, can be found in the "Scorecard 2020-2022" included in the Sustainability Report. These audits were performed with support from an external consultant. The audited suppliers were identified with reference to the scores assigned following the risk analysis. Sustainability always plays a primary role in supplier assessments and the results of these audits are shared with suppliers, in order to induce positive change among under-performers. Follow-up audits are carried out when necessary. The Group's major suppliers are regularly involved in specific activities, such as workshops and collaboration on the development of more sustainable products, in order to generate a medium/long-term impact on the industry. With regard to base metals, many Prysmian suppliers participate in the most important industry initiatives, such as the Copper Mark and the Aluminium Stewardship Initiative (ASI).

In order to assess the effectiveness of actions relating to the purchase of direct materials, Prysmian pursues the following objectives and targets to support the process:

- performance of sustainability audits, based on the results of the desk analysis and the risk analysis. If the results are satisfactory, the supplier is no longer considered to be high risk. If the audit results are not satisfactory, a follow-up audit is carried out on the basis of an agreed action plan;
- in order to evaluate the progress made, the scope of the desk and risk analyses is constantly being expanded (currently 500 suppliers, up from 150 in 2020), in addition to continuing to perform annual sustainability audits
- in addition to the above, a 100% response rate is required from all base metal suppliers that sell the Group materials containing 3TG (i.e. so-called "conflict minerals", represented by four chemical elements: tin, tantalum, tungsten and gold. Based on their initials, they are often referred to as "3TG"), in order to measure the effectiveness of Prysmian's Conflict Minerals Policy. Their replies are analysed to check the status of all foundries within the supply chain operated by tier one suppliers. This process, combined with participation in the Responsible Mica Initiative, enables Prysmian to translate Group policies into action.

Involvement of suppliers in the Group's ESG matters

Prysmian involves its suppliers in various activities in order to build awareness about ESG matters. A number of initiatives are presented below:

- the actions regarding ESG factors promoted by Prysmian are made available to all stakeholders on the corporate website;
- since 2015, the annual "Purchasing Fundamentals" training course includes a broad, in-depth section on the topic of sustainability in purchasing. Each year, 30 buyers (with differing levels of seniority) from Prysmian companies all over the world are invited to attend this training course;
- Prysmian began development of the Vendor Management portal in 2021. This modular, web-based application will improve the efficiency of supplier relationship management and enable the Company to monitor their ESG compliance. This platform, comprising 4 modules, seeks to harmonise and improve the business processes involved;
- a member of the Purchasing department sits on Prysmian Group's Sustainability Steering Committee, given that procurement is an area of interest for the sustainability of operations. Some members of the Purchasing Team who manage and follow-up ESG activities are also directly involved in procurement activities, giving them greater knowledge of the supplier base and a superior ability to manage initiatives with suppliers.

Prysmian Group's customers

Customers are central to all our corporate activities, from design to execution and the creation of new products. Innovative tools are used and specific actions taken to monitor and understand customer experience levels.

By working closely with customers, Prysmian is able to develop products that not only satisfy their requirements, but are also designed to ensure greater sustainability and provide solutions that contain specific digital elements (e.g. smart cables).

The characteristics of the downstream part of Prysmian Group's value chain differ, depending on the type of business unit concerned. See the "Group Organisation" section of this document for further details.

Prysmian cables are designed with the customer in mind. In many cases, they are the result of collaboration with customers to develop new products. When customised products are made, customers are invited to our plants and R&D centres in order to participate in the relevant processes. The Group applies the principles of flexibility throughout the supply chain, with a view to accelerating the time to market of new products and responding to customer requirements in the various sectors.

Flexibility to ensure customer satisfaction

Thanks to our global presence, Prysmian is perfectly able to respond to the different customer needs. Its matrix organisational structure allows the Group to serve very different segments and markets: local operating and development facilities are used in local markets, but the Business Units into which the Group is divided are also able to serve global customers by collaborating internationally.

Understanding the needs of customers via on-line surveys

Prysmian carries out on-line surveys to assess the level of customer satisfaction, so that their needs can be met in the most efficient manner.

The surveys are used to assess commercial conditions, customer support, brand awareness and the portfolio of products and services, as well as certain aspects of digitalisation and sustainability, identifying the main drivers for each category.

Results of the 2022 on-line surveys:

TARGET	SURVEY BOUNDARY	CUSTOMER BOUNDARY	RESPONSE RATE
28 countries	Europe, North America, Latin America, OSEA, United Kingdom, Turkey	Main customers – principally in the distribution channel	37% OF THE SURVEY BOUNDARY

The customers interviewed were presented with 6 main macro-categories of driver (Commercial strategy, Innovative products and solutions, Supply chain activities, Customer support, Marketing, Digitalisation). Respondents were asked to rate, with a score from 1 (lowest) to 5 (highest), the importance of each driver and their level of satisfaction with Prysmian's performance.

The supply chain remains a key driver to be addressed by Prysmian Group, given that the results confirm its great importance (score of 4.5/5) for customers, in which we are investing to improve the level of satisfaction (score 3.5 of 5). The problems posed for the global supply chain by the COVID-19 pandemic have added to the pressure on this driver in recent years.

By contrast, Customer Care Support and Product and Solution Innovation both had good satisfaction levels globally. These two drivers achieved positive scores in 2022: respectively 4/5 and 3.8/5.

Prysmian Group invests constantly in its approach to customer relations, with a specific strategy focused on the use of digital technology tools. Current projects on e-Commerce/e-Service platforms are coordinated centrally and implemented at local/regional level.

Customers were also asked to measure their NPS (Net Promoter Score), indicating how likely they are to recommend Prysmian Group to a friend or colleague.
The overall NPS (Net Promoter Score) for 2022 was +32% (vs +33% for 2021), with strong performance in Latam (+51%) and Central-East Europe (+43%). The United Kingdom was worst hit, while OSEA improved getting +19% (from 0% in 2021).

The NPS score is counterbalanced by the CES (Customer Effort Score), a method for measuring the effort needed by a customer to obtain an answer to a question or a solution to a problem/concern: +34% (vs +42% for 2021), with strong performance in Central Europe (+55%) and North Europe (+46%). The United Kingdom, also, showed a positive trend (8% vs -12% in 2021).

Given these results, the Customer Excellence and Commercial Innovation Team has arranged a series of meetings in the various areas to discuss them. Countries and regions will prepare and implement specific actions in support of their customers.

Prysmian Group: quality processes and solutions

Quality helps organisations to do the right thing by providing a reference framework that supports a culture of excellence. The expectations of customers and stakeholders translate into a strategy that leverages tools designed to enhance business processes and the value delivered.

In Prysmian Group, Quality helps to form a corporate culture in which doing the right thing is the norm. To support this cultural approach, a vast amount of training has been provided in recent years on the principles of Quality, as well as on the methodologies and tools for solving problems, to both Quality function employees and those in other functions.

The effectiveness of this work is evident from the improvement in our indicators, including a reduction of about 10% in the number of complaints with respect to the prior year. A complaint is defined as any written notification from a customer of a potential product non-conformity that is recognised by Prysmian as such.

Doing the right thing also means making the right decision using the right data. To support this strategic process, Prysmian has worked with its Digital Innovation Lab to build digital solutions that help analyse huge amounts of data, in order to make better decisions.

The most promising projects include: Data Driven Performance (a data analysis system that uses AI to improve the performance of production processes), which is currently active at three optical fibre production locations (FOS, Douvrin and Claremont), and will soon be extended to other cable manufacturing plants, including Nordenham and Gron; the PG Connect project, launched last year and now known as the PG Connect Family, which extends the range of connectivity solutions using augmented reality; the Machine Vision for Safety project, involving the development of a visual recognition system capable of identifying risk situations for plant operators.

Commitment to communities

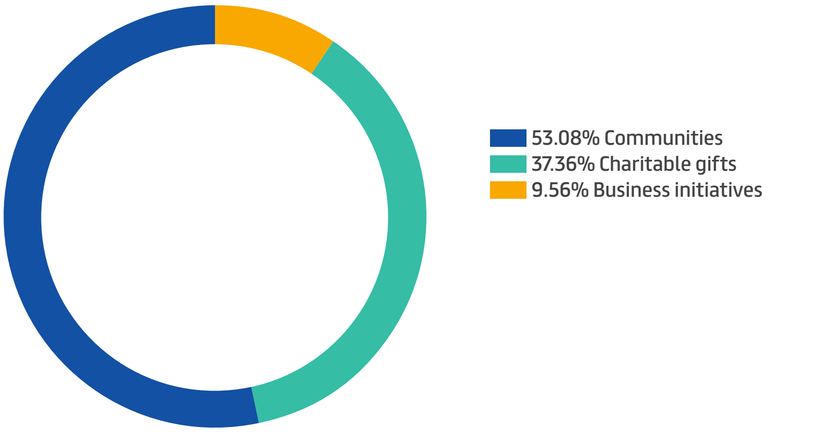
Creating value for stakeholders means directly involving people, not just employees, but also the communities and territories in which the business operates and interacts, consistent with our Values, Mission and Vision.

One of the drivers of the sustainability strategy that has characterised the Prysmian Group over the years is "Local Community Involvement", thus contributing via various initiatives to the socio-economic development of the territories in which we operate.

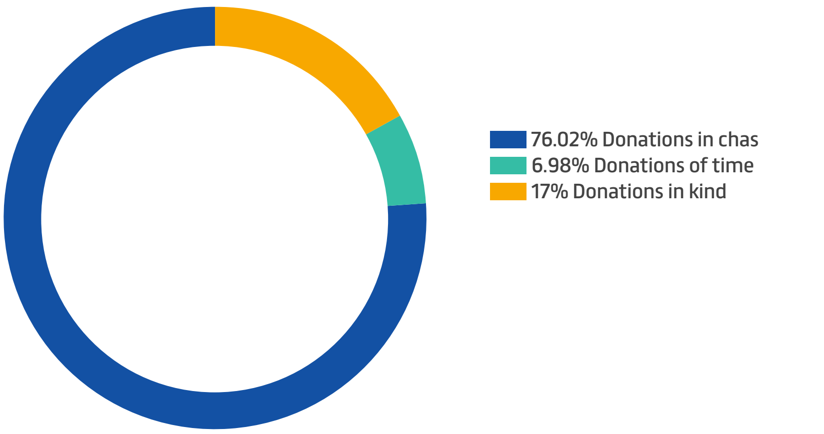
In 2019, the Group adopted a Donations policy, revised and updated in June 2022, to identify all activities that can contribute to satisfying the needs of the community or communities, in line with the Vision, Mission, Values, Code of Ethics and Policies put in place by the Group. This policy defines the main types of contributions that can be made, the guiding principles and operating methods, as well as the monitoring and communication of these activities. The policy, available on the corporate intranet, has been approved by the Chief Sustainability Officer, the Compliance and Internal Audit function and the Group CEO.

In 2022, around Euro 1,700,000 worth of donations were made to local communities in terms of cash, in-kind donations and donations of time.

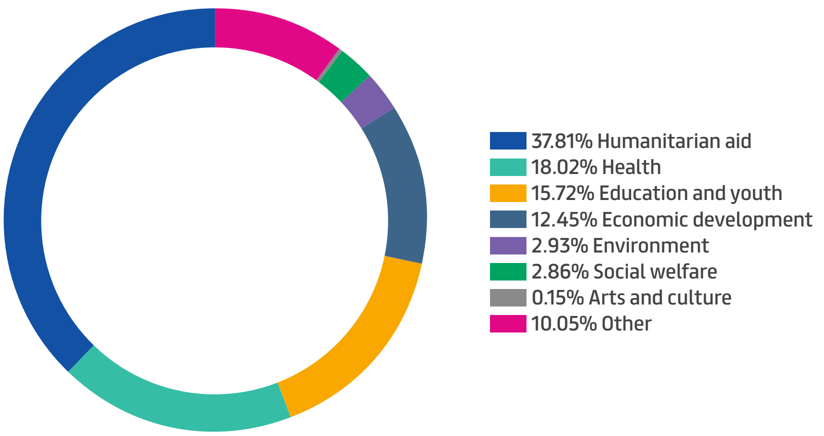
TYPE OF INITIATIVE



TYPE OF ASSISTANCE



RECIPIENTS OF INITIATIVES



Group initiatives

In relation to the "Impact on local communities" material topic, the following impacts generated by the Prysmian Group have been identified:

- **Positive economic impacts:** through employment and procurement in the territory and the payment of taxes and other amounts to local governments, as well as community development programmes and investment in infrastructure and public services;
- **Negative impacts:** land reclamation and change of land use to accommodate Prysmian's activities.

Among the main initiatives supported and carried out by Prysmian globally to contribute to the development of local communities and seek to mitigate any adverse effects from Group operations, the most significant were:

- support for Ukrainian refugees by donating Euro 500,000 to 5 philanthropic organisations and promoting a fundraising campaign among employees. The Group decided to make this donation directly to some of the major local and international NGOs, namely: Save the Children, the Salesian Young Volunteers of Krakow, Soleterre, the Sovereign Order of Malta and Progetto Quadrifoglio. Together with "Rise Against Hunger", a non-profit organisation, we also promoted a campaign to raise funds among employees that was well supported;
- Prysmian donated Euro 125,000 to Soleterre, a non-profit foundation dedicated to the recognition and protection of the Right to Health in the broadest sense, for the treatment of paediatric cancer patients. This donation was for the purchase of an ultrasound scanner, now in operation at the San Matteo Hospital in Pavia, and to enable children in need of cancer treatment and their mothers to stay at the hospital. Specifically, donation of this new Esaote MyLabOmega portable ultrasound scanner to the Paediatric Oncohaematology ward completes a process of upgrading its multidisciplinary diagnostics in a highly complex area. The new tool improves diagnostic sensitivity and reliability, while greatly facilitating bedside consultations by avoiding the need to move sick children and related inconvenience.

See the Sustainability Report for many other Prysmian initiatives in support of the environment and communities.

Sustainable innovation for products, applications and processes

Through sustainability and innovation, the Group is strongly committed to finding new solutions, materials and processes that bring benefits. In fact, being an enabler of energy transition and digitalisation means having the ability to innovate constantly. Innovation is the driver that defines and underpins all of the Group's social and environmental ambitions.
Innovation and sustainability are inextricably bound together, requiring Prysmian to adopt a holistic and integrated approach: efforts in innovation strengthen the commitment to achieving the long-term targets set. Sustainability is now embedded in the creation of value for customers, making it tangible and visible, through the development of innovative, green solutions.

Innovation areas

The following table, presenting the risks identified and related mitigation actions, is published pursuant to Legislative Decree 254/2016 (Consolidated Non-Financial Statement.

Risk identified	Material topic 2022
Risk of loss of competitiveness or leadership in the energy transition business	Sustainable value chain

Description of risk
The new energy transition policies and resulting new market opportunities are rapidly changing an already competitive context, with the potential entry or strengthening of new players and the development of new technologies, which may reduce or interrupt Prysmian's leadership. Exposure to this risk has been analysed over the 2022-2035 time horizon, considering the four IEA emission scenarios (STEPS, APS, SDS and NZE), with an impact in the form of lower revenues and/or profitability assessed as low-medium over the medium term and medium-high over the long term.

Mitigation actions adopted
Prysmian has carried out an in-depth analysis of its business activities in relation to the entry of new competitors into the HV Underground, Submarine Energy and Submarine Telecom sectors. Assessment of the risk of new players also considered companies with large financial resources, not necessarily active in the cables sector, that might see the energy transition sector as an important business opportunity. Adopting a quantitative approach, this activity analysed the demand for these businesses in the period 2022-2035, highlighting the main drivers that might prompt new players to enter into the market. This will enable Prysmian to monitor the risk carefully, as it evolves, and facilitate any necessary refinement of its medium/long-term strategy.

Research and Development

The Group has invested primarily in areas that promote the development of cable infrastructures for power and data transmission: EHV underground power transmission systems, ever longer and more efficient submarine cable systems that can be laid at ever greater depths, optical fibre solutions with the highest number of cables in a miniaturised space for easy handling in the field.

Digital Ambition

The Digital Ambition of Prysmian seeks to generate long-term value for the business, in order to maintain the Group's leadership in the energy and digital sector, promoting solutions based on the portfolio of products and services offered.

Digital tools and solutions are key assets to enable a future of cutting-edge innovation and deliver outstanding performance to the market: digital products and services will support the Group's growth strategy, promoting our collective intelligence through digitalisation of corporate culture.

This ambition rests on three pillars:

- achievement of efficiency by using data to reduce waste and improve performance;
- development of value-added digital products, by extracting and generating value from enterprise data;
- promotion of new digital practices within the organisation to empower all personnel.

Innovative digital technologies play a fundamental role in creating growth opportunities that benefit the Group, customers and other stakeholders, by leveraging the vast quantity of data already available to optimise the use of resources, ensure accountability in reporting results and maintain high quality standards.

There are now over 30 Local Digital Partners around the world and various activities seek to raise awareness, such as the PG Connect Contest, a successful internal call for ideas that promote new remote experiences for both internal and external customers, and the Digital Week. Digital Innovation moves us closer to sustainable development based on a holistic approach to economic sustainability, social inclusion and environmental awareness, allowing resources to be used more efficiently.

Open innovation infrastructure: Corporate Hangar

Prysmian Group has renewed its commitment to Corporate Hangar, which accelerates the path to innovation and sustainability. Corporate Hangar accelerated three start-ups (Alesea, Kablee, Cultifutura) in 2022, created in previous years, while also focusing on the development of innovative new projects with high potential to become the next corporate start-ups. The Group's Sustainability Report provides more details about these three start-ups.

The most innovative projects developed by Corporate Hanger during 2022 addressed three different areas. The first project seeks to use IoT to monitor telecom fixed assets remotely, thus improving their maintenance. The objective of the second project is to increase the efficiency of industrial and commercial buildings, using an innovative monitoring system for electricity networks that also improves their safety. The third project seeks to support the sustainability objectives of Prysmian Group with an innovative technology for recycling plastic.

EOSS (formerly Prysmian Electronics)

As of 2022, EOSS is not only a legal entity, but also an integrated business unit dedicated to the design of electronic and optical solutions for monitoring cable systems. Covering both high and low voltage cables, the objective is to create a dataset, acquired from the digital architecture, that can provide useful information to better understand their performance.
R&D activities in 2022 mostly concentrated on completing the architecture for Pry-Cam Home, with a digital platform to collection and visualise data in a more structured fashion, as well as on the systematic creation of an AI approach to various issues related to the use of instruments within the core business.

- Algorithms for analysing Distributed Acoustic Sensing (DAS) data to identify alarm signals correctly.
- Algorithms developed for Distributed Temperature Sensing (DTS) technologies for application in submarine environments and offshore wind farms (RTTR and depth of burial)
- Algorithms for analysing the current layer in HV cable systems.
- Algorithms focused on low voltage electricity consumption, to help Pry-Cam Home users monitor their energy consumption more accurately and, in general, create energy awareness that contributes to sustainability.

EOSS has also worked to expand the range of products for certain specific applications relevant to the current core business, such as overhead line monitoring, home electric vehicle charging and solar farm monitoring.

Key players driving innovation at Prysmian Group

The following tables, presenting the risks identified and related mitigation actions, are published pursuant to Legislative Decree 254/2016 (Non-Financial Statement).

Risk identified	Material topic 2022
Risk related to technological innovation and, in particular, to emerging, alternative or replacement climate-related technologies	**Sustainable Innovation of products, applications and processes**

Description of risk
The acceleration of technological innovation in recent years, with ever more mass use of renewable energy and an already established path towards digitalisation, consolidated during the COVID-19 pandemic, exposes the Group's cultural and organisational model to the risk of being unprepared for such rapid change. Prysmian has assessed the possible impact on the business of new emerging, alternative or replacement technologies linked to the climate and renewable energy (e.g. hydrogen, batteries with greater capacity, E-Vehicle technologies, wireless etc.). Exposure to this risk was analysed over the 2022-2035 time horizon, considering the four IEA(1) emission scenarios (STEPS(2), APS(3), SDS(4) and NZE(5)) confirming a medium-low impact, which becomes medium-high in a Net-Zero scenario over the long term.

Mitigation actions adopted
In terms of mitigation actions, the diversified portfolio of activities with a global geographical presence is a strength for Prysmian Group, as the only world 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. Prysmian aims to maintain its leading role in R&D, with 26 centres of excellence, advanced proprietary technologies, 1,000 experienced professionals, 5,800 patents granted or pending, and relationships with the world's leading universities and research centres. The appointment of a Chief Innovation Officer (CIO) and a Chief Digital Officer, reporting directly to the CEO, and the establishment of a Group Innovation Steering Committee, chaired by the CIO, further consolidate the Group's commitment to innovation, research and development. The Group strategy is completed by roadmaps dedicated to innovation, cost reduction and projects in the Projects and Telecom sectors, innovation competitions among employees, involving key customers, and a professional development plan dedicated to strengthening the innovation skills of employees.

Risks associated with the management of third-party patents for increasingly complex products	**Sustainable Innovation of products, applications and processes**

Description of risk
The growing need for integrated solutions, in part accelerated by decarbonisation policies, increases the probability that Prysmian products will incorporate solutions already patented by third parties, with the risk of incurring litigation costs, that are often very high given the technical skills required to deal with such cases. Exposure to this risk was analysed over the 2022-2035 time horizon, considering the four IEA emission scenarios (STEPS, APS, SDS and NZE), confirming a low impact over the medium term, due to continuous application of the mitigation measures adopted, which becomes low-medium over the long term.

Mitigation actions adopted
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. In addition, the continuous investment made in filing patents has enabled Prysmian to build a solid patent portfolio that represents a major deterrent against the improper use of the Group's proprietary technologies by competitors. This risk is monitored by the Group's Intellectual Property department, support, when necessary and on specific topics, by external professionals.

(1) IEA – International Energy Agency
(2) STEPS – Stated Policy Scenario
(3) APS – Announced Pledge Scenario
(4) SDS – Sustainable Development Scenario
(5) NZE – Net Zero Emission

Innovation Steering Committee

In 2022, the Innovation Steering Committee of Prysmian Group confirmed the pace of activities aimed at consolidating the Group's main areas of innovation and improving the entrepreneurial culture of employees. By uniting the strengths of the R&D department, Corporate Hanger, EOSS and the Digital Innovation department, the following measures were introduced:

- creation of a global **innovation portfolio** aligned with the Group's objectives, namely to be an innovation LEADER in **energy transition** and **digitalisation** by ensuring that high potential projects are accelerated with the right resources;
- increased R&D spending, linking Innovation activities to Sustainability activities in support of the **climate ambition**;
- enhanced internal and external collaboration, in order to offer higher value-added products and services that transform Prysmian into a solution provider of cables and systems, capable of meeting the needs of customers;
- Promotion of greater employee engagement in the area of innovation via Innovation Contests and by creating Wired for Innovation, a new initiative that introduces employees to international experts in areas of innovation relevant to the Group.

The R&D team

Globally, Prysmian Group R&D has more than 1000 professionals working in 26 Research & Development centres. The main R&D centre, located near the Milan headquarters, coordinates the activities of local R&D centres and adopts a medium/long-term approach to special projects dedicated to revolutionary innovations. In its laboratories, new cables and technologies can be developed in complete autonomy, being able to benefit from an experimental prototypes room for the production of cables and compounds, an electrical testing facility equipped with the most advanced systems for testing EHV cables, and a physical-chemical lab complete with cutting-edge instruments for accurately analysing the properties of cables and materials.

A new R&D facility, currently under construction at the Quattordio (AL) plant in Italy, will have additional test areas for research into HV and EHV cables, as well as special laboratory instruments for the analysis of materials. This new facility will work in direct synergy with the compounds centre at the plant, which was recently upgraded with the installation of a new unit for the production of semi-conductive materials used in medium and high voltage cables.

Group R&D is responsible for the overall innovation strategy, which seeks to make Prysmian a major player in the value chain, supporting energy transition, digitalisation and sustainability. The local R&D centres are active operationally in new product development, the design-to-cost program and the rationalisation of product families.

2022 NUMBERS

114* million euros invested in R&D

about **5,800** patens covering the main innovations

26 research centres

250 product families launched in 2022

50 collaborations with research centres and universities

1,000 professionals

(*) Operating expenses of Euro 101.4 million and investment of Euro 12.6 million.

Sustainability is increasingly central to the Group's R&D activities following the 2022 launch of the **Design For Sustainability (D4S)** programme, which will change the way of working of the entire R&D community and related network. The development of new products now considers their value in terms of sustainability, applying the Eco Cable criteria at the heart of the D4S programme. In addition, the "Accolade" programme will include sustainability among the key criteria when evaluating project portfolios in various countries/Business Units.

The global economy continued to grow significantly in 2022, following the relaxation of pandemic-related restrictions and the gradual scaling-back (not yet normalised) of the raw material shortages that affected business performance in 2021. It was a record year for the Group, especially for the Energy segment, driven by the solid performance of the Telecom business and the strong order backlog for Projects. The significant recovery in economic activity was accompanied by marked inflationary pressures sparked, above all, by higher energy and raw material prices and supply chain disruptions, which were aggravated by the war in Ukraine. Against this background, our R&D activities provided fundamental support for the business, implementing more effective procedures for the qualification of alternative materials and leveraging the Group's strengths and global presence.

2022 was another record year for the **Design To Cost (DTC)** programme, not least due to the strong impetus generated by the significant growth in Group revenues.

The DTC programme has helped mitigate variable cost inefficiencies (mainly attributable to raw material shortages and their price volatility) and improve the competitiveness of our products in several segments. Performance in the New Product Introduction (NPI)[64] area was even more significant, with vitality up by as much as 17% (14% in 2021) and over 100 families of new products active in the Innovation category.

The Group successfully completed the PG Connect Contest, open to the entire Prysmian population, and the Joint Innovation Contest, organised together with a major customer active in Multimedia & Enterprise Solutions. The objective of the Joint Innovation Contest was to strengthen the customer-supplier relationship via the joint development of ideas, while the purpose of the PG Connect Contest was to define Prysmian's new remote experience. Both initiatives made it possible to make interesting ideas scalable, obtain a patent and improve the customer experience.

Prysmian Group is aware that, as evidenced by the SDGs, research today must develop partnerships with key stakeholders - from the academic world to independent research centres, from suppliers and all supply chain counterparties to our customers - whose collaboration and feedback are extremely important to identify those requirements that need most attention.

Prysmian has established consolidated partnerships with over 50 leading universities and research centres around the world. These strategic partnerships provide Prysmian with support for cutting-edge technological research and allow it to adopt state-of-the-art innovations in all areas of the cable and cabling industry.

The 2022 Sustainability Report contains information about the institutions with which Prysmian collaborates, the research activities conducted by the team and the international conferences attended by the Group to share the progress made by its research.

New Product Introduction

As with all R&D core activities, New Product Introductions (NPI) are monitored on an ongoing basis. The main objective of this process is to raise awareness of the growing importance of innovation as a success factor, and of the new product development as a driver for improving the organisation's performance. Consolidation of new product processes, combined with General Cable legacy activities, generates additional value in order to sustain the business, outperform competitors and win new customers.

The main activities relating to new products are supported by data management software for global innovation (Sopheon Accolade®):

- Accolade is an innovation management tool, designed to manage and measure innovation, new product development and technology transfer programmes. In Prysmian, Accolade acts as the "Single Source of Truth" (SSOT) for product development, being the only tool capable of gathering all relevant data. This global platform will further improve the process of prioritising strategic projects, thereby increasing the value creation and the success rate of innovation. Accolade also offers support for the correct allocation of resources for new product development;
- the platform enables the configuration of processes, deliverables and metrics specific to the business, providing support for strategic planning, portfolio management and efficient project execution;
- fully implemented during 2022 in the United Kingdom, Latin America, North Europe, Central Europe, Oman and AUTOMOTIVE, Accolade will be gradually rolled out to all regions and integrated business units in 2022-2023.

64 New Product Introduction (NPI) is **the process of establishing a clear plan to take your product from concept to its final form**. The steps involved in this process vary from project to project, but the ultimate goals are always the same: to reduce waste, avoid miscommunication, speed up production, and save money.

With regard to reporting on NPI activities, a new tool (created internally using Qlikview and updated automatically) has been implemented for new products, to assist with their economic analysis and keep track of the most important projects during the three-year vitality period. It is also used to set vitality objectives (NP results/global results) for each region/business unit, in order to maintain the focus on new product development and analyse the progress in coming years.

The R&D function implemented numerous new product development projects during 2022, leading to:

- over 100 new products in the Innovation category (Category/Type for a new product that does not exist in the global market);
- over 650 new products in the Development category (Category/Type for a new product that does not exist within Prysmian Group, but already exists in the market).

The Q3 2022 parameter measuring the vitality of the Group reflects an increase with respect to the same period in 2021, rising from 14.0% to 17.1%.

Prysmian Group	Net Turnover Total Result (K€)	Net Turnover NP (K€)	Vitality %
Group result	11,661,.856	1,996,090	17.1

NP Category	Net Turnover NP NP (K€)	Vitality %	
		3Q2022	3Q2021
Innovation	230,662	2.0	0.7
Product development	1,038,207	8.9	7.4
Technology transfer	727,221	6.2	5.9

Group investment for a sustainable future

In 2022, Prysmian increased investment in support of its ambition to be an enabler of the energy transition, responding to accelerating demand for digitalisation and electrification solutions.

Industrial activities

The geographical distribution and capabilities of the various plants allowed the Prysmian Group to consolidate its industrial strategy even further during 2022. This strategy is based on the following factors:

1. production of high value-added, high-tech products in a limited number of plants destined to become centres of excellence with high technological skills and where it is possible to leverage economies of scale, consequently improving production efficiency and reducing capital invested;
2. constant pursuit of greater manufacturing efficiency in the commodities sector, while maintaining a widespread geographical presence to minimise distribution costs.

Gross investment totalled Euro 454 million in 2022, which represents an increase on the previous year (Euro 283 million). This reflects the greater investment in manufacturing and installation capacity needed to keep pace with the growing demand for digitalisation and electrification solutions, that are among the most important requirements of the so-called energy transition.

Capacity/Product mix

Investment to increase production capacity and take account of changes in mix accounted for 67% of the total.

Projects. The largest investment was the commissioning of a new state-of-the-art cable-laying vessel, involving an investment of roughly Euro 200 million, plus some Euro 40 million for cable installation equipment. This project follows that of the recently-completed Leonardo da Vinci, which entered into service during 2021.

The new vessel, which will join the existing fleet in 2025, will perform all offshore cable installations for projects in the pipeline. These include the DolWin4 and BorWin4 contracts, which involve the design, manufacture and installation of an interconnection of around 1,000 km of 320 kV HVDC submarine and land cable, using single-core cables sheathed in XLPE. The submarine cables will be manufactured at the Pikkala (Finland) and Arco Felice (Italy) plants.

In order to support the higher volumes of the Projects BU, linked to growth in the number of electrification projects as part of the energy transition, investment in a new plant at Brayton Point (Massachusetts – United States) for the production of submarine cables was approved in 2022. The project involves converting the area, previously occupied by a coal-fired power station, into a new state-of-the-art inter-array and export submarine cable manufacturing complex. This will provide a considerable competitive advantage in a market, such as the United States, that is pursuing major electrification objectives for the coming years, especially in the offshore wind sector.

Significant investments were also dedicated to increasing production capacity for HVDC submarine and underground cables at the Pikkala, Gron and Arco Felice plants. In the first case, the investment - amounting to more than Euro 100 million in total - involves expanding the plant and building a 185m tower to house a new vertical extrusion line. Investment associated with the three "German Corridors" contracts (SuedOst Link, A - Nord, Sud Link) has also continued, with over 2,500km of 525kV DC cables in total, insulated partly in XLPE and partly with the P-Laser proprietary technology. The cables are being manufactured at the plants in Gron and Montereau (France), Pikkala (Finland) and Abbeville (USA).

Energy. Investment in this business segment has focused on certain specific sectors, in order to support the growth in market demand. In Sedalia (Missouri), the project involves expanding the plant for the production of low voltage aluminium cables, which mainly serve the residential/commercial/industrial construction market and the photovoltaic market; on the other hand, the investment at Williamsport (Pennsylvania) will increase the capacity to produce HV cables for overhead distribution lines. Investment continues in Marshall (Texas - USA), in order to increase the production of medium voltage cables serving the power transmission and distribution sectors. The growth in global demand for medium voltage cables continues and, to support this need, the Group has decided to invest further in Europe and Latin America.

Telecom. Investment continues in the Telecom area, in order to increase the capacity to manufacture optical cables. In Jackson (Mississippi), expansion of the plant will raise the output of Loose Tube and Drop cables, optimising the Group's telecom industrial footprint in the United States and confirming our global leadership in the technological development of new, reliable and efficient broadband networks. In Dee Why (Australia), the Group has invested to expand plant capacity and output in order to supply cables for Telstra's new optical fibre network in Australia. This will extend over 20,000 km, linking the main cities in this country. The project at Durango (Mexico) is ongoing, with a view to establishing a centre serving the entire Central and North American region.

Efficiency and Industrial Footprint

About 10% of total investment was allocated to achieving efficiency improvements and reductions in fixed and variable costs (mainly product design and material usage). The Group is continuing to perform an important cost optimisation exercise throughout the production chain of the Telecom business segment. Specifically, investment continued during 2022 in order to upgrade the machinery with the best production technologies currently available within the Group.

In the Energy business, investment to optimise the cost of producing aluminium cables for special applications has been completed at Sedalia (Missouri - USA). As described in the "Energy Products" section, there is growing market demand for these cables.

During 2022, Prysmian Group continued its ten-year Euro 100 million programme of investments in Sustainability; the goal is to reduce overall CO2 equivalent emissions by 48% by 2030 (compared with 2019 levels), and achieve the Zero Emissions target (Scopes 1 and 2) by 2035.
These investments, involving expenditure of Euro 12 million in 2022, are being made in various directions, including the installation of photovoltaic installations at certain Group plants, various measures to reduce energy consumption and long-term efforts to cut the use of SF6 gas.

IT, Research and Development

Around 8% of investment was dedicated to further development of the Group's IT systems, Digital Transformation initiatives and R&D. In pursuit of Prysmian Group's integration strategy, during 2022 the Group ERP system (SAP 1C) was implemented in Poland, Peru and Canada, raising to 83 the number of plants managed entirely by SAP 1C, which is now used in more than 30 countries. In the Operations area, projects to implement the Corporate MES (FastTrack) were completed successfully at Pikkala (Finland) and Slatina Energy (Romania) during Q2 2022; analysis work on the new projects at Vilanova Energy (Spain) and Livorno (NWC) started during Q4, with the systems expected to go live in Q2 2023.

Investments continued and increased in the Customer Centricity programme, including a new initiative as part of action to strengthen the corporate eServices strategy with the introduction of a new B2B portal.
Lastly, various initiatives were promoted and progressed in the area of Digital Innovation during the year, in order to increase the digitalisation of installations and obtain multiple benefits (from safety to increased production capacity).

Base-load

Capital investment to maintain capacity amounted to about 15% of the total. A significant part of this amount reflects the continued modernisation of production sites. Another significant base-load element is linked to the global plan to improve road and traffic safety within Group plants.

Methodology

The data and information provided in Non-Financial Statement, refer to all companies belonging to the Prysmian Group as at 31 December 2022, consolidated on a line-by-line basis. The scope of the data is clearly indicated in the text, in the tables and in the section "Notes on the data and information".
In addition, within the DNF, additional KPIs specific to the sector in which the Group operates have been integrated, taking into consideration:

- the indicators published by the Sustainability Accounting Standards Board (SASB), clearly identified in the table in the "SASB Index" section;
- the indicators published by the TCFD, identified in the "TCFD Correlation Table" section.

Both these indicators are to be considered additional to the information prepared in accordance with the GRI Standards to respond to the requests of art. 3 and 4 of Legislative Decree 254/16.
The document takes into account the sustainability matters considered of highest priority for the Group, as identified in the materiality analysis (see the section entitled "Materiality analysis"). As required by the Reporting Standard, this section includes the "GRI Content Index" containing details of the indicators reported.
The process of collecting the data and information necessary for the drafting of the NFS has involved various functions of the Group companies and has been designed to ensure reporting in line with the GRI principles of precision, balance, clarity, comparability, completeness, sustainability, timeliness and reliability. In particular, the data was collected using a digital platform, which enables information to be centralised and activates a virtuous analysis-management circle for these indicators.
The Consolidated Non-Financial Statement (refers to GRI Content Index) is published annually.
Except for the information reflected in the indicators summarised in the "SASB Index" and the "TCFD correlation table", the NFS has undergone a limited assurance review, in accordance with the International Standard on Assurance Engagements (ISAE 3000 Revised), by EY S.p.A. The review was carried out in accordance with the procedures indicated in the "Independent Auditors' Report" included in this document.
With regard to the materiality analysis conducted by the Group, only the part relating to financial materiality was not included in the limited assurance review by EY S.p.A. Those quantitative indicators unrelated to any general or topic-specific disclosures required by the GRI Standards, as identified in the Content Index, were not included in the limited assurance review by EY S.p.A.

Notes on the data and information

In general, for all data analysed by geographical area, the following regions were considered: North America, Latin America, EMEA (Europe, Middle East and Africa) and APAC regions. For details of the countries included in the geographical regions, please refer to the map of the Group's plants shown in the "Prysmian Group: Global Leader" section.

Workforce data

For 2022, the Group's total figures at 31/12/2022 have been considered.
The total Group employment and turnover data includes Oman Aluminium Processing Industries – OAPIL and Associated Cables Pvt. Ltd., which were excluded in prior years.
The compensation and gender pay gap data excludes Associated Cables Pvt. Ltd. only.

Environmental data

The environmental data presented in the document is derived from a reporting system that, with respect to the stated reporting boundary, does not include offices and distribution centres as they have a reduced environmental impact compared with the Group's production activities. The following points have to be noted:

- **Chiplun plant (India):** the data included in the reporting boundary are the result of these linear data for the years 2020 and 2021, while they are estimated on the basis of actual production in 2022;
- **Sohar plant (Oman):** the data, included in the reporting boundary, for the years 2020 and 2021 were estimated on a linear basis, while in 2022 they are actual.

These sites are included in the figures reported in this document, except when expressly indicated otherwise. Environmental data is not yet reported in relation to the installation of underground cables (the environmental aspects and methods of management differ greatly from those of the operating units), except the CO2e emissions coming from those installation performed by contractors, which are estimated thanks to a spent-based methodology and included in the purchased goods and services category of the Group's Scope 3 emissions. Note also that environmental performance indicators may contain estimates, if final data is not yet available at the time of preparing the Non-Financial Statement. Lastly, the environmental data of the Montereau plant are included in Energy business.

Calculation of GHG emissions

Greenhouse gases analysed

The GHG emissions included in this document comprise CO2, HFC, PFC and SF6. Unless otherwise non specified, CH4 and N2O are included in all the emission factors (for instance for all the combustion related activities), as the unit of measure is CO2eq. Direct emissions of CH4 and N2O have been assessed and are not material to the overall emissions. GHG emissions are expressed in CO2e, the standard unit of measurement for the global warming potential (GWP) of greenhouse gases, calculated as the warming power of a unit of gas with respect to that of carbon dioxide. The GWP values used to calculate the CO2e are taken from the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC) and cover a period of 100 years. With regard to refrigerant gases, the GWP values associated with them were considered. In all cases, an oxidation factor of 1 is presumed.

Sources of Scope 1, Scope 2 and Scope 3 emissions

Scope 1 GHG emissions derive from sources owned or controlled by the Group, including:

- natural gas;
- LPG;
- petrol;
- diesel;
- fuel oil;
- marine diesel;
- refrigerant gas leaks;
- SF6 gas leaks.

Scope 2 GHG emissions derive from purchased energy that was produced outside of the Group, but consumed by it, including:

- electricity generated from renewable sources and obtained as a result of purchasing Guarantee of Origin (GO) certificates;
- electricity produced from fossil fuels;
- district heating;
- steam.

The Scope 3 GHG emissions considered in this document relate to the following sources, identified with reference to the GHG Protocol guidelines:

- purchased goods and services;
- capital goods;
- fuels and energy-related activities;
- upstream transportation and distribution;
- waste generated in operations;
- business travel;
- employee commuting;
- upstream leased assets;

- downstream transportation and distribution;
- use of sold products;
- end-of-life treatment of sold products;
- investments.

Note that Scope 3 categories excluded from the above list have been omitted because they are not material. More information can be found in the "GHG Statement" prepared by the Group.

Emission factors

Sources of emission factors for the Scope 1 calculation:

- 2020:
  - Fuels: Defra 2020;
  - F-GAS: GHG Protocol.
- 2021:
  - Fuels: Defra 2021;
  - F-GAS: GHG Protocol.
- 2022:
  - Fuels: Defra 2022;
  - F-GAS: GHG Protocol.

Sources of emission factors for the Scope 2 calculation::

- 2020:
  - Location-based: Terna 2018;
  - Market-based: AIB 2019 (for European countries) and Center for Resource Solutions (for the USA and Canada), using the "2020 Green-e Energy Residual Mix Emissions Rates" as source where available, otherwise Terna 2018.
- 2021:
  - Location-based: Terna 2019;
  - Market-based: AIB 2020 (for European countries) and Center for Resource Solutions (for the USA and Canada), using the "2021 Green-e Energy Residual Mix Emissions Rates" as source where available, otherwise Terna 2019.
- 2022:
  - Location-based: Terna 2019;
  - Market-based: AIB 2021 (for European countries) and Center for Resource Solutions (for the USA and Canada), using the "2022 Green-e Energy Residual Mix Emissions Rates" as source where available, otherwise Terna 2019.

Calculation of Scope 3 GHG emissions

Category 1: Purchased goods and services

Purchase-related emissions are split into two categories:

- **category 1.a** – product-related, including all goods and services purchased that are directly linked to production of the product;
- **category 1.b** – **n**on-product related, including all other goods and services purchased that are not directly linked to the production process, but are needed for the functioning of the organisation. Installation activities are included in this category.

The methodology used to calculate these emissions is described below:

- **category 1.a** – the calculation considers the data for purchased metals and the bills of materials for components. It uses specific emission factors for each of the metals, depending on the form of the metal purchased, the location of the supplier of each metal, the recycled content of each metal and the recycling input rate. For other raw materials, emission factors are taken from the Ecoinvent database, applying the EU guidelines on product environmental footprint ("EU-PEF"). The emission factors presume that the most of the metals used will be recycled at the end of the product's life cycle;

- **category 1.b** – for each category of expenditure, a specific emission factor is taken from the EEIO database,[65] either as raw data or calculated as an average of other emission factors. In this case, the emission factors do not make any assumptions about recycling, as this is not an established market practice.

The exclusions for each of the above categories are presented below:

- for **category 1.a** – metals: data for the following countries is excluded: Côte d'Ivoire, Tunisia, India, the OAPIL plant in Oman and the former reporting boundary of EHC, Omnisens and Eksa;
- for **category 1.a** – composites and other metals and category 1.b: only data for the former reporting boundary of Omnisens is excluded;
- for **category 1.b** – non-product-related emissions: data for the OAPIL plant in Oman, the Chiplun plant in India and the former reporting boundary of EHC and Omnisens is excluded.

Category 2: Capital goods

The calculation methodology is based on Prysmian's capital expenditure, estimating the portion relating to each of the following 8 categories: buildings, utilities, purchased machinery, customised machinery, refurbished machinery, control systems, production engineering and vessels. Emission factors are calculated for each of these 8 expenditure categories by averaging the relevant EEIO emission factors. Assumptions are then made about the portion of investment in each expenditure category associated with the procurement of a material or service. Lastly, the emissions are calculated by multiplying the expenditure on each category by a combined average of the material emission factor and the service emission factor.

Category 3: Fuels and energy-related activities (not included in Scopes 1 or 2)

Emissions are calculated by multiplying the quantities of fuel, electricity and thermal energy by the relevant upstream emission factors. The 2022 conversion factors issued by the International Energy Agency (IEA),[66] BEIS (UK Department for Business, Energy and Industrial Strategy) and DEFRA (UK Department for Environment, Food and Rural Affairs)[67] are used to calculate the upstream emissions of purchased fuels, electricity and thermal energy, including transport and distribution (T&D) losses.

Category 4: Upstream transportation and distribution

Two methods of calculation are used for this category, one for inbound logistics and one for outbound logistics.

- Inbound transport data was not available and so an estimate was used. The data sources used for the estimate include product quantitative information relating to purchased goods and services (category 1.a) and EEIO emission factors.
- The outbound logistics calculation is based on the distance travelled, the weight carried and the method of transport. Given that the Prysmian data includes thousands of individual journeys, making it difficult to extract the distances for each route, the distance is estimated by grouping the journeys for each country and assuming that all journeys go from one capital city to another. In the case of journeys within the same country, it is assumed that they go from the capital to the second-largest city. In addition, since no data was provided on the method of transport, it was estimated that all journeys of less than 3,000 km were made by road, while all those of more than 3,000 km were made 10% by road and 90% by sea (journeys by air for logistical purposes are minimal). The emissions for each journey are then calculated by firstly determining the "tonnes-km" (multiplying the total distance travelled by the weight transported) and then multiplying it by the applicable BEIS/DEFRA emission factor. The emissions from outbound logistics not performed by the Group or outsourced are included in category 9.

Data for the following Units is excluded from this emissions category: Belgium, Côte d'Ivoire, Russia and Automotive business (limited to Tunisia, and North America), Projects (PPL, NSW and the Arco Felice plant), OAPIL (Oman), Chiplun (India), EHC (North America), the MMS business (US, Brazil) and other minor streams in among China logistic centers and European semifinished.

65 Source of emission factors: *Open Input Output (2011), Sustainability Consortium, University of Arkansas.* Please consider that EEIO factors are yearly adjusted for global inflation, average global improvements in CO2e/GDP, and switch to service sector of global economy.
66 Source of emission factors: *IEA (2022), "Emission Factors".*
67 Source of emission factors: *DEFRA (2022), "UK Government GHG Conversion Factors for Company Reporting".*

Category 5: Waste generated in operations

Waste data for the calculation of emissions is provided by each production site, while the waste data of offices is estimated with reference to sector averages. Waste data includes a subdivision by the location of final processing. The data is expressed in kg and subsequently combined with the BEIS/DEFRA emission factors for waste processing. Given that office waste data was not available, a sector average was used for the calculation. The kg of waste per m2 was determined using the average kg of waste per employee and the average density of employees per m2, given the surface area occupied by Prysmian. The result was weighted considering the average of the waste sent to landfills vs that recycled by an office.

Category 6: Business travel

The methodology used to calculate these emissions is described below:

- the cost of business travel was recorded for each reporting year, distinguishing between air and rail travel, car rental and overnight stays.
- Emissions were calculated by multiplying the cost by the related EEIO emission factors for each category of travel.

Category 7: Employee commuting

Emissions were calculated using the HGH Protocol's "Quantis- Scope 3 Evaluator", considering the total number of the Group's employees. This tool provides the tonnes of CO2e for employee commutes to work. The value obtained is then uplifted by 5% to take account of any missing quantities or modes of travel.

Category 8: Upstream leased assets

The calculation for this emissions category considers the electricity consumption values available and the surface area occupied by Prysmian. Subsequently, the IEA emission factors for each country are applied to the related kWh. An average of kWh/m^2 is calculated if the kWh data is missing or not provided.

Category 9: Downstream transportation and distribution

This category includes the emissions generated by product transportation and distribution activities that are not controlled or paid for by the reporting entity. Specifically, the scope of category 9 includes ex-works (EXW) deliveries and other Incoterm types.

The emissions calculation is based on the distance travelled, the weight carried and the method of transport. Since no data was provided on the mode of transport, it was estimated that all journeys of less than 3,000 km were made by road, while all those of more than 3,000 km were made 10% by road and 90% by sea (journeys by air for logistical purposes are minimal). The emissions for each journey are then calculated by firstly determining the "tonnes-km" (multiplying the total distance travelled by the weight transported) and then multiplying it by the applicable BEIS/ DEFRA emission factor.

Data for the following Units is excluded from this emissions category: Belgium, Côte d'Ivoire, Russia and Automotive business (limited to Tunisia, and North America), Projects (PPL, NSW and the Arco Felice plant), OAPIL (Oman), Chiplun (India), EHC (North America), the MMS business (US, Brazil) and other minor streams in among China logistic centers and European semifinished.

Category 11: Use of sold products

A model has been developed for the calculation of emissions that determines the annual cable losses, by type of cable and by country, from 2022 until end of life (between 2045 and 2062, depending on the cable). These annual losses are then multiplied by the emission factor for electricity in the country concerned, being the emission factor for national grid generation and for Well To Tank (WTT) generation provided by the IEA. The emission factor for a country is different for each year from now until 2062, in order to take account of the expected changes in the CO2 intensity of the grids. Grid decarbonisation forecasts are calculated for each country in which Prysmian cable losses exceed 5% of the total losses and for those in which the forecast data is easily obtained. Regional proxies are used for countries in which the losses are less than or equal to 5% and whose forecasts are difficult to obtain: for example, EU data is used for Belgium and data for the Asia Pacific area is used for New Zealand.

Category 12: End-of-life treatment of sold products

The methodology used to calculate these emissions is described below. In particular the following assumptions are made:

- the quantity of cables produced is the same as the quantity of cables sold to customers;
- "power cables" and "wire rods" are produced by the Energy and Projects divisions and represent 88% of sales, while "telecom cables" and "optical fibre" are produced by the "Telecom" division and account for the remaining 12%;
- 90% of the cables are recycled at their end of life, while the remaining 10% are transferred to landfills;
- "power cables" consist of 90% metal and 10% plastic, while "wire rods" are 100% metal.

The emissions of "power cables" and "wire rods" are calculated, as they are the only categories for which metric data expressed is available in tonnes of product, rather than km. This is because the BEIS/DEFRA emission factors are expressed in kgCO2e/tonne. The calculation involves multiplying the weight of the metals and plastic by the related BEIS emission factors, for both the quantity recycled and that transferred to landfills. The value obtained is then uplifted by 12% to account for "telecom cables" and "optical fibre".

Category 15: Investments

Emissions are calculated using the following equation:

- CO_2e = SUM (USD invested per sector x emission factor for the sector (kgCO2e/million USD)).

Different emission factors are used depending on the sector in which subsidiaries operate and, therefore, each investment is compared with the sector concerned. Most investments are assigned to the "industrial" category, others to "materials" and still others – where subsidiary information is not available – to an average "global" emission factor.

Note that some categories are excluded – treated as zero emissions – as they are not relevant to Prysmian. These categories are listed below.

- **Category 10:** this category is excluded because Prysmian sells finished products to end users, without intermediate products that might be processed further or transformed into other products.
- **Category 13:** Prysmian does not lease assets to third parties and, accordingly, this category is excluded.
- **Category 14:** Prysmian does not have franchises and, accordingly, this category is excluded from the Scope 3 inventory.

Health and safety data

Health and safety data (Frequency rate, Severity rate) does not include: for 2020 and 2021, the companies Associated Cables Pvt. Ltd. (Chiplun plant) and Oman Aluminium Processing Industries LLC (Sohar plant); for 2022, Associated Cables Pvt. Ltd. (Chiplun plant).

Data on occupational diseases does not include: for 2020, Associated Cables Pvt. Ltd. (Chiplun plant), Oman Aluminium Processing Industries LLC (Sohar plant) and Oman Cables Industry (Muscat plant); for 2021, Associated Cables Pvt. Ltd. (Chiplun plant) and Oman Aluminium Processing Industries LLC (Sohar plant); for 2022, Associated Cables Pvt. Ltd. (Chiplun plant).

The injury-related indices are calculated as follows:

- **Frequency rate :** (total number of injuries with loss of work/hours worked) *200,000;
- Fatalities are included in the calculation of the Frequency rate;
- **Severity rate:** (number of days lost/hours worked) * 200,000;
- **Occupational disease rate:** cases of occupational disease (officially notified/hours worked) * 1,000,000;
- **Absentee rate:** total hours of absence/hours to be worked;
- **Fatality rate:** (number of fatalities/hours worked) * 200,000
- The frequency, severity, fatality and occupational disease rates were calculated using, as the denominator, the hours worked by employees and external collaborators (including temporary agency workers and contractors). This calculation applies to 2021 and 2022, while for 2020 the hours worked were determined as a proportion of the FTEs.

CORRELATION TABLE DECREE 254/2016, MATERIAL ASPECTS AND GRI ASPECTS

Legislative Decree No. 254/16	Material topics for Prysmian Group	GRI Standard	Chapter/Page
Organisational Model	Governance, ethics and integrity	GRI 3-3 GRI 2-23	Ethics and integrity - Page 104 Environmental responsibility - Page 122 People and human rights - Page 136 Sustainable value chain - Page 157
	–	GRI 2-1 GRI 2-2 GRI 2-3 GRI 2-4 GRI 2-5 GRI 2-6 GRI 2-9 GRI 2-10 GRI 2-11 GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-15 GRI 2-16 GRI 2-17 GRI 2-18 GRI 2-19 GRI 2-20 GRI 2-21 GRI 2-22 GRI 2-24 GRI 2-25 GRI 2-26 GRI 2-27 GRI 2-28 GRI 2-29 GRI 2-30 GRI 3-1 GRI 3-2	Methodological note - Page 175 Prysmian Group: a global leader - Page 12 Highlights - Page 10 Corporate governance - Page 37 External reference: "Report on Corporate Governance and the Ownership Structure" 2022 https://www.prysmiangroup.com/sites/default/files/02_Report%20on%20Corporate%20Governance%202022.pdf Letter from CEO - Page 7 Strategy and sustainability commitment - Page 25 Risk factors - Page 75 Ethics and integrity - Page 104 External reference: "Report on remuneration policy and compensation paid" 2022 https://www.prysmiangroup.com/sites/default/files/Prysmian%20Remuneration%20Report%202022%20ENG_compressed_compressed.pdf Memberships in trade associations - Page 18 Environmental responsibility - Page 122 Remuneration policies and welfare plans - Page 148 People and human rights - Page 136 Prysmian Group's customers - Page 162 Sustainable value chain - Page 157 2022 Materiality analysis - Page 96
Personnel	Human capital's well-being, engagement & upskilling	GRI 3-3 GRI 401-1 GRI 401-2 GRI 402-1 GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9 GRI 403-10 GRI 404-1 GRI 404-3	People and human rights - Page 136 Remuneration policies and welfare plans - Page 148 Occupational health and safety - Page 152
	–	GRI 2-7 GRI 2-8	Prysmian Group: a global leader - Page 12 People and human rights - Page 136
Human Rights	Greater diversity, inclusion & respect for human rights	GRI 3-3 GRI 405-1	People and human rights - Page 136
Anti-corruption	Governance, ethics and integrity	GRI 3-3 GRI 205-2 GRI 205-3	Ethics and integrity as sustainability drivers - Page 104

Legislative Decree No. 254/16	Material topics for Prysmian Group	GRI Standard	Chapter/Page
Environment	Biodiversity and impacts on nature	GRI 3-3 GRI 304-3	Environmental responsibility - Page 122
	Decarbonisation towards net-zero and digitalisation	GRI 3-3 GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Environmental responsibility - Page 122
	Sustainable innovation for products, applications and processes	GRI 3-3	Sustainable innovation for products, applications and processes - Page 167
	Sustainable value chain	GRI 3-3 GRI 308-2	Sustainable value chain - Page 157
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European Taxonomy

This section complies with the reporting requirements set out in Regulation (EU) 2020/852 (hereinafter, the "Regulation" or the "Taxonomy").
The disclosures also make reference to Delegated Regulation 2021/2139 (hereinafter, the "Climate Delegated Act"), which lists the EU Taxonomy-eligible economic activities for the first two climate objectives and the related technical screening criteria, and to Regulation 2021/2178 (hereinafter, the "Art. 8 Delegated Act" or the "Disclosure Delegated Act").
Further information about the analyses presented below can be found in the "EU Taxonomy" section of Prysmian Group's Sustainability Report.

Process for determining eligibility

An activity is defined as eligible if it is described in the Climate Delegated Act. In order to identify Taxonomy-eligible activities, the activities carried out by the Prysmian Group were analysed to determine which of them could be associated with those included in the annexes to the Climate Delegated Act. For the purposes of this analysis and to avoid the risk of double counting, activities were only analysed in relation to the climate change mitigation objective, given the greater impact of the Prysmian business on that objective. The eligible activities are presented below.

ELIGIBLE ECONOMIC ACTIVITIES

Economic activities	Description of the activities of the Prysmian Group
3.1 Manufacture of renewable energy technologies	Manufacture of cables and accessories for renewable energies (wind and solar).
3.6 Manufacture of other low carbon technologies	Manufacture of cables and accessories in the following categories, whose characteristics allow GHG emissions to be reduced in the sectors that use them: • cables labelled Eco Cable, the first green label in the cables industry;(1) • optical fibre, optical cables and optical fibre submarine cables for the telecommunications sector; • special cables for exclusive use in electric cars; • PRY-CAM technology for the accurate remote measurement of key system-diagnostic parameters, identifying anomalies and overheating in real time in order to monitor and optimise energy consumption.
4.9 Transmission and distribution of electricity	Projects in the following categories: • manufacture, installation and maintenance of HV terrestrial systems; • manufacture, installation and maintenance of HV submarine interconnections; • manufacture, installation and maintenance of systems for the connection of offshore wind farms.

(1) The Eco Cable label uses known and measurable assessment criteria for determining the contribution that Prysmian cables may make in terms of climate change impact. More information about Eco Cable can be found in the Sustainability section of the Prysmian Group website.

In addition, certain capital expenditure has been identified as eligible when related to the purchase of products deriving from Taxonomy-aligned economic activities, or to individual measures that enable the Group's activities to be less carbon intensive to reduce its GHG emissions.
Further information can be found in the section entitled "Criteria for the calculation of KPIs and background information".

Process for determining alignment

An economic activity is defined as Taxonomy-aligned when it contributes substantially to at least one of the six environmental objectives, does no significant harm to the other five environmental objectives and complies with the minimum safeguards standards.
After identifying the eligible economic activities, specific analyses were carried out on the technical screening criteria specified in the Regulation and Annex I of the Climate Delegated Act, in order to check the alignment of each economic activity with the objective of "climate change" mitigation.

Substantial contribution

Analysis of substantial contribution for activity 3.1

Prysmian Group manufactures cables and accessories dedicated to the renewable energies business, in particular wind and solar.
These types of cable therefore satisfy the substantial contribution criterion for activity 3.1.

Analysis of substantial contribution for activity 3.6

Le richieste relative al criterio di contributo sostanziale per l'attività 3.6 prevedono che la tecnologia in analisi The substantial contribution criterion for activity 3.6 requires the technology analysed to be aimed at and demonstrate substantial GHG emissions reduction over the life cycle, and that such reduction with respect to the best alternative technologies / solutions / products available on the market be calculated using Commission Recommendation 2013/179/EU (or, alternatively, standard ISO 14067:201897 or standard ISO 14064-1:2018) and checked by an independent third party.

Only some of the families of low-emission cables and accessories deemed eligible also satisfy the substantial contribution criterion, being presented as among the best alternatives available on the market with ISO 14067:2018 certification.

The substantial contribution made by activity 3.6 remains unclear and, as indicated in the FAQs published by the European Commission in December 2022, the application of this criterion is both somewhat flexible and strictly dependent on the sector / activity to which it is applied.

Analysis of substantial contribution for activity 4.9

As required by the substantial contribution criterion of the Climate Delegated Act, consideration is only given to projects that include the production and installation of cables and systems for the transmission and distribution of electricity.

In particular, the criterion is deemed satisfied for all projects that envisage installation of the infrastructure in the interconnected European system, as required by point 1)a) of the substantial contribution criterion specified in the Climate Delegated Act for activity 4.9.

On the other hand, for projects developed in non-European countries, conformity is checked via point 1)c) of the substantial contribution criterion of the above Regulation. This means solely those transmission and distribution infrastructure projects whose average grid emission factor[68] or, in the case of several interconnected grids, whose weighted average grid emission factor, is less than the maximum limit of 100 g CO2e/kWh.
Only projects that respect the above criteria comply with the substantial contribution criterion for activity 4.9.

Compliance with DNSH criteria requiring no significant harm be done to the other 5 environmental objectives

Compliance with the DNSH criteria was verified using a top-down approach. The analysis started at Group level, followed by more in-depth work and specific requests at business line, geographical area and plant level, as well as with regard to individual activities where necessary, in order to identify and isolate potential areas of non-conformity using a consistent and uniform approach.

Climate change adaptation

The DNSH criterion regarding climate change adaptation is the same for activities 3.1, 3.6 and 4.9, requiring conformity with Appendix A of Delegated Regulation 2021/2139, which calls for a sound climate risks and vulnerabilities assessment, as well as adaptation solutions. The Prysmian Group has devised an enterprise risk management (ERM) plan, applying models and best practices recognised at an international level, that also assesses climate risks, opportunities and the related actions.

68 Source: International comparisons, TERNA

As in the prior year, a careful analysis of climate change and energy transition matters was also carried out in 2022. This analysis is described in the TCFD Report published by the Group.
In particular, the climate risks/opportunities considered significant for Prysmian have been identified from among those contained in Appendix A of Delegated Regulation 2021/2139. In order to determine the impacts associated with those risks/opportunities, a climate scenario analysis was developed (starting from an optimistic scenario, before considering the worst case) over a 15-year time horizon.
The procedures adopted for the management of climate risks include the implementation of mitigation and adaptation solutions that seek to limit the impact of the risks identified and ensure business continuity. These solutions include constant monitoring of the more significant risks, the preparation of preventive actions and measures capable of managing sudden or unexpected events.
This approach developed by the Group is deemed to satisfy the requirements of the DNSH criteria to climate change adaptation.

Sustainable use and protection of water and marine resources

Conformity with Appendix B of the Climate Delegated Act was checked for production plants in relation to activities 3.1 and 3.6, and to the related procedures, certifications and assessments. The DNSH criterion does not apply to activity 4.9.
97% of Group plants hold ISO 14001 certification for their environmental management systems, which guarantee and monitor the sustainable use and protection of water and marine resources. The commitment of the organisation to preventing and managing the potential negative impacts on water resources is reiterated in specific policies for the water management plans and confirmed by completion of the CDP Water Security Questionnaire.
The DNSH criterion relating to the sustainable use and protection of water and marine resources is therefore deemed satisfied for both activities (3.1 and 3.6).
Further information about how the Group manages its water resources is presented in the "Water" section of the chapter on "Environmental responsibility".

Transition to a circular economy

For activities 3.1 and 3.6, techniques that facilitate the circular economy must be implemented, from the product design phase to the management of waste.
The Prysmian Group has developed internal procedures for the selection of materials and raw materials, the traceability of substances throughout the production process and the management of environmental impacts. In addition, policies are implemented at production plant level for the proper collection and disposal of waste in accordance with Group best practices and the regulatory requirements of the country concerned. For more information about the projects and research carried out to facilitate the transition to a circular economy, see the "Circular economy" section of the chapter on "Environmental responsibility" in this document.
With regard to activity 4.9, a waste management plan must guarantee maximum reuse or recycling at the end of the life cycle. The Group has developed a waste management plan that, for the projects analysed and included in activity 4.9, ensures a high level of recycling and reuse during manufacturing and installation phases.
Further information about the waste produced, as well as its recycling and disposal, is presented in the "Waste" section of the chapter on "Environmental responsibility".
For the three economic activities indicated above, the techniques, analyses, procedures and management systems adopted by the Group are deemed compliant with the DNSH requirements for the transition to a circular economy.

Pollution prevention and control

The criteria specified in Appendix C of Delegated Regulation 2021/2139 require that economic activities 3.1 and 3.6 do not lead to the manufacture, placing on the market or use of any of the chemical substances listed in European Regulations and Directives.
The analysis was carried out for each material code at each manufacturing plant using detailed questionnaires, with the aim of isolating cables containing one or more of the chemical substances mapped in the relevant Regulations and Directives and excluding them from the alignment perimeter.
Specifically, the Prysmian Group was able to check satisfaction of criteria letters a) to f) in detail, since they address a clear and well-defined perimeter.

Despite the uncertainty generated by criterion g) and the limited time available following the indications given by the European Commission in the FAQs published in December 2022, the Group nevertheless carried out checks on the hazardous substances considered most significant, making reference to the lists provided by the Commission. Analyses of those activities 3.1 and 3.6 that satisfy the substantial contribution criterion found that the majority of the cables analysed met the requirements; Substances of Very High Concern (SVHC), identified in criterion f), were only found in a limited number of cases (linked to activity 3.1).
Lastly, given the absence of complete and timely instructions from the EU Commission, the Group decided to exclude application of the "essential use for the society" concept from the analysis.
Accordingly, satisfaction of the DNSH criterion relating to the prevention and reduction of pollution was not verified for the cables identified as containing one or more of the substances listed by the EU Commission.
With regard to activity 4.9, eligible projects are limited solely to those involving underground or submarine cables; accordingly, the requirements for over-ground lines are not applicable. In addition, no polychlorinated biphenyls (PCBs) are used. As a result, activity 4.9 is deemed to comply with the DNSH criterion for the prevention and reduction of pollution.

Protection and restoration of biodiversity and ecosystems

The DNSH criterion refers to Appendix D of the Climate Delegated Act, which requires the impact of economic activities on biodiversity and ecosystems to be considered.
At plant level (activities 3.1 and 3.6), for the purposes of conformity with the criterion and in view of their proximity to highly sensitive areas, positive consideration was given to the environmental management systems implemented to mitigate the potential adverse effects, as indicated for the DNSH criterion relating to the sustainable use of water.
The eligible projects included in activity 4.9 were subjected to specific Environmental Impact Assessments and were found to be compliant with Appendix D. Specifically, environmental action plans were prepared in accordance with the relevant legislation (both local and international) for all projects deemed eligible, in order to protect the biodiversity of the animal and vegetable species affected by the Group's activities and infrastructure. Where necessary, or as agreed with the local authorities, Prysmian plants participate in the protection and restoration of the areas concerned.
In all cases, whether regarding manufacturing plants or individual projects considered eligible, the environmental assessments were carried out in compliance with the regulations in force in the territories concerned.
Further details about the impact of the Group on biodiversity is presented in the "Biodiversity" section of the chapter on "Environmental responsibility".
The requirements of this criterion are therefore considered to be satisfied by both the manufacturing sector activities (3.1 and 3.6) and energy sector activities (4.9).

Minimum Safeguards

Regarding conformity with art. 3.c) of Regulation 2020/852, the Group analysed compliance with the minimum safeguards standards relating to human rights and workers' rights, corruption, taxation and fair competition.
The assessment considered the design of the Group's processes and their adequacy in identifying and preventing possible negative impacts, as well as their compliance with the principles and the effectiveness with which any events were managed by recourse to corrective actions.

Human rights, including those of workers

In the context of responsible business conduct in terms of human rights, the commitments made by the Prysmian Group are embodied in the Code of Ethics and the Human Rights Policy. In order to guarantee respect for that principle throughout the entire supply chain and within the organisation, the Group implements a system of regular due diligence covering its suppliers.
This system maps the risk throughout the supply chain by analysing the risk factors attributable to three macro areas: sustainability and management systems; environmental criteria; human and workers' rights. Based on the results obtained, the Group arranges for third parties to carry out specific audits of critical suppliers.
In particular, 5 audits were carried out in 2022, raising the total number of suppliers audited to 30 since implementation of the process in 2017. The Group also participates in specific human rights initiatives addressing business-related topics, such as the Responsible Mica Initiative (RMI).

Taxation

The Group attaches great importance to the management of taxation, both at Parent Company level and in each tax jurisdiction. Prysmian has developed a tax strategy founded on transparency and cooperation with the tax authorities and third parties, in order to minimise the substantive impacts of any tax and reputational risks.
This strategy represents a fundamental element of its Tax Control Framework (TCF), the system for monitoring and managing tax risks already applied by the Italian companies in the Group.
In addition to the tax strategy, Prysmian has developed policies (such as the Transfer Price Policy), tax notes and training courses on the subject. Further information is presented in the "Tax strategy of the Group" section of this document.

Fair competition

The Prysmian Group delivers adequate training on the subject of fair competition, in order to increase awareness among those who work in the name and on behalf of the Group and ensure compliance with the rules safeguarding competition. Further details are presented in the "Ethics and integrity" chapter of this document.

Anti-corruption

The procedures adopted by the Prysmian Group to mitigate the risk of corruption include the application of an anti-corruption management system (ISO 37001 certified), an anti-corruption policy and *Third Party Program and Process, Gifts & Entertainment and Conflicts of Interest* procedures, regarding which periodic employee training is provided. With regard to respect for the principle throughout the supply chain, in addition to the Code of Ethics that must be accepted by each supplier, the Group implements the system of due diligence described above in relation to "Human rights, including those of workers", in which corruption risk factors are also taken into account.

Disputes

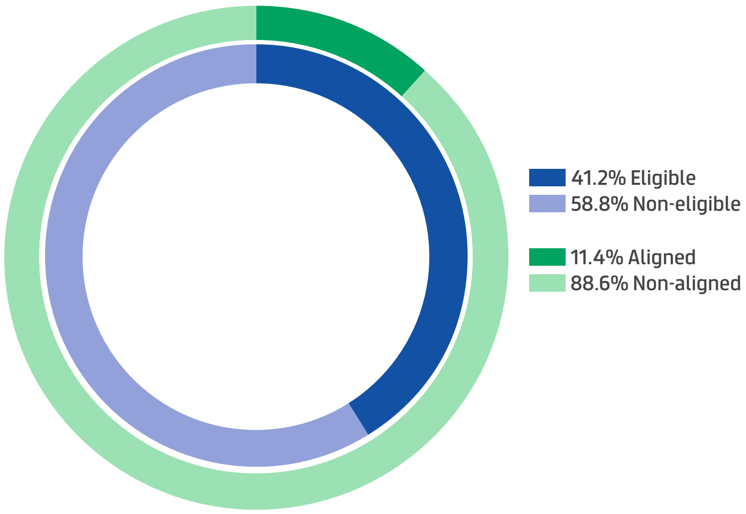
As identified in the assessments detailed above, the Prysmian Group has not been definitively condemned for the infringement of human rights or workers' rights, for corruption or for tax offences, and has not been involved in any cases examined by an OECD *National Contact Point* (NCP), or interviewed by the *Business and Human Rights Resource Center* (BHRRC). Group has been in the past and still is involved in antitrust investigations and disputes promoted by third parties, consequent to and/or connected with decisions adopted by certain competition authorities, the details of which are outlined in the note on Provisions for risks and expenses in the Explanatory Notes to the Consolidated Financial Statements. Following these investigations and disputes, the Group has implemented a series of internal controls, described in the section on "Fair competition", to reduce the probability of infringements in this area.
Consistent with the requirements of art. 3.c) of Regulation 2020/852, the Prysmian Group therefore carries out its economic activities in compliance with the specified minimum safeguards standards.

Criteria for the calculation of KPIs and background information

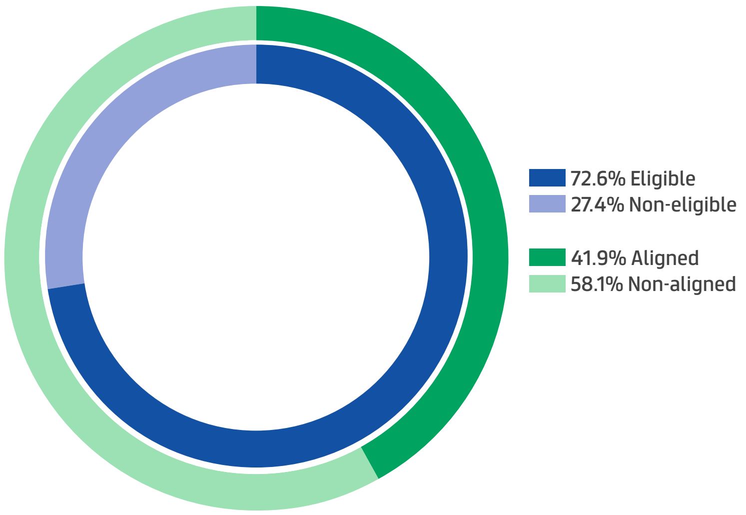
The key performance indicators (KPIs) specified in the Taxonomy cover Turnover, Capital Expenditure (CapEx) and Operating Expenditure (OpEx).
They are presented in the templates provided in Annex II of the Art. 8 Delegated Act. Given that the regulator mandated the adoption of a simplified version of the Taxonomy in 2021, this past year was the first to report on alignment. Accordingly, no comparative alignment data is presented, since it is not available.

The proportion of the Group's Taxonomy-eligible and -aligned economic activities was calculated with respect to Turnover, CapEx and OpEx in accordance with legal requirements and the accounting criteria specified in Attachment I of the Art. 8 Delegated Act.

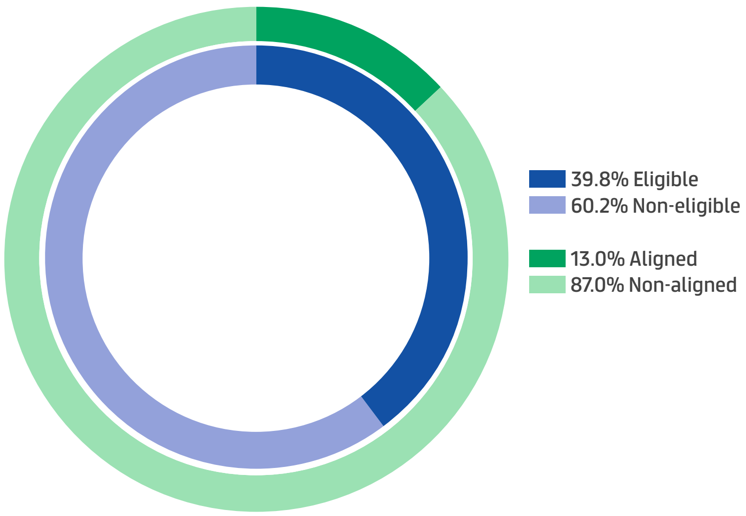
2022 UE TAXONOMY: TURNOVER



2022 UE TAXONOMY: CAPEX



2022 UE TAXONOMY: OPEX



Turnover

Definition and reconciliation

The Taxonomy-eligible/aligned turnover reflects the ratio of net revenues deriving from eligible/aligned activities (numerator) to total net revenues (denominator). The denominator of the Turnover KPI makes reference to the "revenues" caption of the 2022 Consolidated Income Statement, as consolidated in accordance with IAS 1.82(a). For more information, see the consolidated accounting schedules contained in the Annual Financial Statement of the Group, as well as the section on Accounting Policies.

Allocation

The numerator of the Turnover KPI consists of the net revenues associated with the Group products linked to eligible/aligned activities. The allocation of net revenues to the numerator was made possible by the Group's highly-detailed management and financial accounting system. The system allowed to identify eligible/aligned projects precisely and reconcile them with the activities concerned, thus making the adoption of estimates unnecessary.

Other background information

The revenues indicated on the numerator are all traceable to contracts with customers. No changes in the composition and reconciliation of revenues are reported, since 2022 was the first year of alignment-level reporting in which that level of detail is provided.

CapEx

Definition and reconciliation

The Taxonomy-aligned capital expenditure (CapEx) reflects the ratio of CapEx deriving from eligible/aligned activities (numerator) to total CapEx (denominator). In particular, the denominator of the CapEx KPI comprises the increases in tangible and intangible fixed assets during the year before depreciation, amortisation, writedowns and writebacks, including those deriving from business combinations. Total CapEx can be reconciled with the 2022 Consolidated Financial Statements of the Group by reference to "Gross investments". The eligible/aligned portion of CapEx includes:

- capital expenditure relating to assets or processes associated with Taxonomy-eligible/aligned economic activities (category a) pursuant to para. 1.1.2.2 of Annex I, Art. 8 Delegated Act);
- capital expenditure that is part of a plan (CapEx plan) intended to expand Taxonomy-aligned economic activities or enable Taxonomy-eligible economic activities to become aligned (category b) pursuant to para. 1.1.2.2 of Annex I, Art. 8 Delegated Act);
- capital expenditure relating to the purchase of products deriving from Taxonomy-eligible economic activities, as well as to individual measures that enable the Group's activities to be less carbon intensive or to reduce its GHG emissions (category c) pursuant to para. 1.1.2.2 of Annex I, Art. 8 Delegated Act).

Allocation

The capital expenditure on assets or processes associated with Taxonomy-eligible/aligned manufacturing economic activities was allocated after a precise analysis of each expenditure caption, using the classification adopted when consolidating the Group's investments. In particular, when calculating eligibility, the Group referenced the activities identified as eligible when allocating turnover to the associated families of investments.
On the other hand, when calculating alignment, a detailed analysis of each expenditure caption was carried out to identify those associated with aligned activities. With regard to the manufacture of renewable energy technologies, the related expenditure was allocated precisely to the sites responsible for that economic activity.
In the case of sites where both Taxonomy-eligible/aligned and non-aligned economic activities are carried out, the portion of CapEx was calculated with reference to the actual sales of the site, considering the ratio of Taxonomy-eligible/aligned sales to the total sales of the site. This allocation methodology represents a refinement of the calculation that improves the transparency and meaningfulness of the CapEx KPI.

Other background information

The capital expenditure included in a CapEx plan relates to the investment of about Euro 240 million in the construction of a new cable-laying vessel. This will expand the alignment of activity 4.9 Transmission and distribution of electricity, thus contributing to achievement of the "climate changes mitigation" objective. In particular, this vessel will be deployed from 2025 on projects involving the installation of cables for energy transmission for connecting the electricity grid to offshore wind farms.

The capital expenditure relating to the purchase of products deriving from Taxonomy-eligible economic activities, as well as to individual measures that enable the Group's activities to be less carbon intensives or to reduce its GHG emissions, is completed and made operational within 18 months of its recognition in the financial statements. This CapEx is principally attributable to economic activity 7.3 Installation, maintenance and repair of devices for energy efficiency. In order to avoid double counting, any capital expenditure identified in category (c), para. 1.1.2.2 of Annex I, Art. 8 Delegated Act, but also included in the denominator relating to assets or processes associated with Taxonomy-eligible/aligned economic activities (category a in para. 1.1.2.2 of Annex I, Art. 8 Delegated Act), was included in the latter category.
The capital expenditure associated with the above economic activities is treated solely as eligible. Given the amount of the expenditure concerned, the Group did not perform the alignment analysis because that would have required involving the respective suppliers.
Consistent with the requirements of the Art. 8 Delegated Act, the amounts included in the numerator of the alignment KPI are detailed below.

QUANTITATIVE BREAKDOWN BY ECONOMIC ACTIVITY OF THE AMOUNTS INCLUDED IN THE NUMERATOR OF THE ALIGNMENT KPI (EURO MLN)

Activity	Increases in property, plant and equipment	Of which part of a CapEx plan
3.1	2.3	
4.9	187.7	40.8

The capital expenditure incurred to increase the intangible assets generated internally was less than Euro 0.0 million and there were no increases in assets deriving from business combinations during the year.

OpEx

Definition and reconciliation
The Taxonomy-aligned operating expenses (OpEx) reflect the portion of eligible and aligned OpEx included in the non-capitalised direct costs incurred on R&D, short-term rentals, maintenance and repairs, and the cost of personnel dedicated to the internal maintenance of plant and equipment.

Allocation
CIn order to ensure a linear process and avoid the risk of double counting, operating expenses were deemed eligible/aligned if they related directly to Taxonomy-eligible/aligned economic activities. Where the direct allocation of operating expenses was not possible, the eligible/aligned portion was calculated with reference to the corresponding percentage of turnover.

Other background information
Consistent with the Art. 8 Delegated Act, the amounts included in the numerator of the alignment KPI are detailed below by type of cost.

QUANTITATIVE BREAKDOWN OF THE AMOUNTS INCLUDED IN THE NUMERATOR OF THE ALIGNMENT KPI

	OpEx (Euro mln)
R&D costs	18.5
Short-term leases	8.3
Maintenance and repairs	19.0
Other direct expenditure on the routine maintenance of property, plant and equipment	10.3
Total	**56.1**

TABLE A - TURNOVER

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year N	Taxonomy-aligned proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		Min. EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
3.1. Manufacture of renewable energy technologies	C27.3	666.7	4.1%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	4.1%	N/A	E	
3.6. Manufacture of other low carbon technologies	C27.3	45.2	0.3%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	0.3%	N/A	E	
4.9. Transmission and distribution of electricity	F42.22	1,120.9	7.0%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	7.0%	N/A	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		**1,832.7**	**11.4%**	**100%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**								**11.4%**	**N/A**	**11.4%**	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.1. Manufacture of renewable energy technologies	C27.3	140.6	0.9%														0.0%			
3.6. Manufacture of other low carbon technologies	C27.3	4,113.2	25.6%														0.0%			
4.9. Transmission and distribution of electricity	F42.22	527.9	3.3%														0.0%			

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year N	Taxonomy-aligned proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		Min. EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,781.8	29.8%														0.0%			
Total Turnover of Taxonomy eligible activities (A.1 + A.2) (A)		6,614.6	41.2%	100%	0%	N/A	N/A	N/A	N/A								11.4%	N/A	11.4%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		9.452,1	58.8%																	
Total (A + B)		16,066.6	100.0%																	

TABLE B - CAPEX

				Substantial contribution criteria						DNSH criteria										
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
		Min. EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.1. Manufacture of renewable energy technologies	C27.3	2.4	0.5%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	0.5%	N/A	E	
4.9. Transmission and distribution of electricity	F42.22	187.7	41.3%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	41.3%	N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**190.1**	**41.9%**	**100%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**								**41.9%**	**N/A**	**41.9%**	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.1. Manufacture of renewable energy technologies	C27.3	16.9	3.7%														0.0%			
3.6. Manufacture of other low carbon technologies	C27.3	97.7	21.5%														0.0%			
4.9. Transmission and distribution of electricity	F42.22	24.7	5.4%														0.0%			

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						DNSH criteria										
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
		Mln. EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
7.3. Installation, maintenance, and repair of energy efficiency equipment	Various	0.3	0.1%														0.0%			
CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**139.6**	**30.7%**														**0.0%**			
Total CapEx of Taxonomy eligible activities (A.1 + A.2) (A)		**329.7**	**72.6%**	**100%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**								**41.9%**	**N/A**	**41.9%**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		**124.5**	**27.4%**																	
Total (A + B)		**454.1**	**100.0%**																	

TABLE C – OPEX

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						DNSH criteria										
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year N	Taxonomy-aligned proportion of OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
		Min. EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.1. Manufacture of renewable energy technologies	C27.3	17.0	3.9%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	3.9%	N/A	E	
3.6. Manufacture of other low carbon technologies	C27.3	1.1	0.3%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	0.3%	N/A	E	
4.9. Transmission and distribution of electricity	F42.22	38.0	8.8%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	8.8%	N/A	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**56.1**	**13.0%**	**100%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**								**13.0%**	**N/A**	**13.0%**	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.1. Manufacture of renewable energy technologies	C27.3	1.0	0.2%														0.0%			
3.6. Manufacture of other low carbon technologies	C27.3	96.8	22.5%														0.0%			

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
		Min. EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
4.9. Transmission and distribution of electricity	F42.22	17.3	4.0%														0.0%			
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**115.1**	**26.7%**														**0.0%**			
Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		**171.2**	**39.8%**	**100%**	**0%**	**N/A**	**N/A**	**N/A**	**N/A**								**13.0%**	**N/A**	**13.0%**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		**259.4**	**60.2%**																	
Total (A + B)		**430.7**	**100.0%**																	

Annex to the Consolidated Non-Financial Statement

PRYSMIAN GROUP LEGAL ENTITIES CONSIDERED FOR TAXES 2021(*)

In 2021 Prysmian was active in over 50 countries with more than 170 companies and 40 branches. Please refer to the following table containing the list of entities considered in the reporting boundary.

Country	Region	Entity	Activity
Australia	APAC	Prysmian Australia Pty Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Draka Shanghai Optical Fibre Cable Co. Ltd.	Dormant
China	APAC	Nantong Haixun Draka Elevator Products Co. LTD	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Nantong Zhongyao Draka Elevator Products Co. LTD	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Phelps Dodge Yantai Cable Company, Ltd.	Dormant
China	APAC	Prestolite Wire (Shanghai) Company, Ltd	Dormant
China	APAC	Prysmian (China) Investment Company Ltd.	Administrative, Management or Support Services; Holding shares or other equity instruments
China	APAC	Prysmian Cable (Shanghai) Co. Ltd.	Sales, Marketing or Distribution; Administrative, Management or Support Services
China	APAC	Prysmian Cable (Shanghai) Trading Co Ltd - Suzhou Branch	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Prysmian Hong Kong Holding Ltd.	Sales, Marketing or Distribution; Provision of services to unrelated parties; Holding shares or other equity instruments
China	APAC	Prysmian PowerLink – China Branch	Provision of services to unrelated parties
China	APAC	Prysmian Technology Jiangsu Co. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Prysmian Tianjin Cables Co. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Prysmian Wuxi Cable Co. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
China	APAC	Suzhou Draka Cable Co. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution; Administrative, Management or Support Services
China	APAC	Shanghai Guang Ye Optical Cable Co. Ltd	Dormant
China	APAC	EHC Escalator Handrail (Shanghai) Co. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution;
China	APAC	EHC Lift Components (Shanghai) Co. Ltd.	Research and Development; Manufacturing or Production; Sales, Marketing or Distribution;
China	APAC	EHC Engineered Polymer (Shanghai) Co. Ltd.	Research and Development; Manufacturing or Production; Sales, Marketing or Distribution;
China	APAC	EHC Lift Components (Shanghai) Co., Ltd FoShan Branch	Sales, Marketing or Distribution

(*) They may differ from those in the scope of the 2021 Consolidated Financial Statements as the latter does not include entities no longer existing at 31.12.2021.

Country	Region	Entity	Activity
Indonesia	APAC	PT.Prysmian Cables Indonesia	Manufacturing or Production; Sales, Marketing or Distribution
Malaysia	APAC	Draka (Malaysia) Sdn Bhd	Dormant
Malaysia	APAC	Draka Marketing and Services Sdn Bhd	Dormant
Malaysia	APAC	Sindutch Cable Manufacturer Sdn Bhd	Manufacturing or Production; Sales, Marketing or Distribution
New Zealand	APAC	Prysmian New Zealand Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
Philippines	APAC	Draka Philippines Inc.	Manufacturing or Production; Sales, Marketing or Distribution
Philippines	APAC	Prysmian PowerLink – Philippines Branch	Provision of services to unrelated parties
Singapore	APAC	Cable Supply and Consulting Company Private Limited	Holding shares or other equity instruments
Singapore	APAC	Draka Comteq Singapore Pte Ltd.	Dormant
Singapore	APAC	Draka NK Cables (Asia) Pte Ltd.	Dormant
Singapore	APAC	Draka Offshore Asia Pacific Pte Ltd.	Dormant
Singapore	APAC	Prysmian Cable Systems Pte Ltd.	Dormant
Singapore	APAC	Prysmian Cables Asia-Pacific Pte Ltd.	Dormant
Singapore	APAC	Prysmian PowerLink – Singapore Branch	Provision of services to unrelated parties
Singapore	APAC	Singapore Cables Manufacturers Pte Ltd.	Sales, Marketing or Distribution; Administrative, Management or Support Services
Singapore	APAC	Draka Cableteq Asia Pacific Holding Pte Ltd.	Holding shares or other equity instruments
Tahiti	APAC	Prysmian Cables et Systèmes France SAS – Tahiti Branch	Provision of services to unrelated parties
Thailand	APAC	MCI-Draka Cable Co. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
Algeria	EMEA	Prysmian Cables et Systèmes France SAS – Algeria Branch	Dormant
Algeria	EMEA	Silec Cable SAS – Algeria Branch	Dormant
Angola	EMEA	General Cable Condel, Cabos de Energia e Telecomunicaçoes SA	Manufacturing or Production; Sales, Marketing or Distribution
Austria	EMEA	Prysmian OEKW GmbH	Sales, Marketing or Distribution
Bahrain	EMEA	Prysmian PowerLink – Baharain Branch	Provision of services to unrelated parties
Belgium	EMEA	Draka Belgium N.V.	Sales, Marketing or Distribution
Belgium	EMEA	Silec Cable SAS – Belgium Branch	Provision of services to unrelated parties
Cote d'Ivoire	EMEA	SICABLE - Sociète Ivoirienne de Cables S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Czech Republic	EMEA	Draka Kabely, s.r.o.	Manufacturing or Production Sales; Marketing or Distribution
Czech Republic	EMEA	Prysmian Kablo SRO - Czech Republic Branch	Sales, Marketing or Distribution
Denmark	EMEA	Prysmian Group Denmark A/S	Sales, Marketing or Distribution
Denmark	EMEA	Prysmian PowerLink – Denmark Branch	Provision of services to unrelated parties
Estonia	EMEA	Prysmian Group Baltics AS	Manufacturing or Production; Sales, Marketing or Distribution

Country	Region	Entity	Activity
Finland	EMEA	Prysmian Group Finland OY	Manufacturing or Production; Sales, Marketing or Distribution
France	EMEA	Draka Comteq France S.A.S.	Research and Development; Holding / managing intellectual property; Manufacturing or Production; Sales, Marketing or Distribution
France	EMEA	Draka Fileca S.A.S.	Manufacturing or Production; Sales, Marketing or Distribution
France	EMEA	Draka France S.A.S.	Holding shares or other equity instruments
France	EMEA	Draka Paricable S.A.S.	Sales, Marketing or Distribution
France	EMEA	P.O.R. S.A.S.	Other activities (special purpose entity)
France	EMEA	Prysmian (French) Holdings S.A.S.	Holding shares or other equity instruments
France	EMEA	Prysmian Cables et Systèmes France S.A.S.	Manufacturing or Production; Sales, Marketing or Distribution
France	EMEA	Prysmian PowerLink – Francia Branch	Provision of services to unrelated parties
France	EMEA	Silec Cable, S. A. S.	Manufacturing or Production; Sales, Marketing or Distribution
France	EMEA	EHC France SARL	Sales, Marketing or Distribution;
Germany	EMEA	Draka Comteq Berlin GmbH & Co. KG	Manufacturing or Production; Sales, Marketing or Distribution
Germany	EMEA	Draka Comteq Germany GmbH & Co. KG	Manufacturing or Production Sales; Marketing or Distribution
Germany	EMEA	Draka Comteq Germany Verwaltungs GmbH	Dormant
Germany	EMEA	Draka Deutschland Erste Beteiligungs GmbH	Holding shares or other equity instruments
Germany	EMEA	Draka Deutschland GmbH	Holding shares or other equity instruments
Germany	EMEA	Draka Deutschland Verwaltungs GmbH	Dormant
Germany	EMEA	Draka Deutschland Zweite Beteiligungs GmbH	Holding shares or other equity instruments
Germany	EMEA	Draka Service GmbH	Provision of technical services
Germany	EMEA	Höhn GmbH	Other activities (Real Estate)
Germany	EMEA	Kaiser Kabel GmbH	Other activities (Real Estate)
Germany	EMEA	NKF Holding (Deutschland) GmbH i.L	Dormant
Germany	EMEA	Norddeutsche Seekabelwerke GmbH	Manufacturing or Production; Sales, Marketing or Distribution
Germany	EMEA	Prysmian Kabel und Systeme GmbH	Manufacturing or Production; Sales, Marketing or Distribution
Germany	EMEA	Prysmian PowerLink – Germany Branch	Provision of services to unrelated parties
Germany	EMEA	Prysmian Unterstuetzungseinrichtung Lynen GmbH	Other (pension fund)
Germany	EMEA	EHC Germany Gmbh	Manufacturing or Production; Sales, Marketing or Distribution;
Greece	EMEA	Prysmian PowerLink – Greece Branch	Provision of services to unrelated parties
Greece	EMEA	Prysmian PowerLink Services Ltd. – Greece Branch	Other
Hungary	EMEA	Prysmian MKM Magyar Kabel Muvek Kft.	Manufacturing or Production; Sales, Marketing or Distribution

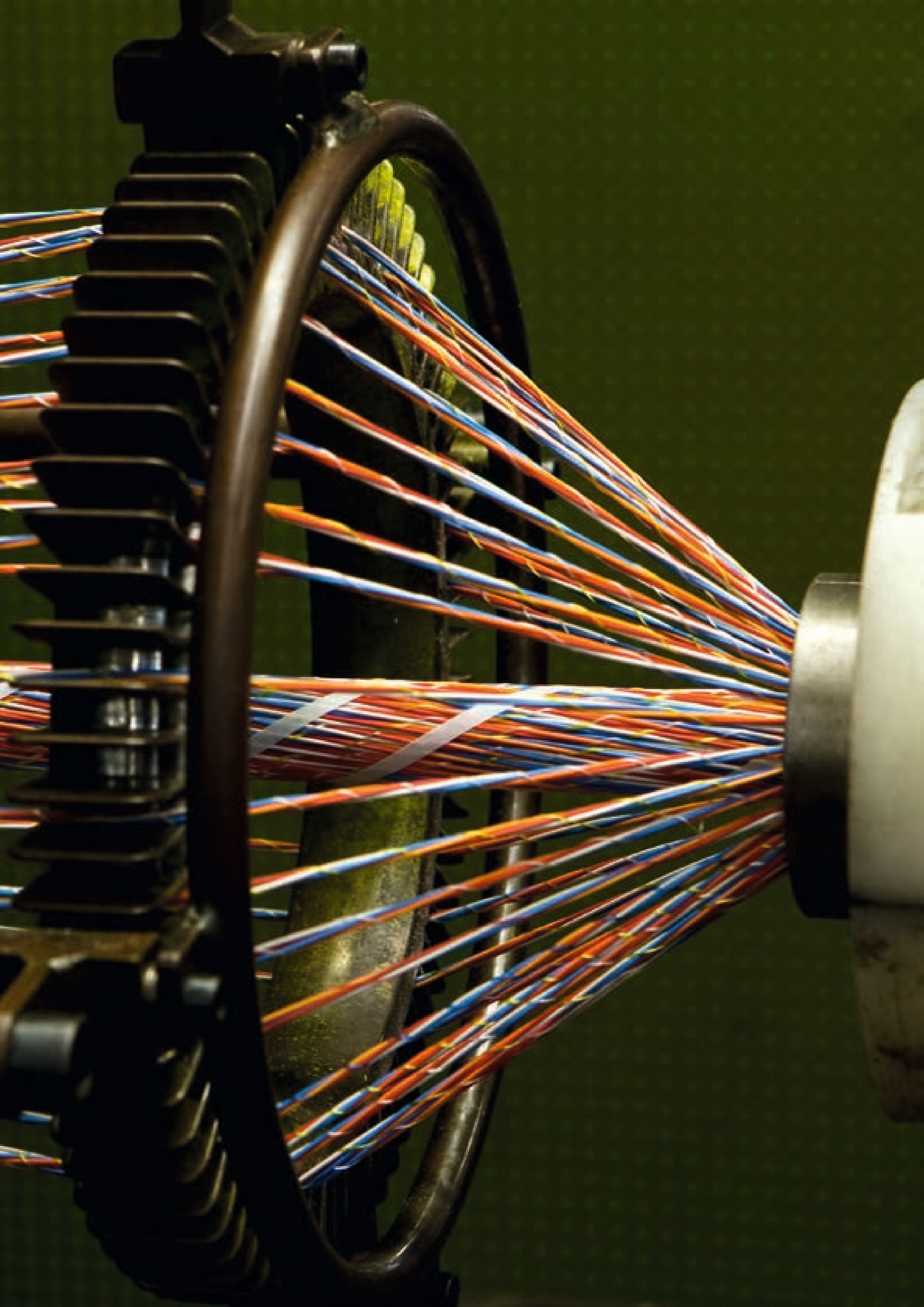
Country	Region	Entity	Activity
India	EMEA	Associated Cables Pvt. Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
India	EMEA	Jaguar Communication Consultancy Services Private Ltd.	Dormant
Ireland	EMEA	Prysmian PowerLink – Irland Branch	Dormant
Ireland	EMEA	Prysmian Re Company Designated Activity Company	Insurance
Italy	EMEA	Fibre Ottiche Sud - F.O.S. S.r.l.	Manufacturing or Production
Italy	EMEA	General Cable Italia S.r.l.	Dormant
Italy	EMEA	Prysmian Cavi e Sistemi Italia S.r.l.	Manufacturing or Production; Sales, Marketing or Distribution
Italy	EMEA	Prysmian Cavi e Sistemi S.r.l.	Administrative, Management or Support Services; Holding shares or other equity instruments
Italy	EMEA	Prysmian Electronics S.r.l.	Manufacturing or Production
Italy	EMEA	Prysmian PowerLink S.r.l.	Manufacturing or Production; Sales, Marketing or Distribution Provision of services to unrelated parties
Italy	EMEA	Prysmian S.p.a.	Research and Development; Holding / managing intellectual property; Purchasing or Procurement; Administrative, Management or Support Services; Holding shares or other equity instruments
Italy	EMEA	Prysmian Treasury S.r.l.	Internal Group Finance
Lebanon	EMEA	Prysmian Cables et Systèmes France SAS – Lebanon Branch	Provision of services to unrelated parties
Malta	EMEA	Prysmian Cavi e Sistemi Italia S.r.l. – Malta Branch	Dormant
Montenegro	EMEA	Prysmian PowerLink – Montenegro Branch	Provision of services to unrelated parties
Netherlands	EMEA	Draka Comteq B.V.	Holding shares or other equity instruments; Managing intellectual property
Netherlands	EMEA	Draka Comteq Fibre B.V.	Research and Development; Manufacturing or Production Sales, Marketing or Distribution
Netherlands	EMEA	Draka Holding B.V.	Administrative, Management or Support Services; Holding shares or other equity instruments
Netherlands	EMEA	General Cable Holdings Netherlands C.V.	Holding shares or other equity instruments
Netherlands	EMEA	NKF Vastgoed I B.V.	Holding (Real Estate)
Netherlands	EMEA	NKF Vastgoed III B.V.	Holding (Real Estate)
Netherlands	EMEA	Prysmian Netherlands B.V.	Manufacturing or Production; Sales, Marketing or Distribution
Netherlands	EMEA	Prysmian Netherlands Holding B.V.	Holding shares or other equity instruments
Netherlands	EMEA	Prysmian PowerLink – Netherlands Branch	Provision of services to unrelated parties
Netherlands	EMEA	Donne Draad B.V.	Sales, Marketing or Distribution
Netherlands	EMEA	Draka Kabel B.V.	Dormant
Norway	EMEA	General Cable Nordic A/S	Dormant
Norway	EMEA	Prysmian Group Norge AS	Manufacturing or Production; Sales, Marketing or Distribution

Country	Region	Entity	Activity
Oman	EMEA	Oman Aluminium Processing Industries (SPC)	Manufacturing or Production
Oman	EMEA	Oman Cables Industry (SAOG)	Manufacturing or Production Sales, Marketing or Distribution
Poland	EMEA	Draka Kabely s.r.o. – Poland Branch	Dormant
Poland	EMEA	Eksa SP. ZOO	Sales, Marketing or Distribution
Portugal	EMEA	General Cable Celcat, Energia e Telecomunicaçoes SA	Manufacturing or Production; Sales, Marketing or Distribution
Portugal	EMEA	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Holding shares or other equity instruments
Portugal	EMEA	SILEC Cable, S.A.S. – Portugal Branch	Dormant
Qatar	EMEA	Prysmian Cavi e Sistemi S.r.l. – Qatar Branch	Provision of services to unrelated parties
Qatar	EMEA	Prysmian PowerLink - Branch Qatar	Provision of services to unrelated parties
Romania	EMEA	Prysmian Cabluri Si Sisteme S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Russia	EMEA	Limited Liability Company Prysmian RUS	Sales, Marketing or Distribution; Administrative, Management or Support Services
Russia	EMEA	Limited Liability Company "Rybinskelektrokabel"	Manufacturing or Production; Sales, Marketing or Distribution
Saudi Arabia	EMEA	Prysmian PowerLink – Saudi Arabia Branch	Provision of services to unrelated parties
Saudi Arabia	EMEA	Prysmian Powerlink Saudi LLC	Dormant
Slovakia	EMEA	Prysmian Kablo s.r.o.	Manufacturing or Production; Sales, Marketing or Distribution
South Africa	EMEA	General Cable Phoenix South Africa Pty. Ltd.	Dormant
South Africa	EMEA	National Cables (Pty) Ltd.	Dormant
South Africa	EMEA	Prysmian Spain SA EPC - South Africa Branch	Sales, Marketing or Distribution; Provision of services to unrelated parties
Spain	EMEA	Draka Holding, S.L. (Sociedad Unipersonal)	Holding shares or other equity instruments
Spain	EMEA	GC Latin America Holdings, S.L.	Holding shares or other equity instruments
Spain	EMEA	General Cable Holdings (Spain), S.L.	Holding shares or other equity instruments
Spain	EMEA	Grupo General Cable Sistemas, S.L.	Manufacturing or Production Sales, Marketing or Distribution Holding shares or other equity instruments
Spain	EMEA	Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Manufacturing or Production; Sales, Marketing or Distribution
Spain	EMEA	Prysmian PowerLink – Spain Branch	Provision of services to unrelated parties
Sweden	EMEA	Prysmian Group North Europe AB	Holding shares or other equity instruments
Sweden	EMEA	Prysmian Group Sverige AB	Manufacturing or Production; Sales, Marketing or Distribution
Switzerland	EMEA	Omnisens SA	Manufacturing or Production; Sales, Marketing or Distribution;
Tunisia	EMEA	Auto Cables Tunisie S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Tunisia	EMEA	Eurelectric Tunisie S.A.	Manufacturing or Production
Tunisia	EMEA	Prysmian Cables et Systèmes France SAS – Tunisia Branch	Provision of services to unrelated parties
Tunisia	EMEA	Silec Cable SAS – Tunisia Branch	Provision of services to unrelated parties

Country	Region	Entity	Activity
Turkey	EMEA	Prysmian PowerLink - Branch Turchia	Dormant
Turkey	EMEA	Turk Prysmian Kablo Ve Sistemleri A.S.	Research and Development; Manufacturing or Production; Sales, Marketing or Distribution
Turkey	EMEA	Turk Prysmian –Prysmian Powerlink Adi Ortakligi	Dormant
Turkey	EMEA	Turk Prysmian –Prysmian Powerlink Adi Ortakligi II	Dormant
Turkey	EMEA	Turk Prysmian-Prysmian Po'	Manufacturing or Production; Sales, Marketing or Distribution;
United Arab Emirates	EMEA	Prysmian Cables et Systèmes France SAS - Abu Dhabi Branch	Dormant
United Arab Emirates	EMEA	Prysmian Cavi e Sistemi S.r.l. – Abu Dhabi Branch	Provision of services to unrelated parties
United Arab Emirates	EMEA	Prysmian PowerLink - Abu Dhabi Branch	Provision of services to unrelated parties
United Arab Emirates	EMEA	Silec Cable SAS – Abu Dhabi Branch	Provision of services to unrelated parties
United Kingdom	EMEA	Cable Makers Properties & Services Ltd.	Other (professional services)
United Kingdom	EMEA	Comergy Ltd.	Dormant
United Kingdom	EMEA	Draka Comteq UK Ltd.	Manufacturing or Production Sales; Marketing or Distribution
United Kingdom	EMEA	Draka UK Group Ltd.	Dormant
United Kingdom	EMEA	Draka UK Ltd.	Dormant
United Kingdom	EMEA	General Cable Holdings (UK) Limited	Holding shares or other equity instruments
United Kingdom	EMEA	General Cable Services Europe Limited	Dormant
United Kingdom	EMEA	NSW Technology Limited	Dormant
United Kingdom	EMEA	Prysmian Cables & Systems Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
United Kingdom	EMEA	Prysmian Cables (2000) Ltd.	Dormant
United Kingdom	EMEA	Prysmian Construction Company Ltd.	Dormant
United Kingdom	EMEA	Prysmian Pension Scheme Trustee Ltd.	Other
United Kingdom	EMEA	Prysmian PowerLink – UK Branch	Provision of services to unrelated parties
United Kingdom	EMEA	Prysmian PowerLink Services Ltd.	Provision of technical services
United Kingdom	EMEA	Prysmian UK Group Ltd.	Holding shares or other equity instruments
United Kingdom	EMEA	Prysmian Telecom Cables and Systems UK Ltd.	Dormant
Argentina	LATAM	Prysmian Consultora Conductores e Instalaciones SAIC	Holding shares or other equity instruments

Country	Region	Entity	Activity
Argentina	LATAM	Prysmian Energia Cables y Sistemas de Argentina S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Brazil	LATAM	Draka Comteq Cabos Brasil S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Brazil	LATAM	General Cable Brasil Indústria e Comércio de Condutores Elétricos Ltda	Manufacturing or Production; Sales, Marketing or Distribution
Brazil	LATAM	Prysmian Cabos e Sistemas do Brasil S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Brazil	LATAM	EHC Brazil Ltda	Manufacturing or Production; Sales, Marketing or Distribution
Cayman Islands	LATAM	Phelps Dodge Yantai China Holdings, Inc.	Holding shares or other equity instruments
Cayman Islands	LATAM	YA Holdings, Ltd.	Holding shares or other equity instruments
Chile	LATAM	Cobre Cerrillos S.A.	Manufacturing or Production; Sales, Marketing or Distribution
Chile	LATAM	Prysmian Cables Chile SpA	Dormant
Colombia	LATAM	Productora de Cables Procables S.A.S.	Manufacturing or Production; Sales, Marketing or Distribution
Colombia	LATAM	SILEC Cable, S.A.S. – Colombia Branch	Dormant
Costa Rica	LATAM	Conducen, S.R.L.	Manufacturing or Production; Sales, Marketing or Distribution
Dominican Republic	LATAM	General Cable Caribbean, S.R.L	Dormant
Ecuador	LATAM	Cables Electricos Ecuatorianos C.A. CABLEC	Sales, Marketing or Distribution
El Salvador	LATAM	Conducen Phelps Dodge Centroamerica-El Salvador, S.A. de C.V.	Dormant
Guatemala	LATAM	Proveedora de Cables y Alambres PDCA Guatemala, S.A.	Dormant
Honduras	LATAM	Electroconductores de Honduras, S.A. de C.V.	Dormant
Mexico	LATAM	Draka Durango S. de R.L. de C.V.	Manufacturing or Production
Mexico	LATAM	Draka Mexico Holdings S.A. de C.V.	Holding shares or other equity instruments
Mexico	LATAM	General Cable de Mexico, S.A de C.V.	Manufacturing or Production; Sales, Marketing or Distribution
Mexico	LATAM	General de Cable de Mexico del Norte, S.A. de C.V.	Manufacturing or Production
Mexico	LATAM	NK Mexico Holdings S.A. de C.V.	Dormant
Mexico	LATAM	PDIC Mexico, S.A. de C.V.	Dormant
Mexico	LATAM	Prestolite de Mexico, S.A. de C.V.	Manufacturing or Production
Mexico	LATAM	Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Manufacturing or Production; Sales, Marketing or Distribution
Mexico	LATAM	Prysmian Cables y Sistemas S.A. – Mexico Branch	Dormant
Mexico	LATAM	Servicios Latinoamericanos GC, S.A. de C.V.	Administrative, Management or Support Services
Mexico	LATAM	Silec Cable SAS – Mexico Branch	Dormant
Panama	LATAM	Alambres y Cables de Panama, S.A.	Dormant
Panama	LATAM	Alcap Comercial S.A.	Dormant

Country	Region	Entity	Activity
Panama	LATAM	Cahosa S.A.	Holding shares or other equity instruments
Peru	LATAM	General Cable Peru S.A.C.	Sales, Marketing or Distribution
Puerto Rico	LATAM	Conducen SRL - Puerto Rico Branch	Dormant
Trinidad and Tobago	LATAM	General Cable Trinidad Limited	Dormant
Canada	North America	Draka Elevator Products Incorporated	Sales, Marketing or Distribution
Canada	North America	General Cable Company Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
Canada	North America	Prysmian Cables and Systems Canada Ltd.	Manufacturing or Production; Sales, Marketing or Distribution
Canada	North America	CA2000:EHC Global Inc.	Holding shares or other equity instruments
Canada	North America	EHC Canada Inc.	Research and Development; Holding / managing intellectual property; Manufacturing or Production; Sales, Marketing or Distribution; Administrative, Management or Support Services
Canada	North America	EHC Elator Inc.	Sales, Marketing or Distribution
Canada	North America	EHC Management Company Inc.	Dormant
United States	North America	Diversified Contractors, Inc.	Dormant
United States	North America	Draka Elevator Products, Inc.	Manufacturing or Production; Sales, Marketing or Distribution
United States	North America	Draka Transport USA, LLC	Manufacturing or Production; Sales, Marketing or Distribution
United States	North America	GC Global Holdings, Inc.	Holding shares or other equity instruments
United States	North America	EHC USA Inc.	Sales, Marketing or Distribution;
United States	North America	General Cable Canada Holdings LLC	Holding shares or other equity instruments
United States	North America	General Cable Corporation	Administrative, Management or Support Services; Holding shares or other equity instruments
United States	North America	General Cable Industries, Inc.	Research and Development; Manufacturing or Production; Sales, Marketing or Distribution; Holding shares or other equity instruments
United States	North America	General Cable Industries LLC	Manufacturing or Production Sales, Marketing or Distribution
United States	North America	General Cable Overseas Holdings, LLC	Holding shares or other equity instruments
United States	North America	General Cable Technologies Corporation	Holding / managing intellectual property
United States	North America	GK Technologies, Incorporated	Holding shares or other equity instruments
United States	North America	Norddeutshce Seekabelwerke GmbH – US Branch	Provision of services to unrelated parties
United States	North America	Phelps Dodge Enfield Corporation	Holding shares or other equity instruments
United States	North America	Phelps Dodge National Cables Corporation	Holding shares or other equity instruments
United States	North America	Prysmian Cables and Systems (US) Inc.	Holding shares or other equity instruments
United States	North America	Prysmian Cables and Systems USA, LLC	Manufacturing or Production; Sales, Marketing or Distribution; Administrative, Management or Support Services
United States	North America	Prysmian Construction Services Inc.	Other services (Payroll services)



21. AUDITORS' REPORT

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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of 18 January 2018 (Translation from the original Italian text)

To the Board of Directors of
Prysmian S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Prysmian S.p.A. and its subsidiaries (hereinafter "Group" or "Prysmian Group") for the year ended on 31st December 2022 in accordance with article 4 of the Decree, presented in the specific section of the Director's Report of the Group's consolidated financial statements and approved by the Board of Directors on 9th March 2023 (hereinafter "DNF").
Our limited assurance engagement does not cover the information included in the paragraph "European taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Prysmian Group's consolidated financial statements;
4. understanding of the following aspects:
    - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
    - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
    - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

    With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below
5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
    In particular, we have conducted interviews and discussions with the management of Prysmian

S.p.A. and with the personnel of Draka Kabely, s.r.o., Draka Comteq Germany GmbH & Co. KG, Prysmian Cables y Sistemas de Mexico S. de R.L. de C.V., Draka Durango S. de R.L. de C.V., Prysmian Australia Pty Ltd., Draka Comteq Fibre B.V. and Prysmian Cables & Systems Ltd. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
  a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.

- for Draka Kabely, s.r.o. (Velke Mezirici plant), Draka Comteq Germany GmbH & Co. KG (Nuremberg plant), Prysmian Cables y Sistemas de Mexico S. de R.L. de C.V. (Durango – Telecom plant), Draka Durango S. de R.L. de C.V. (Durango – Energy plant), Prysmian Australia Pty Ltd. (Liverpool plant), Draka Comteq Fibre B.V. (Eindhoven plant) and Prysmian Cables & Systems Ltd. (Aberdare plant), that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out site visits and remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Prysmian Group for the year ended on 31st December 2022 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.
Our conclusions on the DNF of the Prysmian Group do not refer to the information included in the paragraph "European taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Milan, 17 March 2023

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This report has been translated into the English language solely for the convenience of international readers.

22. SASB and TCFD

SASB Index

For reasons other than compliance with the requirements of Legislative Decree 254/2016, NFS 2022 includes additional specific KPIs for the sector in which the Prysmian Group operates, having regard for the indicators published by the Sustainability Accounting Standards Board (SASB).

Sector Industry	Resource Transformation Electrical & Electronic Equipment		
General Issue Category	Disclosure	Description	Chapter/Page
Energy management	RT-EE-130a.1.	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Environmental performance of the Prysmian Group - Page 122
Hazardous waste management	RT-EE-150a.1.	Amount of hazardous waste generated, percentage recycled	Environmental performance of the Prysmian Group - Page 122
Hazardous waste management	RT-EE-150a.2.	Number and aggregate quantity of reportable spills, quantity recovered	Environmental performance of the Prysmian Group - Page 122
Product safety	RT-EE-250a.2.	Total amount of monetary losses as a result of legal proceedings associated with product safety	Ethics and integrity in Prysmian Group - Page 104
Product lifecycle management	RT-EE-410a.3.	Revenue from renewable energy-related and energy efficiency related products	Sustainable innovation for products, applications and processes - Pag. 167
Materials sourcing	RT-EE-440a.1.	Description of the management of risks associated with the use of critical materials	Sustainable value chain - Page 157
Business ethics	RT-EE-510a.1.	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Ethics and integrity in Prysmian Group - Page 104
Business ethics	RT-EE-510a.2.	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Ethics and integrity in Prysmian Group - Page 104
Business ethics	RT-EE-510a.3.	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Ethics and integrity in Prysmian Group - Page 104
Workforce health and safety	IF-EN-320a.1.	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Occupational health and safety - Page 152
Business ethics	RT-EE-510a.1.	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Ethics and integrity in Prysmian Group - Page 104
Business ethics	RT-EE-510a.2.	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Ethics and integrity in Prysmian Group - Page 104

TCFD correlation table

Within the 2022 Non-Financial Statement, for purposes other than that of complying with the requirements of Legislative Decree 254/2016, additional specific KPIs have been integrated for the sector in which Prysmian Group operates, taking into consideration the indicators published by the TCFD.

The Task force on Climate-related Financial Disclosures (TCFD) has issued a series of recommendations for the consistent, voluntary disclosure of information by an organisation to investors, lenders and insurance underwriters about its general strategy and governance, as well as its climate-related financial risks and opportunities, and related parameters and targets.

The objective of Prysmian's TCFD Report is to highlight the transparent approach taken to sustainability, as well as to provide additional climate-related information that is readily accessible and understandable by investors and other users.

TCFD DISCLOSURE RECOMMENDATIONS		
Disclose the metrics used by the organisation to assess its climate-related risks and opportunities, consistent with its strategy and risk management process.	Disclose the Scope 1, Scope 2 and, if necessary, Scope 3 GHG emissions and related risks.	Describe the targets used by the organisation to manage its climate-related risks and opportunities, and its performance against the targets set.

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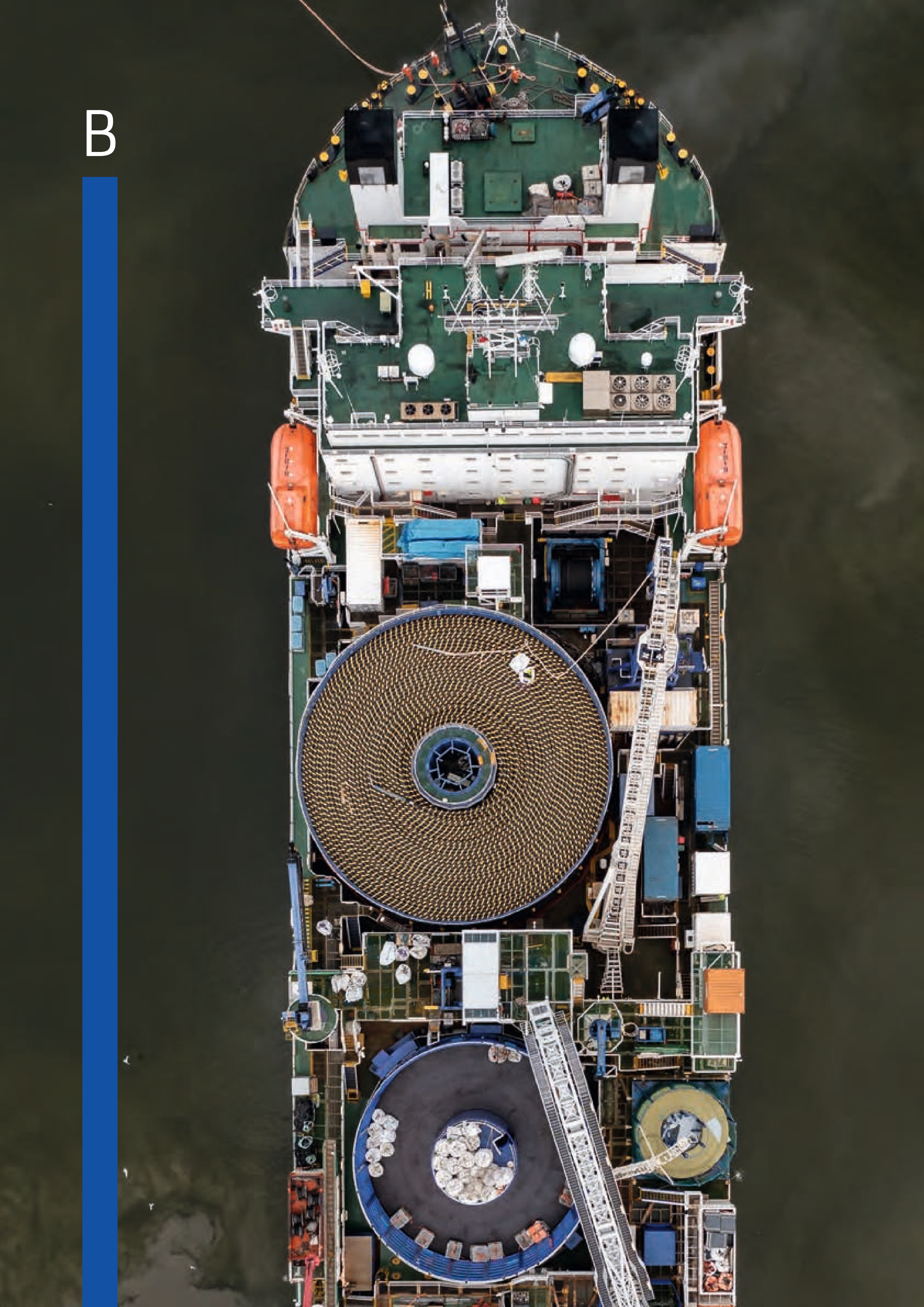


CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/million)	Note	31.12.2022	of which related parties	31.12.2021(*)	of which related parties
Non-current assets					
Property, plant and equipment	1	3,020		2,794	
Goodwill	2	1,691		1,635	
Other intangible assets	2	473		505	
Equity-accounted investments	3	387	387	360	360
Other investments at FVOCI	4	12		13	
Financial assets at amortised cost		3		3	
Derivatives	8	135		105	
Deferred tax assets	15	203		182	
Other receivables	5	34		34	
Total non-current assets		**5,958**		**5,631**	
Current assets					
Inventories	6	2,241		2,054	
Trade receivables	5	1,942		1,622	
Other receivables	5	978	3	627	3
Financial assets at FVPL	7	270		244	
Derivatives	8	71		128	
Financial assets at FVOCI	4	11		11	
Cash and cash equivalents	9	1,285		1,702	
Total current assets		**6,798**		**6,388**	
Total assets		**12,756**		**12,019**	
Equity					
Share capital	10	27		27	
Reserves	10	3,054		2,580	
Group share of net profit/(loss)	10	504		308	
Equity attributable to the Group		**3,585**		**2,915**	
Equity attributable to non-controlling interests		186		174	
Total equity		**3,771**		**3,089**	
Non-current liabilities					
Borrowings from banks and other lenders	11	2,744		2,606	
Employee benefit obligations	14	329		446	
Provisions for risks and charges	13	31		46	
Deferred tax liabilities	15	187		190	
Derivatives	8	61		26	
Other payables	12	28		6	
Total non-current liabilities		**3,380**		**3,320**	
Current liabilities					
Borrowings from banks and other lenders	11	323		1,123	
Provisions for risks and charges	13	665	8	608	6
Derivatives	8	72		42	
Trade payables	12	2,718	17	2,592	5
Other payables	12	1,694	2	1,191	2
Current tax payables		133		54	
Total current liabilities		**5,605**		**5,610**	
Total liabilities		**8,985**		**8,930**	
Total equity and liabilities		**12,756**		**12,019**	

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in Section C. Restatement of comparative figures.

CONSOLIDATED INCOME STATEMENT

(Euro/million)	Note	2022	of which related parties	2021	of which related parties
Sales	16	16,067	-	12,736	31
Change in inventories of finished goods and work in progress	17	(30)		229	
Other income	18	70	7	125	5
Total sales and income		**16,107**		**13,090**	
Raw materials, consumables and supplies	19	(10,588)	-	(8,906)	(2)
Fair value change in metal derivatives		(31)		13	
Personnel costs	20	(1,758)	(16)	(1,486)	(10)
Amortisation, depreciation, impairment and impairment reversals	21	(403)		(335)	
Other expenses	22	(2,525)	(8)	(1,831)	(7)
Share of net profit/(loss) of equity-accounted companies	23	47	47	27	26
Operating income		**849**		**572**	
Finance costs	24	(1,116)		(785)	
Finance income	25	1,006		689	
Profit/(loss) before taxes		**739**		**476**	
Taxes	26	(230)		(166)	
Net profit/(loss)		**509**		**310**	
Of which:					
- attributable to non-controlling interests		*5*		*2*	
- Group share		*504*		*308*	
Basic earnings/(loss) per share (in Euro)	**27**	**1.91**		**1.17**	
Diluted earnings/(loss) per share (in Euro)	**27**	**1.90**		**1.17**	

OTHER COMPREHENSIVE INCOME (Note 10)

(Euro/million)	2022	2021
Net profit/(loss)	**509**	**310**
Other comprehensive income:		
A) Change in cash flow hedge reserve:	**(34)**	**63**
- Profit/(loss) for the year	(46)	83
- Taxes	12	(20)
B) Other changes relating to cash flow hedges:	**(11)**	-
- Profit/(loss) for the year	(15)	-
- Taxes	4	-
C) Change in currency translation reserve	**142**	**292**
D) Actuarial gains/(losses) on employee benefits(*):	**79**	**51**
- Profit/(loss) for the year	109	60
- Taxes	(30)	(9)
Total other comprehensive income (A+B+C+D):	**176**	**406**
Total comprehensive income/(loss)	**685**	**716**
Of which:		
- attributable to non-controlling interests	*11*	*13*
- Group share	*674*	*703*

(*) Components of comprehensive income that will not be reclassified to profit or loss in subsequent periods.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Note 10)

(Euro/million)	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to non-controlling interests	Total
Balance at 31 December 2020	**27**	**40**	**(590)**	**2,604**	**178**	**2,259**	**164**	**2,423**
Allocation of prior year net profit	-	-	-	178	(178)	-	-	-
Fair value - stock options	-	-	-	33	-	33	-	33
Dividend distribution	-	-	-	(132)	-	(132)	(2)	(134)
Issue of Convertible Bond 2021	-	-	-	49	-	49	-	49
Redemption of Convertible Bond 2017	-	-	-	(13)	-	(13)	-	(13)
Disposal of non-controlling Interests	-	-	-	-	-	-	(1)	(1)
Other movements in equity	-	-	-	1	-	1	-	1
Capital paid in by non-controlling interests	-	-	-	-	-	-	-	-
Effect of hyperinflation	-	-	-	15	-	15	-	15
Total comprehensive income/(loss)	-	63	281	51	308	703	13	716
Balance at 31 December 2021	**27**	**103**	**(309)**	**2,786**	**308**	**2,915**	**174**	**3,089**

(Euro/million)	Share capital	Cash flow hedge reserve	Currency translation reserve	Other reserves	Group share of net profit/(loss)	Equity attributable to the Group	Equity attributable to non-controlling interests	Total
Balance at 31 December 2021	**27**	**103**	**(309)**	**2,786**	**308**	**2,915**	**174**	**3,089**
Allocation of prior year net profit	-	-	-	308	(308)	-	-	-
Fair value - stock options	-	-	-	102	-	102	2	104
Dividend distribution	-	-	-	(145)	-	(145)	(4)	(149)
Effect of hyperinflation	-	-	-	39	-	39	3	42
Total comprehensive income/(loss)	-	(33)	135	68	504	674	11	685
Balance at 31 December 2022	**27**	**70**	**(174)**	**3,158**	**504**	**3,585**	**186**	**3,771**

CONSOLIDATED STATEMENT OF CASH FLOWS (Note 36)

	(Euro/million)	2022	of which related parties	2021	of which related parties
	Profit/(loss) before taxes	739		476	
	Amortisation, depreciation and impairment	403		335	
	Net gains on disposal of fixed assets	(1)		(2)	
	Share of net profit/(loss) of equity-accounted companies	(47)	(47)	(27)	(27)
	Dividends received from equity-accounted companies	10	10	8	8
	Share-based payments	104	4	33	2
	Fair value change in metal derivatives	31		(13)	
	Net finance costs	110		96	
	Changes in inventories	(171)		(449)	
	Changes in trade receivables/payables	(175)	12	398	5
	Changes in other receivables/payables	241	-	23	5
	Change in employee benefit obligations	(16)		(15)	
	Change in provisions for risks	31		34	
	Net income taxes paid	(221)		(120)	
A.	**Cash flow from operating activities**	**1,038**		**777**	
	Cash flow from acquisitions and/or disposals	(7)		(85)	
	Investments in property, plant and equipment	(429)		(258)	
	Disposals of property, plant and equipment	2		8	
	Investments in intangible assets	(25)		(25)	
	Disposals of (investments in) financial assets at fair value through profit or loss and financial assets at amortised cost	(39)		(222)	
B.	**Cash flow from investing activities**	**(498)**		**(582)**	
	Capital contributions and other changes in equity	-		1	
	Dividend distribution	(148)		(134)	
	Proceeds of new loans	1,335		844	
	Repayments of loans	(2,000)		(269)	
	Changes in other net financial receivables/payables and other movements	(77)		(28)	
	Finance costs paid	(88)		(104)	
	Finance income received	17		25	
C.	**Cash flow from financing activities**	**(961)**		**335**	
D.	**Exchange (losses) gains on cash and cash equivalents**	**4**		**8**	
E.	**Net increase/(decrease) in cash and cash equivalents (A+B+C+D)**	**(417)**		**538**	
F.	**Cash and cash equivalents at the beginning of the period**	**1,702**		**1,164**	
G.	**Cash and cash equivalents at the end of the period (E+F)**	**1,285**		**1,702**	

2. EXPLANATORY NOTES

A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy. The Company has its registered office in Via Chiese 6, Milan (Italy).
Prysmian S.p.A. was floated on the Italian Stock Exchange on 3 May 2007 and since September 2007 has been included in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity. Since 18 October 2021, the stock has been included in the MIB® ESG, the first "Environmental, Social and Governance" index dedicated to Italian blue chips, which features the most important listed issuers that demonstrate the implementation of ESG best practices.

The Company and its subsidiaries (together "the Group" or "Prysmian Group") produce power and telecom cables and systems and related accessories, and distribute and sell them around the globe.

These consolidated financial statements were approved by the Board of Directors of Prysmian S.p.A. on 9 March 2023, which also authorised their publication on 18 March 2023.

A.1 SIGNIFICANT EVENTS IN 2022

Significant events in the year are reviewed in the Directors' Report in the section entitled "SIGNIFICANT EVENTS DURING THE YEAR".

B. ACCOUNTING PRINCIPLES

The main accounting principles used to prepare the consolidated financial statements and Group financial information are discussed below.

B.1 BASIS OF PREPARATION

The consolidated financial statements at 31 December 2022 have been prepared on a going concern basis, with the directors having assessed that there are no financial, operating or other kind of indicators that might provide evidence of material uncertainties as to the Group's ability to meet its obligations in the foreseeable future and particularly in the next 12 months.
The assessments carried out confirm Prysmian Group's ability to operate in compliance with the going concern presumption and with its financial covenants.

Prysmian Group's consolidated financial statements at 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), based on the text published in the Official Journal of the European Union (OJEU).
The primary financial statements adopted have the following characteristics:

- the consolidated income statement is prepared in a stepped format with individual items classified by nature, with other comprehensive income, reporting components of profit or loss deferred in equity, shown separately;
- the consolidated statement of financial position presents assets and liabilities according to maturity, with current items shown separately from non-current ones;
- the statement of cash flows is prepared by presenting cash flows using the "indirect method", as permitted by IAS 7.

In application of art. 264b HGB of the German Commercial Code ("Handelsgesetzbuch"), the present consolidated financial statements constitute an exemption for Draka Comteq Berlin GMBH & Co.KG and Draka Comteq Germany GMBH & Co.KG. from the requirement to present statutory financial statements.

All the amounts shown in the Group's financial statements are expressed in millions of Euro, unless otherwise stated.

B.2 NEWLY ADOPTED ACCOUNTING STANDARDS AND PRINCIPLES

The accounting principles and policies and basis of consolidation used to prepare the 2022 Consolidated Financial Statements are consistent with those used for the 2021 Consolidated Financial Statements. More complete details can be found in Note 38. Basis of consolidation and accounting policies.

The following is a list of new standards, interpretations and amendments whose application became mandatory from 1 January 2022 but which, based on the assessments performed, have not had a material impact on the consolidated financial statements at 31 December 2022:

- *Amendments to IFRS 3 Business Combinations;*
- *Amendments to IAS 16 Property, Plant and Equipment;*
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;*
- *Annual Improvements 2018-2020.*

B.3 ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP

The following new accounting standards, amendments and interpretations had been issued as at the date of preparing the present report but are not yet applicable and have not been adopted early by the Group:

New accounting standards, amendments and interpretations	Mandatory application as from
IFRS 17	1 January 2023
Amendments to IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;	1 January 2023
Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IAS 1: Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current; - Classification of Liabilities as Current or Non-current: Deferral of Effective Date; - Non-current Liabilities with Covenants.	1 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale as Leaseback	1 January 2024

Preliminary review has indicated that the new accounting standards, amendments and interpretations listed above are not expected to have a material impact on the Group's consolidated financial statements.

B.4 PRINCIPAL CHANGES IN THE SCOPE OF CONSOLIDATION

The Group's scope of consolidation includes the financial statements of Prysmian S.p.A. (the Parent Company) and the companies over which it exercises direct or indirect control, which are consolidated from the date when control is obtained until the date when such control ceases.

The changes in the scope of consolidation at 31 December 2022, compared with 31 December 2021, are reported below.

Liquidations

Liquidated companies	Nation	Date
EHC Japan K.K	Japan	1 June 2022
Prysmian Cable Systems Pte Ltd	Singapore	4 July 2022
General Cabel Holdings Netherlands C.V.	Netherlands	4 August 2022
NSW Technology Ltd	United Kingdom	9 August 2022
Prestolite Wire (Shangai) Company Ltd	China	22 August 2022
Prysmian Cables Chile SpA	Chile	26 August 2022
Tasfiye Halinde EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi	Turkey	15 September 2022
General Cable Phoenix South Africa PTY LTD	South Africa	15 November 2022
Conducen Phelps Dodge Centroamérica - El Salvador, S.A. de C.V.	El Salvador	28 November 2022
PDIC Mexico S.A. de C.V	Mexico	16 December 2022

Mergers

Merged companies	Survivor companies	Nation	Date
General Cable Industries Inc	Prysmian Cables and Systems USA LLC	United States	1 January 2022
EHC Brazil Ltda	Prysmian Cabos e Sistemas do Brazil S.A.	Brazil	31 March 2022
Prysmian Group North Europe AB	Prysmian Group Sverige AB	Sweden	8 December 2022
General Cable Nordic AS	Prysmian Group Norge AS	Norway	23 November 2022

Name changes

For a clearer understanding of the scope of consolidation, the following table shows the name changes made during the year:

Previous name	New name	Nation	Date
Eksa sp.z.o.o	Prysmian Poland sp.z.o.o	Poland	10 February 2022
EHC Turkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi	Tasfiye Halinde EHCTurkey Asansör ve Yürüyen Merdiven Sanayi Limited Şirketi	Turkey	13 June 2022
Draka Service Gmbh	Prysmian Projects Germany GmbH	Germany	8 September 2022
Prysmian Electronics S.r.l	Electronic and Optical Sensing Solutions S.r.l	Italy	27 October 2022

New company formations

Newco	Nation	Date
Prysmian Projects North America, LLC	United States	7 April 2022
Prysmian Servizi S.p.A.	Italy	30 November 2022

Appendix A contains a complete list of the companies included in the scope of consolidation at 31 December 2022.

C. RESTATEMENT OF COMPARATIVE FIGURES

Some of the previously published figures in the consolidated financial statements at 31 December 2021, presented in the current report for comparative purposes, have been revised after finalising the purchase price allocation for the business combinations described below, accounted for on a provisional basis in the consolidated financial statements at 31 December 2021.

Purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o.

After acquiring control of Omnisens S.A., on 11 November 2021, and Eksa Sp.z.o.o., on 31 December 2021, the fair values of the assets acquired, liabilities assumed and contingent liabilities were determined at 31 December 2021 on a provisional basis, as permitted by *IFRS 3 - Business Combinations*, insofar as the related valuation processes were still in progress.
These valuations, subject to revision within twelve months of the acquisition date, as permitted by *IFRS 3 - Business Combinations*, have resulted in the restatement of the Consolidated Financial Statements at 31 December 2021.
Details of these amendments are presented in the following restated statement of financial position at 31 December 2021. The finalisation of the purchase price allocation processes for Omnisens S.A. and Eksa Sp.z.o.o. has not resulted in any need to restate the consolidated income statement.

(Euro/million)	31.12.2021 published	Effect of Omnisens S.A. and Eksa Sp.z.o.o price allocation	31.12.2021 restated
Non-current assets			
Property, plant and equipment	2,794		2,794
Goodwill	1,643	(8)	1,635
Other intangible assets	494	11	505
Equity-accounted investments	360		360
Other investments at fair value through other comprehensive income	13		13
Financial assets at amortised cost	3		3
Derivatives	105		105
Deferred tax assets	182		182
Other receivables	34		34
Total non-current assets	**5,628**	**3**	**5,631**
Current assets			
Inventories	2,054		2,054
Trade receivables	1,622		1,622
Other receivables	627		627
Financial assets at fair value through profit or loss	244		244
Derivatives	128		128
Financial assets at fair value through other comprehensive income	11		11
Cash and cash equivalents	1,702		1,702
Total current assets	**6,388**	-	**6,388**
Total assets	**12,016**	**3**	**12,019**
Equity			
Share capital	27		27
Reserves	2,580		2,580
Group share of net profit/(loss)	308		308
Equity attributable to the Group	**2,915**	-	**2,915**
Equity attributable to non-controlling interests	174		174
Total equity	**3,089**	-	**3,089**
Non-current liabilities			
Borrowings from banks and other lenders	2,606		2,606
Employee benefit obligations	446		446
Provisions for risks and charges	46		46
Deferred tax liabilities	188	2	190
Derivatives	26		26
Other payables	6		6
Total non-current liabilities	**3,318**	**2**	**3,320**
Current liabilities			
Borrowings from banks and other lenders	1,123		1,123
Provisions for risks and charges	607	1	608
Derivatives	42		42
Trade payables	2,592		2,592
Other payables	1,191		1,191
Current tax payables	54		54
Total current liabilities	**5,609**	**1**	**5,610**
Total liabilities	**8,927**	**3**	**8,930**
Total equity and liabilities	**12,016**	**3**	**12,019**

D. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various types of risk: market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk.

The Group's risk management strategy focuses on the unpredictability of markets and aims to minimise the potentially negative impact on the Group's results. Certain types of risk are mitigated using derivative instruments.

Monitoring of key financial risks is centrally coordinated by the Group Finance Department, and by the Purchasing Department where price risk is concerned, in close cooperation with the Group's operating companies.

Risk management policies are approved by the Group Finance, Administration and Control Department, which provides written guidelines on managing the above risks and on using (derivative and non-derivative) financial instruments.

The impact on profit and equity presented in the subsequent sensitivity analyses has been determined net of tax, calculated using the Group's weighted average theoretical tax rate.

[a] Exchange rate risk

The Group operates worldwide and is therefore exposed to exchange rate risk caused by changes in the value of trade and financial flows expressed in a currency other than the unit of account of individual Group companies.

The principal exchange rates affecting the Group are:

- Euro/US Dollar: in relation to trade and financial transactions in US dollars by Eurozone companies on the American market and vice versa;
- Euro/British Pound: in relation to trade and financial transactions by Eurozone companies on the British market and vice versa;
- Euro/Canadian Dollar: in relation to trade and financial transactions by Eurozone companies on the Canadian market and vice versa;
- Euro/Hungarian Forint: in relation to trade and financial transactions by Hungarian companies on the Eurozone market and vice versa;
- British Pound/US Dollar: in relation to trade transactions by North American companies on the British market;
- Euro/Australian Dollar: in relation to trade and financial transactions by Eurozone companies on the Australian market and vice versa;
- Euro/Romanian Leu: in relation to trade and financial transactions by Eurozone companies on the Romanian market and vice versa;
- Euro/Swedish Krona: in relation to trade and financial transactions by Eurozone companies on the Swedish market and vice versa;
- Euro/Czech Koruna: in relation to trade and financial transactions by Eurozone companies on the Czech market and vice versa;
- Euro/Norwegian Krone: in relation to trade and financial transactions by Eurozone companies on the Norwegian market and vice versa;
- Euro/Chinese Renminbi (Yuan): in relation to trade and financial transactions by Eurozone companies on the Chinese market and vice versa;
- US Dollar/Chinese Renminbi (Yuan): in relation to trade transactions by companies operating on the Chinese market and vice versa;
- Euro/Mexican Peso: in relation to trade and financial transactions by Eurozone companies on the Mexican market and vice versa.

In 2022, trade and financial flows exposed to the above exchange rates accounted for around 91% of the total exposure to exchange rate risk arising from trade and financial transactions.

The Group is also exposed to exchange risks on other exchange rates. None of these exposures, taken individually, accounted for more than 1% of the overall exposure to transactional exchange rate risk in 2022.

It is the Group's policy to hedge, where possible, exposures in currencies other than the unit of account of its individual companies. In particular, the Group hedges:

- firm cash flows: invoiced trade flows and exposures arising from loans receivable and payable;
- projected cash flows: trade and financial flows arising from firm or highly probable contractual commitments.

Such hedges are arranged using derivative contracts.

The following sensitivity analysis shows the effects on net profit of a 5% and 10% increase/decrease in local currency exchange rates, against the currencies shown below, compared with actual exchange rates at 31 December 2022 and 31 December 2021.

(Euro/million)		2022		2021
	-5%	+5%	-5%	+5%
Euro	(1.01)	0.91	(1.03)	0.93
US Dollar	(1.04)	0.94	(0.87)	0.79
British Pound	(0.02)	0.02	(0.62)	0.56
Other currencies	(0.54)	0.49	(0.61)	0.55
Total	**(2.61)**	**2.36**	**(3.13)**	**2.83**

(Euro/million)		2022		2021
	-10%	+10%	-10%	+10%
Euro	(2.13)	1.75	(2.18)	1.78
US Dollar	(2.19)	1.79	(1.84)	1.51
British Pound	(0.04)	0.03	(1.30)	1.07
Other currencies	(1.14)	0.94	(1.29)	1.05
Total	**(5.50)**	**4.51**	**(6.61)**	**5.41**

When assessing the potential impact of the above, the assets and liabilities of each Group company in currencies other than their unit of account were considered, net of any derivatives hedging the above-stated cash flows.

The following sensitivity analysis shows the post-tax effects on equity reserves of an increase/decrease in the fair value of designated cash flow hedges following a 5% and 10% increase/decrease in local currency exchange rates, against the currencies shown below, compared with actual at 31 December 2022 and 31 December 2021.

(Euro/million)		2022		2021
	-5%	+5%	-5%	+5%
US Dollar	2.02	(2.23)	3.22	(3.56)
Euro	15.23	(16.83)	16.75	(18.51)
British Pound	20.67	(22.85)	3.69	(4.08)
Other currencies	0.75	(1.02)	0.82	(0.89)
Total	**38.67**	**(42.93)**	**24.48**	**(27.04)**

(Euro/million)	2022		2021	
	-10%	+10%	-10%	+10%
US Dollar	7.43	(9.08)	6.15	(7.51)
Euro	32.57	(39.81)	31.97	(39.08)
British Pound	39.53	(48.32)	7.05	(8.62)
Other currencies	2.77	(3.37)	1.54	(1.90)
Total	**82.30**	**(100.58)**	**46.71**	**(57.10)**

The above analysis ignores the effects of translating the equity of Group companies whose functional currency is not the Euro.
Further details can be found in the individual notes to the financial statements.

[b] Interest rate risk

The interest rate risk to which the Group is exposed is mainly on long-term financial liabilities, carrying both fixed and variable rates.
Fixed rate debt exposes the Group to a fair value risk. The Group does not operate any particular hedging policies in relation to the risk arising from such contracts.

Variable rate debt exposes the Group to a rate volatility risk (cash flow risk). In order to hedge this risk, the Group can use derivative contracts that limit the impact of interest rate changes on the income statement.

The Group Finance Department monitors the exposure to interest rate risk and adopts appropriate hedging strategies to keep the exposure within the limits defined by the Group Administration, Finance and Control Department, arranging derivative contracts, if necessary.

The following sensitivity analysis shows the effects on consolidated net profit of a 25 b.p. increase/decrease in interest rates versus the interest rates applying at 31 December 2022 and 31 December 2021, assuming that all other variables remain equal.

The potential effects shown below refer to net liabilities representing the bulk of Group debt at the reporting date, for which the impact of the change in interest rates on net finance costs has been calculated on an annualised basis.

The net liabilities considered for sensitivity analysis include variable rate financial receivables and payables, cash and cash equivalents and derivatives whose value is influenced by rate volatility.

(Euro/million)	2022		2021	
	-0.25%	+0.25%	-0.25%	+0.25%
Euro	(0.49)	0.49	(1.07)	1.07
US Dollar	(0.40)	0.40	(0.50)	0.50
British Pound	(0.08)	0.08	(0.28)	0.28
Other currencies	(0.75)	0.75	(0.77)	0.77
Total	**(1.72)**	**1.72**	**(2.62)**	**2.62**

At 31 December 2022, the Group had interest rate swap agreements in place that transform the variable rate into a fixed one. These agreements have been accounted for as cash flow hedges.

[c] Price risk

The Group is exposed to price risk in relation to purchases and sales of strategic materials, whose purchase price is subject to market volatility. The main raw materials used by the Group in its own production processes consist of strategic metals such as copper, aluminium and lead. The cost of purchasing such strategic materials accounted for approximately 59.8% of the Group's total cost of materials in 2022 (62.8% in 2021), forming part of its overall production costs.

In order to manage the price risk on future trade transactions, the Group negotiates derivative contracts on strategic metals, setting the price of expected future purchases or the value of stocks.

The derivative contracts entered into by the Group are negotiated with leading financial institutions on the basis of strategic metal prices quoted on the London Metal Exchange ("LME"), the New York market ("COMEX") and the Shanghai Futures Exchange ("SFE").

The following sensitivity analysis shows the effect on consolidated equity of a 10% increase/decrease in strategic material prices versus prices at 31 December 2022 and 31 December 2021, assuming that all other variables remain equal.

(Euro/million)	2022		2021	
	-10%	+10%	-10%	+10%
LME	(69.43)	69.43	(48.69)	48.69
COMEX	(4.65)	4.65	(1.95)	1.95
SME	(3.16)	3.16	(2.13)	2.13
Total	**(77.24)**	**77.24**	**(52.77)**	**52.77**

The potential impact shown above is solely attributable to increases and decreases in the fair value of derivatives on strategic material prices which are directly attributable to changes in the prices themselves. It does not refer to the impact on the income statement of the purchase cost of strategic materials.

[d] Credit risk

Credit risk is connected with trade receivables, cash and cash equivalents, financial instruments, and deposits with banks and other financial institutions.

Customer-related credit risk is managed by the individual subsidiaries and monitored centrally by the Group Finance Department. The Group does not have excessive concentrations of credit risk. It nonetheless has procedures aimed at ensuring that sales of goods and services are made to reliable customers, taking account of their financial situation, track record and other factors. Credit limits for major customers are based on internal and external assessments within ceilings approved by local country management. The utilisation of credit limits is periodically monitored at local level.

During 2022 the Group had a global insurance policy in place to provide coverage for part of its trade receivables against any credit losses, net of the deductible.

As for credit risk relating to the management of financial and cash resources, this risk is monitored by the Group Finance Department, which implements procedures intended to ensure that Group companies deal with independent, highly rated, reliable counterparties. In fact, at 31 December 2022 (like at 31 December 2021) the vast majority of the Group's financial and cash resources were held with investment grade counterparties. Credit limits relating to the principal financial counterparties are based on internal and external assessments, within ceilings set by the Group Finance Department.

An increase/decrease in the Group's credit rating at 31 December 2022 would not have had significant effects on net profit at that date.

[e] Liquidity risk

Prudent management of the liquidity risk arising from the Group's normal operations implies maintaining an adequate level of cash and short-term deposits, as well as ensuring the availability of funds by having an adequate amount of committed credit lines.
The Group Finance Department uses cash flow forecasts to monitor the projected level of the Group's liquidity reserves.

The amount of liquidity reserves at the reporting date is as follows:

(Euro/million)	31.12.2022	31.12.2021
Cash and cash equivalents	1,285	1,702
Financial assets at fair value through profit or loss	270	244
Financial assets at fair value through other comprehensive income	11	11
Undrawn committed lines of credit	1,000	1,000
Total	**2,566**	**2,957**

Undrawn committed lines of credit at 31 December 2022 refer to the Revolving Credit Facility 2019 (Euro 1,000 million).

The following table presents a due date analysis of payables, at their repayment value, other liabilities, and derivatives settled on a net basis; the various due date categories refer to the period between the reporting date and the contractual maturity of the obligations.

(Euro/million)				31.12.2022
	Due within 1 year	Due between 1 - 2 years	Due between 2 - 5 years	Due after 5 years
Borrowings from banks and other lenders	346	550	2,077	188
Derivatives	72	30	20	11
Trade and other payables	4,412	28	-	-
Total	**4,830**	**608**	**2,097**	**199**

(Euro/million)				31.12.2021
	Due within 1 year	Due between 1 - 2 years	Due between 2 - 5 years	Due after 5 years
Borrowings from banks and other lenders	1,169	1,279	1,325	62
Derivatives	42	15	8	3
Trade and other payables	3,783	6	-	-
Total	**4,994**	**1,300**	**1,333**	**65**

In completion of the disclosures about financial risks, the following is a reconciliation between the classes of financial assets and liabilities reported in the Group's consolidated statement of financial position and the categories used by IFRS 7 to identify financial assets and liabilities:

(Euro/million)	Financial assets at FVPL	Receivables and other assets at amortised cost	Financial assets at FVOCI	Financial liabilities at FVPL	Financial liabilities at amortised cost	Cash flow hedging derivatives
						31.12.2022
Other investments at FVOCI	-	-	12	-	-	-
Financial assets at FVOCI	-	-	11	-	-	-
Financial assets at amortised cost	-	3	-			
Trade receivables	-	1,942	-	-	-	-
Other receivables	-	1,012	-	-	-	-
Financial assets at FVPL	270	-	-	-	-	-
Derivatives (assets)	10	-	-	-	-	196
Cash and cash equivalents	-	1,285	-	-	-	-
Borrowings from banks and other lenders	-	-	-	-	3,067	-
Trade payables	-	-	-	-	2,718	-
Other payables	-	-	-	-	1,722	-
Derivatives (liabilities)	-	-	-	20	-	113

(Euro/million)	Financial assets at FVPL	Receivables and other assets at amortised cost	Financial assets at FVOCI	Financial liabilities at FVPL	Financial liabilities at amortised cost	Cash flow hedging derivatives
						31.12.2021
Other investments at FVOCI	-	-	13	-	-	-
Financial assets at FVOCI	-	-	11	-	-	-
Financial assets at amortised cost	-	3	-			
Trade receivables	-	1,622	-	-	-	-
Other receivables	-	661	-	-	-	-
Financial assets at FVPL	244	-	-	-	-	-
Derivatives (assets)	57	-	-	-	-	176
Cash and cash equivalents	-	1,702	-	-	-	-
Borrowings from banks and other lenders	-	-	-	-	3,729	-
Trade payables	-	-	-	-	2,592	-
Other payables	-	-	-	-	1,197	-
Derivatives (liabilities)	-	-	-	23	-	45

D.1 CAPITAL RISK MANAGEMENT

The Group's objective in capital risk management is mainly to safeguard business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure in order to reduce the cost of debt and to comply with a series of covenants required by the various Credit Agreements (Note 31. Financial covenants).

The Group also monitors capital using a gearing ratio (i.e. the ratio between net financial debt and capital). Details of how net financial debt is determined can be found in Note 11. Borrowings from banks and other lenders. Capital is equal to the sum of equity, as reported in the Group consolidated financial statements, and net financial debt.

The gearing ratios at 31 December 2022 and 31 December 2021 are shown below:

(Euro/million)	2022	2021
Net financial debt	1,417	1,760
Equity	3,771	3,089
Total capital	**5,188**	**4,849**
Gearing ratio	**27.31%**	**36.30%**

D.2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

IFRS 13 requires assets and liabilities recognised in the statement of financial position at fair value to be classified according to a hierarchy that reflects the significance of the inputs used in measuring fair value.
Financial instruments are classified according to the following fair value measurement hierarchy:

Level 1: Fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments. Therefore, the emphasis within Level 1 is on determining both of the following:

a. the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
b. whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

Level 2: Fair value is determined using valuation techniques where the input is based on observable market data. The inputs for this level include:

a. quoted prices for similar assets or liabilities in active markets;
b. quoted prices for identical or similar assets or liabilities in markets that are not active;
c. inputs other than quoted prices that are observable for the asset or liability, for example:
   I. interest rate and yield curves observable at commonly quoted intervals;
   II. implied volatilities;
   III. credit spreads;
d. market-corroborated inputs.

Level 3: Fair value is determined using valuation techniques where the input is not based on observable market data.

The following tables present the assets and liabilities that are recurrently measured at fair value:

(Euro/million)				31.12.2022
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Derivatives at FVPL	-	10	-	10
Cash flow hedging derivatives	-	196	-	196
Financial assets at FVPL	270		-	270
Other investments at FVOCI	-	-	12	12
Financial assets at FVOCI	11	-	-	11
Total assets	**281**	**206**	**12**	**499**
Liabilities				
Financial liabilities at fair value:				
Derivatives at FVPL	-	20	-	20
Cash flow hedging derivatives	-	113	-	113
Total liabilities	**-**	**133**	**-**	**133**

(Euro/million)				31.12.2021
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Derivatives at FVPL	-	57	-	57
Cash flow hedging derivatives	-	176	-	176
Financial assets at FVPL	240	4	-	244
Other investments at FVOCI	-	-	13	13
Financial assets at FVOCI	11	-	-	11
Total assets	**251**	**237**	**13**	**501**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	23	-	23
Cash flow hedging derivatives	-	45	-	45
Total liabilities	**-**	**68**	**-**	**68**

Financial assets classified in fair value Level 3 have reported no significant movements in either 2022 or 2021.

Given the short-term nature of trade receivables and trade payables, their carrying amounts, net of any allowance for doubtful accounts, are treated as a good approximation of fair value.
During 2022 there were no transfers of financial assets and liabilities between the different levels of the fair value hierarchy.

VALUATION TECHNIQUES

Level 1: The fair value of financial instruments quoted in an active market is based on market price at the reporting date. The market price used for derivatives is the bid price, while for financial liabilities the ask price is used.

Level 2: Derivatives classified in this category include interest rate swaps, currency forwards and derivative contracts on metals and other commodities that are not quoted in active markets. Fair value is determined as follows:

- for interest rate swaps, it is calculated on the basis of the present value of forecast future cash flows;
- for currency forwards, it is determined using the forward exchange rate at the reporting date, appropriately discounted;
- for metal derivatives, it is determined using the prices of such metals at the reporting date, appropriately discounted.

Level 3: The fair value of instruments not quoted in an active market is primarily determined using valuation techniques based on estimated discounted cash flows.

D.3 RISKS RELATED TO CLIMATE CHANGE

As explained in more detail in the "Climate Change & Social Ambition" section of the Directors' Report, the Group has a "Net Zero" strategy. In order to implement this decarbonisation strategy, Prysmian Group continued in 2022 with its Euro 100 million 10-year Sustainability-related investment program; the goal is to reduce overall CO2 equivalent emissions by 46% by 2030 (from 2019 levels) and achieve "Net Zero Emissions" (for Scope 1 and 2 greenhouse gases, i.e. direct and indirect emissions generated by the organisation) by 2035. These investments, totalling Euro 12 million in 2022, involve several strands, including the installation of photovoltaic systems in some of the Group's plants, various measures to reduce energy consumption, and a multi-year plan to reduce the use of SF6 gas. The replacement programs of certain assets, aimed at the realization of the "Net Zero" strategy, involve the review of their useful lives with a consequent acceleration of their amortization process.
At the same time, the Group analyses and assesses climate change-related risks and opportunities and has also set targets to reduce Scope 3 emissions (generated by the value chain) to zero by 2050.
The consequences in terms of investments, costs and other impacts on cash flows are considered when preparing the accounting estimates. The impairment tests carried out for the purposes of these financial statements have taken into account the impacts on investment flows, as far as they can be currently estimated, without any significant effects on the test results. In addition, challenges associated with climate change commitments have been considered, and the Group has not identified any additional issues that may have a material impact on the impairment tests. More details about the impact of climate change on impairment testing can be found in Note 2. "Goodwill and other intangible assets".
It is also possible that in the future the carrying amount of assets or liabilities recognised in the Group's financial statements may be subject to different impacts as the strategy of managing climate change evolves. These aspects are nonetheless currently unforeseeable but monitored more and more frequently and coordinated among the various company departments.
Other climate change-related impacts are reported in Note 1. Property, plant and equipment as regards investments and in Note 11. Borrowings from banks and other lenders and in Note 31. Financial covenants as regards sustainability-linked loans and covenants.

D.4 RISKS RELATED TO IMPACT OF RUSSIAN-UKRAINIAN CONFLICT

With reference to the direct economic and financial consequences of the ongoing conflict between Russia and Ukraine on the Group's assets and liabilities, it should be noted that the Group has no operations in Ukraine, while it operates on the Russian market through its subsidiary, which is active almost exclusively at a local level and whose net invested capital and revenue account for 0.3% and around 0.5% of the Group's respective totals.
The Group's exposure is therefore limited. The Group is keeping developments in the conflict under constant monitor in order to identify any changes in the geopolitical context that might require it to revise its existing business strategies and/or to adopt actions to safeguard its competitive position, investments, business performance and resources. The possible impacts of the conflict considered when preparing this Consolidated Financial Report mainly relate to the recoverability of receivables and investments.

In addition, the assessments regarding the possible presence of indicators of impairment have also taken into account the indirect consequences of the conflict on market interest rates and the cost of raw materials and energy. Although not significantly exposed in the regions affected by the conflict, in view of the possible negative impact that the conflict itself could have on the results of operations, the Group therefore felt it advisable to perform a specific impairment test on the Energy North Europe CGU (in which the Russian subsidiary is included), which revealed no impairment loss and confirmed significant headroom, which would be entirely eliminated with WACC at a theoretical 25.0%, significantly higher than WACC used for the test.

E. BUSINESS COMBINATIONS

Omnisens S.A.

Prysmian Group acquired control of Omnisens S.A. on 11 November 2021. For accounting purposes, the acquisition date was backdated to 1 November 2021.
The total consideration for the acquisition was Euro 18 million.

In 2022, in compliance with IFRS 3, given the acquisition has been completed since twelve months, the fair value of the assets, liabilities and contingent liabilities has been finalised. The restatement of comparative figures can be found in the paragraph "C. RESTATEMENT OF COMPARATIVE FIGURES".
The excess of the purchase consideration over the fair value of net assets acquired has been recognised as goodwill, quantified as Euro 8 million. Such goodwill is primarily justified by the future earnings expected from integrating the company into Prysmian Group, including the benefits of run-rate synergies.

Details of the net assets acquired and goodwill are as follows:

(Euro/million)	Euro
Purchase price	18
Total cost of acquisition (A)	**18**
Fair value of net assets acquired (B)	10
Goodwill (A-B)	**8**

(Euro/million)	Euro
Intangible assets	11
Deferred tax liabilities	(2)
Inventories	2
Trade and other receivables	5
Trade and other payables	(6)
Borrowings from banks and other lenders	(1)
Cash and cash equivalents	1
Net assets acquired (B)	**10**

Prysmian Poland sp.zo.o (formerly Eksa Sp.z.o.o.)

On 31 December 2021 Prysmian Group completed the acquisition of Eksa Sp.z.o.o., 30% of whose capital it already owned.
The total consideration for the acquisition was Euro 7 million.

In 2022, in compliance with IFRS 3, given the acquisition has been completed since twelve months, the fair value of the assets, liabilities and contingent liabilities has been finalised.
The restatement of comparative figures can be found in the paragraph "C. RESTATEMENT OF COMPARATIVE FIGURES".
The excess of the purchase consideration over the fair value of net assets acquired has been recognised as goodwill, quantified as Euro 1 million.

Details of the net assets acquired and goodwill are as follows:

(Euro/million)	Euro
Total cost of acquisition (A)	7
Assets already held (B)	3
Fair value of net assets acquired (C)	9
Goodwill/(Badwill) (A+B-C)	**1**

(Euro/million)	Euro
Property, plant and equipment	1
Trade and other receivables	7
Borrowings from banks and other lenders	(1)
Cash and cash equivalents	3
Provisions for risks and charges	(1)
Net assets acquired (C)	**9**

F. SEGMENT INFORMATION

The Group's operating segments are:

- *Energy*, whose smallest identifiable CGUs are Regions/Countries depending on the specific organisation;
- *Projects,* whose smallest identifiable CGUs are the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties businesses;
- *Telecom*, whose smallest CGU is the operating segment itself.

Segment information is structured in the same way as the report periodically prepared for the purpose of reviewing business performance. This report presents operating performance by macro type of business (Energy, Projects and Telecom) and the results of operating segments primarily on the basis of Adjusted EBITDA, defined as earnings (loss) for the period before non-recurring items, the fair value change in metal price derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income, and taxes. This report also provides information about the statement of financial position for the Group as a whole but not by operating segment.

In order to provide users of the financial statements with clearer information, certain financial information is also reported for the sales channels and business areas included within the individual operating segments:

a. Projects operating segment: this encompasses underground and submarine high-voltage power cables, submarine telecommunication cables, and offshore specialty cables, as better described in the "Group Organisation" section of the Directors' Report. This segment is key for energy transition processes, since, as a solution provider, it offers its customers a whole range of solutions for the implementation of renewable energy production and distribution projects.

b. Energy operating segment: this encompasses the Energy & Infrastructure and Industrial & Network Components businesses, as better explained in the "Group Organisation" section of the Directors' Report. The Energy segment provides products and services that respond to needs arising from trends towards both electrification and growth in renewables.

c. Telecom operating segment: this encompasses the manufacture and development of a wide range of cable systems and connectivity products used in telecommunication networks. This segment consists of the following businesses: Fibre Optics, MMS Multimedia Specials and Telecom Solutions, as better described in the "Group Organisation" section of the Directors' Report. This segment provides products and services to support cloudification and data booming megatrends.

All Corporate fixed costs are allocated to the Projects, Energy and Telecom operating segments. Revenues and costs are allocated to each operating segment by identifying all revenues and costs directly attributable to that segment and by allocating indirectly related costs.

Group operating activities are organised and managed separately according to the nature of the products and services provided: each segment offers different products and services to different markets. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold. All transfer prices are set using the same conditions applied to other transactions between Group companies and are generally determined by applying a mark-up on production costs.

Assets and liabilities by operating segment are not included in the data reviewed by management and so, as permitted by IFRS 8, this information is not presented in the current report.

F.1 OPERATING SEGMENTS

The following tables present information by operating segment.

							2022
(Euro/million)	Projects	Energy				Telecom	Group total
		E&I	Industrial & NWC	Other	Total Energy		
Sales[(1)]	2,161	8,196	3,442	395	12,033	1,873	16,067
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**243**	**731**	**251**	**(14)**	**968**	**231**	**1,442**
% of sales	11.2%	8.9%	7.3%		8.0%	12.3%	9.0%
Adjusted EBITDA (A)	**243**	**736**	**252**	**(14)**	**974**	**271**	**1,488**
% of sales	11.2%	9.0%	7.3%		8.1%	14.5%	9.3%
Adjustments	(41)	(39)	(13)	-	(52)	(8)	(101)
EBITDA (B)	**202**	**697**	**239**	**(14)**	**922**	**263**	**1,387**
% of sales	9.3%	8.5%	6.9%		7.7%	14.0%	8.6%
Amortisation and depreciation (C)	(86)	(133)	(66)	(4)	(203)	(80)	(369)
Adjusted operating income (A+C)	**157**	**603**	**186**	**(18)**	**771**	**191**	**1,119**
% of sales	7.3%	7.4%	5.4%		6.4%	10.2%	7.0%
Fair value change in metal derivatives (D)							(31)
Fair value stock options (E)							(104)
Asset (impairment) and impairment reversal (F)							(34)
Operating income (B+C+D+E+F)							**849**
% of sales							5.3%
Finance income							1,006
Finance costs							(1,116)
Taxes							(230)
Net profit/(loss)							**509**
% of sales							3.2%
Attributable to:							
Owners of the parent							504
Non-controlling interests							5

(1) Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.

(Euro/million)	Projects	Energy				Telecom	Corporate	2021 Group total
		E&I	Industrial & NWC	Other	Total Energy			
Sales[1]	1,594	6,361	2,838	358	9,557	1,585	-	12,736
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**210**	**353**	**195**	**(6)**	**542**	**206**	-	**958**
% of sales	13.2%	5.5%	6.9%		5.7%	13.0%		7.5%
Adjusted EBITDA (A)	**210**	**356**	**196**	**(6)**	**546**	**220**	-	**976**
% of sales	13.2%	5.6%	6.9%		5.7%	13.9%		7.7%
Adjustments	(8)	(29)	(15)	(2)	(46)	9	(4)	(49)
EBITDA (B)	**202**	**327**	**181**	**(8)**	**500**	**229**	**(4)**	**927**
% of sales	12.7%	5.2%	6.4%		5.2%	14.4%		7.3%
Amortisation and depreciation (C)	(69)	(123)	(57)	(4)	(184)	(76)	-	(329)
Adjusted operating income (A+C)	**141**	**233**	**139**	**(10)**	**362**	**144**	-	**647**
% of sales	8.8%	3.7%	4.9%		3.8%	9.1%		5.1%
Fair value change in metal derivatives (D)								13
Fair value stock options (E)								(33)
Asset (impairment) and impairment reversal (F)								(6)
Operating income (B+C+D+E+F)								**572**
% of sales								4.5%
Finance income								689
Finance costs								(785)
Taxes								(166)
Net profit/(loss)								**310**
% of sales								2.4%
Attributable to:								
Owners of the parent								308
Non-controlling interests								2

(1) Sales of the operating segments and business areas are reported net of intercompany transactions and net of transactions between operating segments, consistent with the presentation adopted in the regularly reviewed reports.

F.2 GEOGRAPHICAL AREAS

The following table presents sales of goods and services by geographical area. Sales of goods and services are analysed geographically on the basis of the location of the registered office of the company that issues the invoices, regardless of the geographic destination of the products sold.

(Euro/million)	2022	2021
Sales	**16,067**	**12,736**
EMEA*	**8,097**	**6,633**
(of which Italy)	*1,585*	*1,225*
North America	**5,394**	**3,902**
Latin America	**1,361**	**1,104**
Asia Pacific	**1,215**	**1,097**

* EMEA: Europe, Middle East and Africa.

1. PROPERTY, PLANT AND EQUIPMENT

Details of this line item and related movements are as follows:

(Euro/million)	Land	Buildings	Plant and machinery	Equipment	Other	Assets under construction and advances	Total
Balance at 31 December 2021	**287**	**796**	**1,243**	**61**	**130**	**277**	**2,794**
Movements in 2022:							
- Investments	10	11	32	4	16	356	429
- Disposals	(1)	-	-	-	-	-	(1)
- Depreciation	-	(63)	(159)	(18)	(51)	-	(291)
- Impairment	-	(1)	(12)	-	-	(21)	(34)
- Currency translation differences	1	15	27	1	1	2	47
- Increases for leases (IFRS 16)	-	34	5	3	16	-	58
- Monetary revaluation for hyperinflation	3	7	7	1	1	2	21
- Other	4	16	60	4	14	(101)	(3)
Balance at 31 December 2022	**304**	**815**	**1,203**	**56**	**127**	**515**	**3,020**
Of which:							
- Historical cost	322	1,358	2,746	214	372	538	5,550
- Accumulated depreciation and impairment	(18)	(543)	(1,543)	(158)	(245)	(23)	(2,530)
Net book value	**304**	**815**	**1,203**	**56**	**127**	**515**	**3,020**

(Euro/million)	Land	Buildings	Plant and machinery	Equipment	Other	Assets under construction and advances	Total
Balance at 31 December 2020	**283**	**786**	**1,029**	**53**	**119**	**378**	**2,648**
Movements in 2021:							
- Business combinations	1	2	6	-	1	-	10
- Investments	2	3	91	3	5	154	258
- Disposals	(3)	(3)	-	-	-	-	(6)
- Depreciation	-	(51)	(142)	(19)	(49)	-	(261)
- Impairment	(3)	(1)	(2)	-	-	-	(6)
- Currency translation differences	6	21	47	2	3	6	85
- Increases for leases (IFRS 16)	-	19	1	7	36	-	63
- Monetary revaluation for hyperinflation	1	1	2	-	-	1	5
- Other	-	19	211	15	15	(262)	(2)
Balance at 31 December 2021	**287**	**796**	**1,243**	**61**	**130**	**277**	**2,794**
Of which:							
- Historical cost	304	1,278	2,624	203	350	280	5,039
- Accumulated depreciation and impairment	(17)	(482)	(1,381)	(142)	(220)	(3)	(2,245)
Net book value	**287**	**796**	**1,243**	**61**	**130**	**277**	**2,794**

In 2022, gross capital expenditure, including that on intangible assets (see next note), amounted to Euro 454 million (of which Euro 429 million related to tangible assets and Euro 25 million related to intangible assets as better described below) up from the previous year (Euro 283 million), as a result of increased investments in production and installation capacity, which are essential to keep up with accelerating demand for digitalisation and electrification solutions constituting some of the most important requirements of the so-called energy transition. Details of this expenditure during the course of 2022 are provided below:

- Projects to increase and technologically upgrade production capacity and develop new products/markets: Euro 305 million (67% of the total).
  - Within the Projects segment, the largest investment was in commissioning a new cable-laying vessel, for a planned total outlay of about Euro 200 million, plus an extra Euro 40 million for cable-installation equipment. The project replicates that of the Leonardo da Vinci, which was recently completed and has been operational since 2021. In order to support the growth in volumes required by the Projects segment, linked to the increasing number of electrification projects prompted by the energy transition, an investment was approved in 2022 for the construction of a new submarine cable manufacturing plant at Brayton Point (Massachusetts - USA). The project envisages converting the area, previously occupied by a coal-fired thermal power plant, into a new state-of-the-art inter-array and export submarine cable manufacturing complex, which will provide a significant competitive advantage in a market, like the US one, which is pursuing major electrification goals in the coming years, particularly in the offshore wind sector. Important investments were also made in increasing production capacity for HVDC submarine and underground cables at the Pikkala, Gron, and Arco Felice plants. In the case of Pikkala, the investment, of more than Euro 100 million, entails enlarging the plant and building a 185m-high tower that will house a new vertical extrusion line. In addition, investments continued in relation to the three German Corridors (SuedOst Link, A-Nord, Sud Link).

  - In the Energy segment, it was decided to invest in certain specific sectors in order to support growing market demands. The investment projects include the expansion of production capacity for low-voltage aluminium cables for both the industrial and residential construction markets and for photovoltaic systems. Other investments have been geared towards increasing production capacity for overhead distribution high-voltage cables. All these investments provide an adequate response to the trend in electrification and the progressive energy transition towards renewable sources.
  - In the Telecom segment, investments have continued to boost optical cable production capacity. Investments in the Telecom segment have been aimed at seizing the opportunities provided by cloudification and data booming.

- Multiple projects to improve industrial efficiency and rationalise production capacity: Euro 45 million (10% of the total).
  - The Group has continued to invest in cost optimisation throughout the Telecom segment's production chain. Specifically, in 2022, investments continued in 2022 in upgrading machinery with the best production technologies currently available within the Group. As for the Energy business, in North America investments were completed at Sedalia, in the state of Missouri, to optimise the cost of manufacturing aluminium cables for special applications.
    In 2022, Prysmian Group continued with its Euro 100 million 10-year investment program in Sustainability; the goal is to reduce overall CO2 equivalent emissions by 46% by 2030 (on 2019 levels) and achieve the Zero Emissions target (Scope 1 and 2) by 2035. These investments, totalling Euro 12 million in 2022, involve several strands, including the installation of photovoltaic systems in some of the Group's plants, various measures to reduce energy consumption, and a multi-year plan to reduce the use of SF6 gas.

- Structural work: Euro 79 million (17% of the total).
  - An important part of this expenditure was related to the continued modernisation of production sites. Another significant part of the base-load investment was related to the overall plan to improve road safety within the plants.

More details about investments can be found in "Group Investments for a Sustainable Future" within the Consolidated Non-Financial Statement forming part of the Directors' Report.

At 31 December 2022, the value of machinery pledged as collateral against long-term loans was approximately Euro 1 million.

During the reporting period just ended, Prysmian Group reviewed whether there was any evidence that its CGUs might be impaired, but did not identify any (not even related to climate change), except for that represented by the Russian-Ukrainian conflict, discussed below.
In addition, other assets belonging to larger CGUs, for which no explicit indicators of impairment were identified, were written down for impairment due to specific market conditions. This led to the recognition in 2022 of Euro 34 million in impairment losses, mainly attributable to the impairment of certain assets at Battipaglia site (Italy), and certain assets at the Jackson (USA) site as a result of the redevelopment project there.

Impacts of the Russian-Ukrainian conflict

The direct economic and financial consequences of the ongoing conflict between Russia and Ukraine on the Group's assets and liabilities are discussed in the Risk section of these explanatory notes.

2. GOODWILL AND OTHER INTANGIBLE ASSETS

Details of these line items and related movements are as follows:

(Euro/million)	Patents	Concessions, licences, trademarks and similar rights	Goodwill	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2021(*)	**5**	**80**	**1,635**	**72**	**327**	**21**	**2,140**
Movements in 2022:							
- Investments	-	1	-	9	-	15	25
- Amortisation	(1)	(14)	-	(20)	(43)	-	(78)
- Currency translation differences	1	2	56	-	17	-	76
- Other	-	3	-	15	-	(17)	1
Balance at 31 December 2022	**5**	**72**	**1,691**	**76**	**301**	**19**	**2,164**
Of which:							
- Historical cost	65	202	1,711	209	657	40	2,884
- Accumulated amortisation and impairment	(60)	(130)	(20)	(133)	(356)	(21)	(720)
Net book value	**5**	**72**	**1,691**	**76**	**301**	**19**	**2,164**

(Euro/million)	Patents	Concessions, licences, trademarks and similar rights	Goodwill	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2020	**2**	**83**	**1,508**	**67**	**320**	**17**	**1,997**
Movements in 2021:							
- Business combinations	4	4	49	-	23	-	80
- Investments	-	-	-	7	-	18	25
- Amortisation	(1)	(12)	-	(16)	(39)	-	(68)
- Currency translation differences	(1)	5	78	1	22	(1)	104
- Other	1	-	-	13	1	(13)	2
Balance at 31 December 2021(*)	**5**	**80**	**1,635**	**72**	**327**	**21**	**2,140**
Of which:							
- Historical cost	64	196	1,655	185	640	42	2,782
- Accumulated amortisation and impairment	(59)	(116)	(20)	(113)	(313)	(21)	(642)
Net book value	**5**	**80**	**1,635**	**72**	**327**	**21**	**2,140**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in Section C. Restatement of comparative figures.

In 2022, gross capital expenditure on intangible assets came to Euro 25 million. In 2022, as part of Prysmian Group's integration strategy, the Group ERP system (SAP 1C) was implemented in Poland, Peru and Canada, bringing to 83 the total number of plants managed using the unique SAP 1C platform, present in over 30 countries. In the Operations area, the Corporate MES (FastTrack) implementation projects were successfully completed in Pikkala (Finland) and

Slatina Energy (Romania) during the second quarter of 2022; new projects at the plants in Vilanova Energy (Spain) and Livorno (Italy) entered the analysis stage during the fourth quarter, with systems rollout scheduled for the second quarter of 2023.

Investments continued and increased in the Customer Centricity program, with the introduction of a new B2B portal as part of the Group's strategy to strengthen its eServices.
Lastly, in the area of Digital Innovation, several initiatives were promoted and pursued during the year in order to increase plant digitalisation and harness the benefits of digitalisation from different viewpoints (from security to increased production capacity).

Goodwill

At 31 December 2022, Prysmian Group reported Euro 1,691 million in Goodwill (Euro 1,635 million at 31 December 2021), with the increase on the previous year due to currency translation differences.

Goodwill impairment test

As reported in Note 39 (b) Estimates and assumptions, the Group's activities are organised in three operating segments: Projects, Energy and Telecom. The Projects segment consists of the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties CGUs; the Energy segment consists of a number of CGUs corresponding to the Regions or Countries in keeping with the organisation structure; lastly, the Telecom segment consists of a single CGU that coincides with the operating segment itself. Goodwill, acquired on the occasion of business combinations, has been allocated to groups of CGUs, corresponding to the operating segments, which are expected to benefit from the synergies of such combinations and which represent the lowest level at which Management monitors business performance.
Goodwill has therefore been allocated to each of the operating segments: Projects, Energy and Telecom:

(Euro/million)	31.12.2021(*)	Currency translation differences	31.12.2022
Energy goodwill	1,103	43	1,146
Projects goodwill	238	6	244
Telecom goodwill	294	7	301
Total goodwill	**1,635**	**56**	**1,691**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in Section C. Restatement of comparative figures.

The cash flows for all CGUs were determined as follows:

a) post-tax cash flow for 2023 was taken from the Group's 2023 budget, approved by the Board of Directors on 9 February 2023;
b) cash flow forecasts were extended to the subsequent periods 2024-2025 on the basis of growth projections consistent with expected worldwide growth rates for the Energy and Telecom segments, while, given the specific nature of the Projects segment based on the acquisition and development of projects, cash flow forecasts for Projects were extended to the periods 2024-2027 on the basis of specific management calculations. Risks and opportunities related to sustainability issues were implicitly considered in the cash flow forecasts. In the Projects segment, for example, the specific calculation of flows over a five-year period was intended to consider the opportunities arising from electrification and energy transition to renewable sources. In the case of the Energy segment, the 2023 budget already reflected impacts from electrification and energy transition, just as flows in the Telecom segment reflected impacts from cloudification and data booming.
c) terminal value was calculated using a 2% perpetual growth rate, consistent with expected long-term world growth forecasts;
d) investments related to sustainability issues were considered in the impairment tests. In fact, the Group is committed to its Euro 100 million 10-year Sustainability investment programme in order to achieve the goal of a 46% reduction in overall CO2 equivalent emissions by 2030 (compared to 2019 levels) and reach the Zero Emissions target (Scope 1 and 2) by 2035.

The rate used to discount cash flows was determined on the basis of market information about the cost of money and asset-specific risks (Weighted Average Cost of Capital, WACC). Although the rates used to discount flows were higher in 2022 than in 2021, the test showed that the recoverable value of the individual segments was higher than their net invested capital (including the portion of goodwill allocated). In particular, recoverable amount is higher than carrying amount for the Projects operating segment (234%), Energy operating segment (78%) and Telecom operating segment (84%).
A WACC of 9.8% was used for the Projects segment. For recoverable amount to be equal to carrying amount, a theoretical WACC of 18.9% would have to be used. A WACC of 9.4% was used for the Energy segment. For recoverable amount to be equal to carrying amount, a theoretical WACC of 14.8% would have to be used. A WACC of 7.7% was used for the Telecom segment. For recoverable amount to be equal to carrying amount, a theoretical WACC of 12.2% would have to be used.
For recoverable amount to be equal to carrying amount, the growth rate in terminal value for all segments would have to be negative.

3. EQUITY-ACCOUNTED INVESTMENTS

This balance, amounting to Euro 387 million, has increased by Euro 27 million since 31 December 2021, when it amounted to Euro 360 million, reflecting the effects shown in the following table:

(Euro/million)	31.12.2022
	Investments in associates
Opening balance	**360**
Movements:	
- Currency translation differences	(8)
- Share of net profit/(loss)	47
- Dividends	(10)
- Other movements	(2)
Closing balance	**387**

(Euro/million)	31.12.2021
	Investments in associates
Opening balance	**312**
Movements:	
- Currency translation differences	32
- Share of net profit/(loss)	27
- Dividends	(8)
- Other movements	(3)
Closing balance	**360**

Details of investments in equity-accounted companies are as follows:

(Euro/million)	31.12.2022	31.12.2021
Yangtze Optical Fibre and Cable Joint Stock Limited Company	335	311
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd.	27	27
Kabeltrommel Gmbh & Co.K.G.	6	6
Elkat Ltd.	11	7
Rodco Ltd.	-	2
Power Cables Malaysia Sdn Bhd	8	7
Total equity-accounted investments	**387**	**360**

The value of investments includes Euro 47 million for the share of net profit (loss) of equity-accounted companies.

Investments in associates

Information about the nature of the main investments in associates:

Company name	Registered office	% owned
Yangtze Optical Fibre and Cable Joint Stock Limited Company	China	23.73%
Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	China	42.80%
Kabeltrommel GmbH & Co.K.G.	Germany	44.93%
Power Cables Malaysia Sdn Bhd	Malaysia	40.00%
Elkat Ltd.	Russia	40.00%

Yangtze Optical Fibre and Cable Joint Stock Limited Company is a Chinese company formed in 1988 whose main shareholders are: China Huaxin Post and Telecommunication Economy Development Center, Wuhan Yangtze Communications Industry Group Company Ltd. and Prysmian Group. The company is one of the industry's most important manufacturers of optical fibre and cables. Its products and solutions are sold in more than 50 countries, including the United States, Japan, the Middle East and Africa.

The company was listed on the Main Board of the Hong Kong Stock Exchange in December 2014 and in July 2018 was also listed on the Shanghai Stock Exchange.

At 31 December 2022, the fair value of the investment in Yangtze Optical Fibre and Cable Joint Stock Limited Company was Euro 301 million (based on the price quoted on the Hong Kong market), while book value was Euro 335 million, thus higher than fair value, identified by the aforementioned market price.

However, taking into account specific analyses, this should not be treated as a lasting situation, also in view of the fact that, up until November 2022, the market value of the investment was higher than book value and also in view of the fact that fluctuations in the YoFC share price in the early part of 2023 caused market value to approximate book value. This situation will continue to be monitored over the coming months.

Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd, formed in 2002 and based in Shanghai (China), is an associate company, 25% of whose share capital is held by Prysmian Group and 75% by Yangtze Optical Fibre and Cable Joint Stock Limited Company. The company specialises in the manufacture and sale of optical fibre and cables, offering a wide range of optical fibre cables and accessories, services and FTTx solutions.

Kabeltrommel GmbH & Co. K.G. is a German company that heads a consortium for the production, procurement, management and sale of disposable and reusable cable carrying devices (drums). The services offered by the company include both the sale of cable drums, and the complete management of logistical services such as drum shipping, handling and subsequent collection. The company operates primarily in the German market.

Power Cables Malaysia Sdn Bhd, a company based in Malaysia, manufactures and sells power cables and conductors, with its prime specialism high voltage products.

Elkat Ltd. is based in Russia and manufactures and sells copper conductors; it is the only company certified by the LME to test copper cathodes for the local market.

The following table reports key financial figures for the principal investments in associates (n.a. if figures are not yet available):

(Euro/million)	Kabeltrommel Gmbh & Co.K.G.	Yangtze Optical Fibre and Cable Joint Stock Limited Company(*)	Elkat Ltd.	Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	Power Cables Malaysia Sdn Bhd
	31.12.2022	30.09.2022	31.12.2022	31.12.2022	31.12.2022
Non-current assets	n.a	1,729	n.a	10	9
Current assets	n.a	2,320	n.a	82	34
Total assets	n.a	4,049	n.a	92	43
Equity	n.a	2,049	n.a	46	17
Non-current liabilities	n.a	781	n.a	4	2
Current liabilities	n.a	1,219	n.a	42	24
Total equity and liabilities	n.a	4,049	n.a	92	43
	2022	2022	2022	2022	2022
Sales of goods and services	n.a	1,459	n.a	88	77
Net profit/(loss) for the year	n.a	123	n.a	1	3
Comprehensive income/(loss) for the year	n.a	127	n.a	1	3
Dividends received	2	8	-	-	-

(*) The figures for Yangtze Optical Fibre and Cable Joint Stock Limited Company, a company listed on the Hong Kong Stock Exchange, refer to its latest published financial results which relate to the first nine months of 2022.

(Euro/million)	Kabeltrommel Gmbh & Co.K.G.	Yangtze Optical Fibre and Cable Joint Stock Limited Company(*)	Elkat Ltd.	Yangtze Optical Fibre & Cable (Shanghai) Co. Ltd	Power Cables Malaysia Sdn Bhd
	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021
Non-current assets	10	996	8	10	9
Current assets	22	1,712	31	71	53
Total assets	32	2,708	39	81	62
Equity	11	1,471	26	45	15
Non-current liabilities	12	324	-	5	2
Current liabilities	9	913	13	31	45
Total equity and liabilities	32	2,708	39	81	62
	2021	2021	2021	2021	2021
Sales of goods and services	39	1,250	344	64	45
Net profit/(loss) for the year	6	94	4	-	1
Comprehensive income/(loss) for the year	6	93	4	-	1
Dividends received	3	5	1	-	-

4. OTHER INVESTMENTS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Details are as follows:

(Euro/million)	31.12.2022	31.12.2021
Other investments at fair value through other comprehensive income (non-current)	12	13
Financial assets at fair value through other comprehensive income (current)	11	11
Total	**23**	**24**

Other investments at fair value through other comprehensive income (non-current) report shareholdings that are not intended for sale in the near term.

Financial assets at fair value through other comprehensive income (current) report securities that either mature within 12 months of the reporting date or could possibly be sold in the near term.

Other investments at fair value through other comprehensive income are analysed as follows:

(Euro/million)	Type of financial asset	% owned by the Group	31.12.2022	31.12.2021
Ravin Cables Limited	azione non quotata	51%	9.25	9.25
Tunisie Cables S.A.	azione non quotata	7.55%	0.93	1.03
Cesi Motta S.p.A.	azione non quotata	6.48%	0.26	0.81
Other			1.51	1.57
Total non-current			**11.95**	**12.66**

Other investments and financial assets at fair value through other comprehensive income are denominated in the following currencies:

(Euro/million)	31.12.2022	31.12.2021
Euro	13	14
Tunisian Dinar	1	1
Indian Rupee	9	9
Total	**23**	**24**

Other investments at fair value through other comprehensive income are classified in Level 3 of the fair value hierarchy, while Financial assets at fair value through other comprehensive income fall under Level 1 of the fair value hierarchy.

5. TRADE AND OTHER RECEIVABLES

Details are as follows:

(Euro/million)			31.12.2022
	Non-current	Current	Total
Trade receivables	-	2,039	2,039
Allowance for doubtful accounts	-	(97)	(97)
Total trade receivables	-	**1,942**	**1,942**
Other receivables:			
Tax receivables	12	278	290
Financial receivables	3	8	11
Prepaid finance costs	-	2	2
Receivables from employees	1	3	4
Pension plan receivables	-	2	2
Construction contracts	-	503	503
Advances to suppliers	5	44	49
Other	13	138	151
Total other receivables	**34**	**978**	**1,012**
Total	**34**	**2,920**	**2,954**

(Euro/million)			31.12.2021
	Non-current	Current	Total
Trade receivables	-	1,719	1,719
Allowance for doubtful accounts	-	(97)	(97)
Total trade receivables	-	**1,622**	**1,622**
Other receivables:			
Tax receivables	10	229	239
Financial receivables	3	12	15
Prepaid finance costs	1	2	3
Receivables from employees	1	3	4
Pension plan receivables	-	2	2
Construction contracts	-	247	247
Advances to suppliers	5	27	32
Other	14	105	119
Total other receivables	**34**	**627**	**661**
Total	**34**	**2,249**	**2,283**

No individual customer accounted for more than 10% of the Group’s net receivables in either 2022 or 2021.

Trade receivables

The gross amount of past due receivables that are totally or partially impaired is Euro 360 million at 31 December 2022 (Euro 266 million at 31 December 2021).

Past due impaired receivables are aged as follows:

(Euro/million)	31.12.2022	31.12.2021
1 to 30 days	186	124
31 to 90 days	80	53
91 to 180 days	25	13
181 to 365 days	15	23
More than 365 days	54	53
Total	**360**	**266**

The value of trade receivables past due but not impaired is Euro 76 million at 31 December 2022 (Euro 80 million at 31 December 2021). These receivables mainly relate to customers in the Projects operating segment which, given the nature of the counterparties, are not considered necessary to impair.

(Euro/million)	31.12.2022	31.12.2021
1 to 30 days	6	8
31 to 90 days	2	1
91 to 180 days	1	2
181 to 365 days	1	2
More than 365 days	66	67
Total	**76**	**80**

The total value of trade receivables not past due is Euro 1,595 million at 31 December 2022 (Euro 1,346 million at 31 December 2021). There are no particular problems with the quality of these receivables and there are no material amounts that would otherwise be past due if their original due dates had not been renegotiated.

The following table breaks down trade and other receivables according to the currency in which they are expressed:

(Euro/million)	31.12.2022	31.12.2021
Euro	995	725
US Dollar	772	635
British Pound	283	231
Brazilian Real	166	131
Chinese Renminbi (Yuan)	155	164
Turkish Lira	94	9
Canadian Dollar	68	57
Swedish Krona	28	27
Columbian Peso	24	26
Chilean Peso	28	24
Mexican Peso	46	21
Romanian Leu	16	21
Indonesian Rupiah	11	12
Thai Baht	10	12
Singapore Dollar	8	12
Other currencies	250	176
Total	**2,954**	**2,283**

The allowance for doubtful accounts amounts to Euro 97 million at 31 December 2022 (Euro 97 million at 31 December 2021). Movements in this allowance are shown in the following table:

(Euro/million)	31.12.2022	31.12.2021
Opening balance	**97**	**95**
Movements:		
- Increases in allowance	10	12
- Releases	(6)	(6)
- Bad debt write-offs	(4)	(5)
- Currency translation differences and other movements	-	1
Closing balance	**97**	**97**

Increases in and releases from the allowance for doubtful accounts are reported in "Other expenses" in the income statement.

Other receivables

Other receivables include "Prepaid finance costs" of Euro 2 million at 31 December 2022 (Euro 3 million at 31 December 2021), primarily relating to arrangement costs for the Revolving Credit Facility 2019 agreed with a syndicate of leading banks on 3 April 2019.
"Construction contracts" represent the value of contracts in progress, determined as the difference between the costs incurred plus the related profit margin, net of recognised losses, and the amount invoiced by the Group.
The following table shows how these amounts are reported between assets and liabilities:

(Euro/million)	31.12.2022	31.12.2021
Construction contract revenue to date	13,773	12,144
Amounts invoiced	(14,095)	(12,351)
Net amount due from/(to) customers for construction contracts	**(322)**	**(207)**
Of which:		
Other receivables for construction contracts	503	247
Other payables for construction contracts	(825)	(454)

6. INVENTORIES

Details are as follows:

(Euro/million)	31.12.2022	31.12.2021
Raw materials	780	635
of which allowance for obsolete and slow-moving raw materials	*(84)*	*(63)*
Work in progress and semi-finished goods	526	483
of which allowance for obsolete and slow-moving work in progress and semi-finished goods	*(21)*	*(16)*
Finished goods(*)	935	936
of which allowance for obsolete and slow-moving finished goods	*(90)*	*(68)*
Total	**2,241**	**2,054**

(*) Finished goods also include those for resale.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Details are as follows:

(Euro/million)	31.12.2022	31.12.2021
Listed securities	49	35
Unlisted securities	221	209
Total	**270**	**244**

Financial assets at fair value through profit or loss, amounting to Euro 270 million (Euro 244 million at 31 December 2021), include Euro 193 million in money market funds in which the Parent Company has temporarily invested its liquidity, with the remainder referring to funds in which the Brazilian and Argentine subsidiaries have temporarily invested their liquidity.

Movements in these assets are analysed as follows:

(Euro/million)	31.12.2022	31.12.2021
Opening balance	**244**	**20**
Movements:		
- Currency translation differences	(8)	-
- Purchase of securities	39	224
- Other	(5)	-
Closing balance	**270**	**244**

8. DERIVATIVES

Details are as follows:

(Euro/million)	31.12.2022	
	Asset	Liability
Interest rate derivatives (CFH)	59	-
Forward currency contracts on commercial transactions (CFH)	21	31
Metal derivatives (CFH)	52	29
Metal derivatives	3	1
Total non-current	**135**	**61**
Forward currency contracts on commercial transactions (CFH)	7	22
Interest rate derivatives (CFH)	13	-
Metal derivatives (CFH)	44	31
Forward currency contracts on commercial transactions	4	8
Forward currency contracts on financial transactions	3	7
Metal derivatives	-	4
Total current	**71**	**72**
Total	**206**	**133**

(Euro/million)	31.12.2021	
	Asset	Liability
Interest rate derivatives (CFH)	-	3
Forward currency contracts on commercial transactions (CFH)	1	10
Metal derivatives (CFH)	102	13
Metal derivatives	2	-
Total non-current	**105**	**26**
Forward currency contracts on commercial transactions (CFH)	2	6
Interest rate derivatives (CFH)	-	6
Metal derivatives (CFH)	71	7
Forward currency contracts on commercial transactions	10	4
Forward currency contracts on financial transactions	3	3
Metal derivatives	42	16
Total current	**128**	**42**
Total	**233**	**68**

Forward currency contracts have a notional value of Euro 6,225 million at 31 December 2022 (Euro 2,574 million at 31 December 2021); total notional value at 31 December 2022 includes Euro 2,770 million in derivatives designated as cash flow hedges (Euro 873 million at 31 December 2021).

Interest rate derivatives designated as cash flow hedges (CFH) refer to:

- interest rate swaps for an overall notional value of Euro 110 million, arranged with the objective of hedging variable rate interest flows over the period 2018-2024;
- interest rate swaps for an overall notional value of Euro 100 million, arranged with the objective of hedging variable rate interest flows over the period 2020-2024;
- interest rate swaps for an overall notional value of Euro 75 million, arranged with the objective of hedging variable rate interest flows over the period 2021-2025;
- interest rate swaps for an overall notional value of Euro 600 million, arranged with the objective of hedging variable rate interest flows over the period 2022-2027;
- interest rate swaps for an overall notional value of Euro 300 million, arranged with the objective of hedging variable rate interest flows over the period 2022-2025;
- interest rate swaps for an overall notional value of Euro 300 million, arranged with the objective of hedging variable rate interest flows over the period 2022-2026.

At 31 December 2022, like at 31 December 2021, almost all the derivative contracts had been entered into with major financial institutions.

Metal derivatives have a notional value of Euro 2,169 million at 31 December 2022 (Euro 2,068 million at 31 December 2021).

The following tables show the impact of offsetting assets and liabilities for derivative instruments, done on the basis of master netting arrangements (ISDA and similar agreements). They also show the effect of potential offsetting in the event of currently unforeseen default events:

(Euro/million)					31.12.2022
	Gross derivatives	Amounts offset	Derivatives recognised in statement of financial position	Amounts not offset[1]	Net derivatives
Assets					
Forward currency contracts	35	-	35	(25)	10
Interest rate derivatives	72	-	72	-	72
Metal derivatives	99	-	99	(33)	66
Total assets	**206**	**-**	**206**	**(58)**	**148**
Liabilities					
Forward currency contracts	68	-	68	(25)	43
Interest rate derivatives	-	-	-	-	-
Metal derivatives	65	-	65	(33)	32
Total liabilities	**133**	**-**	**133**	**(58)**	**75**

(Euro/million)					31.12.2021
	Gross derivatives	Amounts offset	Derivatives recognised in statement of financial position	Amounts not offset[1]	Net derivatives
Assets					
Forward currency contracts	16	-	16	(7)	9
Interest rate derivatives	-	-	-	-	-
Metal derivatives	217	-	217	(11)	206
Total assets	**233**	**-**	**233**	**(18)**	**215**
Liabilities					
Forward currency contracts	23	-	23	(7)	16
Interest rate derivatives	9	-	9	-	9
Metal derivatives	36	-	36	(11)	25
Total liabilities	**68**	**-**	**68**	**(18)**	**50**

(1) Derivatives potentially offsettable in the event of default events under master netting arrangements.

The following table shows movements in both reporting periods in the cash flow hedge reserve for designated hedging derivatives:

(Euro/million)		2022		2021
	Gross reserve	Tax effect	Gross reserve	Tax effect
Opening balance	**139**	**(34)**	**56**	**(14)**
Changes in fair value	(46)	12	83	(20)
Reserve for other finance costs/(income)	1	-	1	-
Release to construction contract costs/(revenues)	(1)	-	(1)	-
Closing balance	**93**	**(22)**	**139**	**(34)**

9. CASH AND CASH EQUIVALENTS

Details are as follows:

(Euro/million)	31.12.2022	31.12.2021
Cash and cheques	4	1
Bank and postal deposits	1,281	1,701
Total	**1,285**	**1,702**

Cash and cash equivalents, deposited with major financial institutions, are managed centrally through the Group's treasury company and by its various operating units.
Cash and cash equivalents managed by the Group's treasury company amounted to Euro 838 million at 31 December 2022, while at 31 December 2021 the figure was Euro 1,183 million.
The change in cash and cash equivalents is commented on in Note 36. Statement of cash flows.

10. SHARE CAPITAL AND RESERVES

Consolidated equity has recorded a positive change of Euro 682 million since 31 December 2021, mainly reflecting the net effect of:

- the net profit for the year of Euro 509 million;
- the distribution of Euro 149 million in dividends;
- positive currency translation differences of Euro 142 million;
- a positive change of Euro 104 million in the share-based compensation reserve linked to stock option plans;
- an increase of Euro 79 million in the reserves for actuarial gains and losses on employee benefits;
- an increase of Euro 42 million for the effects of hyperinflation;
- a negative post-tax change of Euro 34 million in the fair value of derivatives designated as cash flow hedges and a negative post-tax change of Euro 11 million for hedging costs.

At 31 December 2022, the share capital of Prysmian S.p.A. comprises 268,144,246 shares, each of nominal value Euro 0.10 for a total of Euro 26,814,424.60.

Movements in the ordinary shares and treasury shares of Prysmian S.p.A. are reported in the following table:

	Azioni ordinarie	Azioni proprie	Total
Balance at 31 December 2020	**268,144,246**	**(4,759,433)**	**263,384,813**
Allotments and sales(1)	-	106,565	106,565
Balance at 31 December 2021	268,144,246	(4,652,868)	263,491,378
Allotments and sales(2)	-	40,837	40,837
Balance at 31 December 2022	268,144,246	(4,612,031)	263,532,215

(1) Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (106,565 shares).
(2) Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (40,837 shares).

Treasury shares

Movements in treasury shares during 2022 refer to the allotment and sale of treasury shares serving the Group employee share purchase plan.

The following table shows movements in treasury shares during the reporting period:

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
Balance at 31 December 2020	**4,759,433**	**475,944**	**1.77%**	**20**	**96,816,950**
- Allotments and sales	(106,565)	(10,657)	-	20	(2,122,775)
Balance at 31 December 2021	**4,652,868**	**465,288**	**1.74%**	**20**	**94,694,176**
- Allotments and sales	(40,837)	(4,084)	-	20	(813,473)
Balance at 31 December 2022	**4,612,031**	**461,204**	**1.72%**	**20**	**93,880,703**

11. BORROWINGS FROM BANKS AND OTHER LENDERS

Details are as follows:

(Euro/million)			31.12.2022
	Non-current	Current	Total
Borrowings from banks and other lenders	429	58	487
Sustainability-Linked Term Loan	1,191	6	1,197
Unicredit Loan	-	200	200
Mediobanca Loan	100	-	100
Intesa Loan	150	1	151
Convertible Bond 2021	718	-	718
Lease liabilities	156	58	214
Total	**2,744**	**323**	**3,067**

(Euro/million)			31.12.2021
	Non-current	Current	Total
Borrowings from banks and other lenders	293	56	349
Term Loan	998	1	999
Unicredit Loan	200	-	200
Mediobanca Loan	100	-	100
Intesa Loan	150	-	150
Non-convertible bond	-	763	763
Convertible Bond 2021	707	-	707
Convertible Bond 2017	-	250	250
Lease liabilities	158	53	211
Total	**2,606**	**1,123**	**3,729**

Borrowings from banks and other lenders and Bonds are analysed as follows:

(Euro/million)	31.12.2022	31.12.2021
CDP Loans	176	175
EIB Loans	246	110
Sustainability-Linked Term Loan	1,197	-
Term Loan	-	999
Unicredit Loan	200	200
Mediobanca Loan	100	100
Intesa Loan	151	150
Other borrowings	65	64
Borrowings from banks and other lenders	**2,135**	**1,798**
Non-convertible bond	-	763
Convertible Bond 2021	718	707
Convertible Bond 2017	-	250
Total	**2,853**	**3,518**

The Group's principal credit agreements in place at the reporting date are as follows:

Revolving Credit Facility 2019
On 3 April 2019, the Group renewed a Euro 1,000 million five-year revolving credit facility with a syndicate of leading Italian and international banks. The funds may be drawn down for business and working capital needs, including the refinancing of existing facilities. The Revolving Credit Facility 2019 can also be used for the issue of guarantees. At 31 December 2022, this facility was not being used.

CDP Loans
On 28 October 2019, the Group entered into an agreement with Cassa Depositi e Prestiti S.p.A. (CDP) for a Euro 100 million long-term loan for 4 years and 6 months from the date of signing, with a bullet repayment at maturity. The purpose of this loan is to finance part of the Group's capital expenditure and expenditure on research, development and innovation in Italy and Europe. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 100 million, with the objective of hedging variable rate interest flows over the period 2020-2024.

On 28 January 2021, a second loan was agreed with CDP for Euro 75 million with a term of 4 years and 6 months, for the purpose of financing part of the Group's expenditure on purchasing the "Leonardo Da Vinci" cable-laying vessel. This loan, drawn down in full on 9 February 2021, is repayable in a lump sum at maturity on 28 July 2025. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 75 million, with the objective of hedging variable rate interest flows over the period 2021-2025.
At 31 December 2022, the fair value of the CDP Loans approximated their carrying amount.

EIB Loans
On 10 November 2017, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 110 million to support the Group's R&D programs in Europe over the period 2017-2020. The loan was received on 29 November 2017 and is repayable in a lump sum at maturity on 29 November 2024. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 110 million, with the objective of hedging variable rate interest flows over the period 2018-2024.

On 3 February 2022, the Group announced that it had finalised a loan from the European Investment Bank (EIB) for Euro 135 million to support its European R&D program in the energy and telecom cable systems sector over the period 2021-2024.

The EIB loan is specifically intended to support projects to be developed at R&D centres in five European countries: Italy, France, Germany, Spain and the Netherlands.
The loan was received on 28 January 2022 and is repayable in a lump sum at maturity on 29 January 2029.
At 31 December 2022, the fair value of the EIB Loans approximated their carrying amount.

Term Loan
The Term Loan, issued in June 2018 and used by the Group for the purpose of having the necessary financial resources to pay the General Cable purchase consideration, to refinance the existing debt of General Cable and its subsidiaries and to finance acquisition-related fees, commissions, costs and expenses, was repaid early on 14 July 2022 in the amount of Euro 1,000 million.

Sustainability-Linked Term Loan
On 7 July 2022, the Group entered into a medium-term Sustainability-Linked loan for Euro 1,200 million with a syndicate of leading Italian and international banks. The loan was drawn down in full on 14 July 2022 and primarily used to refinance the Euro 1 billion medium-term Term Loan obtained in 2018.
With the aim of strengthening its financial structure and the integration of ESG factors into the Group's strategy, Prysmian Group has chosen to include important environmental and social KPIs among the parameters determining the terms of the loan.

In fact, the Sustainability Linked Term Loan requires compliance with ESG indicators on an annual basis. The indicators to be met for 2022 are as follows:

- Scope 1 and Scope 2 CO2 emissions, calculated using the "market-based method", less than or equal to 668 ktCO2eq (please refer to "Environmental Responsibility" within the Consolidated Non-Financial Statement forming part of the Directors' Report);
- Number of at least 30 sustainability audits carried out from the own suppliers (please refer to "Sustainable Value Chain" within the Consolidated Non-Financial Statement forming part of the Directors' Report);
- A percentage greater than or equal to 40% of women hired with the status of "white collar" on the total recruitment of "white collar" by the Group (please refer to "Human Capital" within the Consolidated Non-Financial Statement forming part of the Directors' Report).

The achievement or not of these indicators leads to a positive or negative adjustment of the margin annually applied.

At 31 December 2022, the fair value of the Sustainability-Linked Term Loan approximated its carrying amount.

Unicredit Loan
On 15 November 2018, Prysmian S.p.A. entered into an agreement with Unicredit for a long-term cash loan for a maximum amount of Euro 200 million for 5 years from the date of signing. The loan was drawn down in full on 16 November 2018 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 3M and 6M Euribor, as chosen by the company. At 31 December 2022, the fair value of this loan approximated its carrying amount.

Mediobanca Loan
On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 22 February 2019 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 3M and 6M Euribor, as chosen by the company. At 31 December 2022, the fair value of this loan approximated its carrying amount.

Intesa Loan
On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 18 October 2019 and is repayable in a lump sum at maturity. At 31 December 2022, the fair value of this loan approximated its carrying amount.

The fair value of loans has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

The following tables summarise the committed lines available to the Group at 31 December 2022 and 31 December 2021:

(Euro/million)			31.12.2022
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000	-	1,000
Sustainability-Linked Term Loan	1,200	(1,200)	-
EIB Loans	245	(245)	-
Unicredit Loan	200	(200)	-
CDP Loans	175	(175)	-
Intesa Loan	150	(150)	-
Mediobanca Loan	100	(100)	-
Total	**3,070**	**(2,070)**	**1,000**

(Euro/million)			31.12.2021
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000	-	1,000
Term Loan	1,000	(1,000)	-
CDP Loans	175	(175)	-
EIB Loans	110	(110)	-
Unicredit Loan	200	(200)	-
Mediobanca Loan	100	(100)	-
Intesa Loan	150	(150)	-
Total	**2,735**	**(1,735)**	**1,000**

Bonds

During the course of 2022, Prysmian Group had the bond issues in place described in the following paragraphs.

Non-convertible bond issued in 2015
The Non-Convertible Bond 2015, issued in March 2015, reached maturity in April 2022 and so has been fully repaid in the amount of Euro 750 million.

Convertible Bond 2017
The Convertible Bond 2017, issued in January 2017 for the sum of Euro 500 million, and partially redeemed in January 2021, matured in January 2022 and so has been fully repaid in the amount of Euro 250 million.

Convertible Bond 2021
On 26 January 2021, the Group announced the successful placement of an equity-linked bond (the "Bonds") for the sum of Euro 750 million.
The Bonds have a 5-year maturity and denomination of Euro 100,000 each and are zero coupon. The issue price was Euro 102.50, representing a yield to maturity of minus 0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between the start and end of the book-building process on 26 January 2021.
The shareholders' meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 ordinary shares with a nominal value of Euro 0.10 each.
As provided for in the Bond regulations, the Group has the option to call all - but not just a part - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days.
On 14 June 2021, the Bond was admitted to listing on the multilateral trading facility of the Vienna Stock Exchange.

The following table summarises the values of the Convertible Bond 2021 as at 31 December 2022:

(Euro/million)	
Value of Convertible Bond 2021	768
Equity reserve for convertible bond	(49)
Change in conversion option fair value	(16)
Issue date net balance	**703**
Interest - non-monetary	18
Related costs	(3)
Balance at 31 December 2022	**718**

At 31 December 2022, the fair value of the Convertible Bond 2021 (equity component and debt component) was Euro 780 million, of which Euro 658 million attributable to the debt component and Euro 122 million to the equity component. In the absence of trading on the relevant market, the fair value of the bond's debt and equity components has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

Borrowings from banks and other lenders and Lease liabilities

The following tables report movements in Borrowings from banks and other lenders and in Lease liabilities:

(in milioni di Euro)	CDP Loans	EIB Loans	Conv. Bonds	Non-conv Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Other borrowings/ Lease liabilities	Total
Saldo al 31 dicembre 2021	**175**	**110**	**957**	**763**	**999**	**450**	**275**	**3,729**
Currency translation differences	-	-	-	-	-	-	3	3
New funds	-	135	-	-	1,200	-	26	1,361
Repayments	-	-	(250)	(763)	(1,000)	-	(83)	(2,096)
Amortisation of bank and financial fees and other expenses	-	-	1	-	(8)	-	-	(7)
New IFRS 16 leases	-	-	-	-	-	-	58	58
Interest and other movements	1	1	10	-	6	1	-	19
Balance at 31 December 2022	**176**	**246**	**718**	**-**	**1,197**	**451**	**279**	**3,067**

(in milioni di Euro)	CDP Loans	EIB Loans	Conv. Bonds	Non-conv Bond	Term Loan	Unicredit, Mediobanca and Intesa Loans	Other borrowings/ Lease liabilities	Total
Balance at 31 December 2020	**100**	**118**	**489**	**762**	**997**	**450**	**256**	**3,172**
Business combinations	-	-	-	-	-	-	4	4
Currency translation differences	-	-	-	-	-	-	7	7
New funds	75	-	703	-	-	-	19	797
Repayments	-	(8)	(245)	-	-	-	(75)	(328)
Amortisation of bank and financial fees and other expenses	-	-	(3)	2	2	-	-	1
New IFRS 16 leases	-	-	-	-	-	-	63	63
Interest and other movements	-	-	13	(1)	-	-	1	13
Balance at 31 December 2021	**175**	**110**	**957**	**763**	**999**	**450**	**275**	**3,729**

The following tables provide an analysis by maturity and currency of borrowings from banks and other lenders (excluding lease liabilities) at 31 December 2022 and 2021:

(Euro/million)							31.12.2022
	Variable interest rate			Fixed interest rate			Total
	Euro	USD	Other currencies	Euro	USD	Other currencies	
Due within 1 year	224	-	7	28	3	2	264
Due between 1 and 2 years	459	9	-	-	-	-	468
Due between 2 and 3 years	74	-	-	-	-	-	74
Due between 3 and 4 years	-	-	-	718	-	-	718
Due between 4 and 5 years	1,194	-	-	-	-	-	1,194
Due after more than 5 years	135	-	-	-	-	-	135
Total	**2,086**	**9**	**7**	**746**	**3**	**2**	**2,853**
Average interest rate in period, as per contract	1.0%	1.3%	11.0%	1.3%	2.3%	-	1.1%
Average interest rate in period, including IRS effect[(a)]	1.5%	1.3%	11.0%	1.3%	2.3%	-	1.5%

(a) Interest rate swaps have been put in place to hedge interest rate risk on variable rate loans in Euro. At 31 December 2022, the total hedged amount equates to 71.0% of Euro-denominated debt at that date. Interest rate hedges consist of interest rate swaps which exchange a variable rate (3 or 6-month Euribor for loans in Euro) with an average fixed rate (fixed rate + spread) of 1.7% for Euro-denominated debt. The percentages representing the average fixed rate refer to 31 December 2022.

(Euro/million)							31.12.2021
	Variable interest rate			Fixed interest rate			Total
	Euro	USD	Other currencies	Euro	USD	Other currencies	
Due within 1 year	8	11	2	1,035	3	10	1,069
Due between 1 and 2 years	1,197	-	-	1	-	-	1,198
Due between 2 and 3 years	458	8	-	-	-	-	466
Due between 3 and 4 years	76	-	-	-	-	-	76
Due between 4 and 5 years	1	-	-	707	-	-	708
Due after more than 5 years	1	-	-	-	-	-	5
Total	**1,741**	**19**	**2**	**1,743**	**3**	**10**	**3,518**
Average interest rate in period, as per contract	1.0%	1.6%	7.2%	1.8%	2.3%	5.2%	1.4%
Average interest rate in period, including IRS effect	1.3%	1.6%	7.2%	1.8%	2.3%	5.2%	1.5%

Risks relating to sources of finance and to financial investments/receivables are discussed in the section entitled "Risks factors" forming part of the Integrated Annual Report contained in this document.

NET FINANCIAL DEBT

(Euro/million)	Note	31.12.2022	31.12.2021
CDP Loans	11	175	175
EIB Loans	11	245	110
Convertible Bond 2021	11	718	707
Sustainability-Linked Term Loan 2022	11	1,191	-
Term Loan	11	-	998
Unicredit Loan	11	-	200
Mediobanca Loan	11	100	100
Intesa Loan	11	150	150
Lease liabilities	11	156	158
Interest rate swaps	8	-	3
Other financial payables	11	9	8
Total long-term financial payables		**2,744**	**2,609**
CDP Loans	11	1	-
EIB Loans	11	1	-
Non-convertible bond	11	-	763
Convertible Bond 2017	11	-	250
Term Loan	11	-	1
Sustainability-Linked Term Loan 2022	11	6	-
Unicredit Loan	11	200	-
Intesa Loan	11	1	-
Lease liabilities	11	58	53
Interest rate swaps	8	-	6
Forward currency contracts on financial transactions	8	7	3
Other financial payables	11	56	56
Total short-term financial payables		**330**	**1,132**
Total financial liabilities		**3,074**	**3,741**
Long-term financial receivables	5	3	3
Long-term bank fees	5	-	1
Financial assets at amortised cost		3	3
Non-current interest rate swaps	8	59	-
Current interest rate swaps	8	13	-
Forward currency contracts on financial transactions (current)	8	3	3
Short-term financial receivables	5	8	12
Short-term bank fees	5	2	2
Financial assets at fair value through profit or loss	7	270	244
Financial assets at fair value through other comprehensive income	4	11	11
Cash and cash equivalents	9	1,285	1,702
Total financial assets		**1,657**	**1,981**
Net financial debt		**1,417**	**1,760**

The following table presents a reconciliation of the Group's net financial debt to the amount reported in accordance with the requirements of CONSOB advice notice no. 5/21 of 29 April 2021 concerning compliance with the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138):

(Euro/million)	Note	31.12.2022	31.12.2021
Net financial debt - as reported above		**1,417**	**1,760**
Adjustments to exclude:			
Long-term financial receivables	3	6	6
Long-term bank fees	3	-	1
Cash flow derivatives (assets)		72	-
Adjustments to include:			
Net non-hedging forward currency contracts on commercial transactions, excluding non-current assets	5	4	(6)
Net non-hedging metal derivatives, excluding	5	5	(26)
Recalculated net financial debt		**1,504**	**1,735**

12. TRADE AND OTHER PAYABLES

Details are as follows:

(Euro/million)			31.12.2022
	Non-current	Current	Total
Trade payables	-	2,718	2,718
Total trade payables	**-**	**2,718**	**2,718**
Other payables:			
Tax and social security payables	1	257	258
Advances from customers	19	952	971
Payables to employees	-	188	188
Accrued expenses	-	111	111
Other	8	186	194
Total other payables	**28**	**1,694**	**1,722**
Total	**28**	**4,412**	**4,440**

(Euro/million)			31.12.2021
	Non-current	Current	Total
Trade payables	-	2,592	2,592
Total trade payables	**-**	**2,592**	**2,592**
Other payables:			
Tax and social security payables	1	204	205
Advances from customers	-	549	549
Payables to employees	-	149	149
Accrued expenses	-	130	130
Other	5	159	164
Total other payables	**6**	**1,191**	**1,197**
Total	**6**	**3,783**	**3,789**

Trade payables include around Euro 614 million (Euro 665 million at 31 December 2021) for the supply of strategic metals (copper, aluminium and lead), for which a payment extension of more than 60 days has been obtained.

Advances from customers include the liability for construction contracts, amounting to Euro 825 million at 31 December 2022 and Euro 454 million at 31 December 2021. This liability represents the excess of amounts invoiced by the Group over costs incurred plus accumulated profits (or losses), recognised using the percentage of completion method.

The following table breaks down trade and other payables according to the currency in which they are expressed:

(Euro/million)	31.12.2022	31.12.2021
Euro	2,415	1,957
US Dollar	968	809
British Pound	267	164
Chinese Renminbi (Yuan)	167	183
Brazilian Real	149	106
Bahraini Dinar	-	92
Omani Rial	-	65
Mexican Peso	26	40
Canadian Dollar	22	54
Philippine Peso	33	27
Romanian Leu	17	47
Australian Dollar	64	40
UAE Dirham	22	47
Indonesian Rupiah	8	13
Swedish Krona	14	17
Hungarian Forint	14	17
Other currencies	254	111
Total	**4,440**	**3,789**

13. PROVISIONS FOR RISKS AND CHARGES

Details are as follows:

(Euro/million)			31.12.2022(*)
	Non-current	Current	Total
Restructuring costs	-	18	18
Legal, contractual and other risks	26	450	476
Environmental risks	5	90	95
Tax risks	-	107	107
Total	**31**	**665**	**696**

(*) Provisions for risks at 31 December 2022 include Euro 125 million for potential liabilities recorded in application of *IFRS 3 - Business Combinations*.

(Euro/million)		31.12.2021(*) (**)	
	Non-current	Current	Total
Restructuring costs	-	21	21
Legal, contractual and other risks	29	395	424
Environmental risks	5	92	97
Tax risks	12	100	112
Total	**46**	**608**	**654**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in Section C. Restatement of comparative figures.
(**) Provisions for risks at 31 December 2021 included Euro 123 million for potential liabilities recorded in application of *IFRS 3 - Business Combinations*.

The following table presents the movements in these provisions during the reporting period:

(Euro/million)	Restructuring costs	Legal, contractual and other risks	Environ-mental risks	Tax risks(*)	Total
Balance at 31 December 2021	**21**	**424**	**97**	**112**	**654**
Increases	5	157	-	21	183
Uses	(7)	(74)	(4)	(13)	(98)
Releases	(1)	(35)	-	(36)	(72)
Currency translation differences	-	-	4	10	14
Other	-	4	(2)	13	15
Balance at 31 December 2022	**18**	**476**	**95**	**107**	**696**

(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in Section C. Restatement of comparative figures.

The provision for contractual, legal and other risks amounts to Euro 476 million at 31 December 2022 (Euro 424 million at 31 December 2021). This provision mainly includes the provision for Euro 179 million related to antitrust investigations in progress and legal actions brought by third parties against Group companies as a result of and/or in connection with decisions adopted by the competent authorities, as described below. The rest of this provision refers to provisions related to and arising from business combinations and for risks associated with ongoing and completed contracts.

Antitrust - European Commission proceedings in the high voltage underground and submarine cables business
The European Commission started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets.
On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l. ("Prysmian CS"), had

engaged in anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian CS jointly liable with Pirelli & C. S.p.A. ("Pirelli") for the alleged infringement in the period 18 February 1999 - 28 July 2005, ordering them to pay a fine of Euro 67.3 million, and it held Prysmian CS jointly liable with Prysmian S.p.A. ("Prysmian") and The Goldman Sachs Group Inc. ("Goldman Sachs") for the alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37.3 million. Prysmian, Prysmian CS, Pirelli and Goldman Sachs each filed a separate appeal against this decision with the General Court of the European Union, in first instance, and later with the Court of Justice of the European Union. In rulings handed down on 24 September 2020, 28 October 2020 and 27 January 2021 respectively, the Court of Justice definitively dismissed the appeals brought by Prysmian and Prysmian CS, Pirelli and Goldman Sachs, thus upholding the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing the appeal by Prysmian and Prysmian CS, the European Commission requested Prysmian Group to pay the sum of approximately Euro 20 million, corresponding to half of the fine for the period from 29 July 2005 to 28 January 2009. Following the ruling dismissing the Pirelli appeal, the European Commission requested Prysmian Group to pay the sum of approximately Euro 37 million, corresponding to half of the fine for the period from 18 February 1999 to 28 July 2005. Using the provisions already set aside, the Group made these payments by the required deadline during previous reporting periods.

In a ruling handed down on 14 November 2019, the Court of Justice of the European Union also dismissed the appeal brought by General Cable, thus definitively confirming the fine previously levied against it by the European Commission in its April 2014 decision. As a result, the Group went ahead and paid a fine for Euro 2 million during a previous reporting period.

In November 2014 and October 2019 respectively, Pirelli filed two civil actions, recently combined, against Prysmian CS and Prysmian in the Court of Milan, seeking (i) to be held harmless from any claim brought by the European Commission in enforcement of its decision and for any expenses incidental to such enforcement; (ii) to be held harmless from any third-party claims for damages relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for the damages allegedly suffered and quantified as a result of Prysmian CS and Prysmian having requested, in certain pending legal actions, that Pirelli be held liable for the unlawful conduct found by the European Commission in the period from 1999 to 2005. As part of the same proceedings, Prysmian CS and Prysmian, in addition to requesting full dismissal of the claims brought by Pirelli, have filed symmetrical and opposing counterclaims to those of Pirelli in which they have requested (i) to be held harmless from any claim brought by the European Commission in enforcement of its decision and for any expenses incidental to such enforcement; (ii) to be held harmless from any third-party claims for damages relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for damages suffered as a result of the legal actions brought by Pirelli. This action is currently pending.

In view of the circumstances described and the developments in the proceedings, the Directors, assisted also by legal counsel, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

Antitrust - Claims for damages resulting from the European Commission's 2014 decision
During the first few months of 2017, operators belonging to the Vattenfall Group filed claims in the High Court of London against a number of cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. In June 2020, the Prysmian companies concerned presented their defence as well as serving a summons on another party to whom the EU decision was addressed. In July 2022, an agreement was reached for an out-of-court settlement of Vattenfall's claims against the Group companies. However, the legal proceedings brought by the Group companies against the other party to whom the EU decision was addressed are continuing.

On 2 April 2019, a writ of summons was served, on behalf of Terna S.p.A., on Pirelli, Nexans and companies in the Prysmian Group, demanding compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision. This action has been brought before the Court of Milan. On 24 October 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence. By an order dated 3 February 2020, the Court upheld the points raised by the defendants, giving Terna until 11 May 2020 to complete its writ of summons and scheduling a hearing for 20 October 2020. Terna duly completed its summons, which was filed within the required deadline. The proceedings are at a pre-trial stage.

On 2 April 2019, a writ of summons was served, on behalf of Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, on a number of cable manufacturers, including companies in the Prysmian Group, on Pirelli and Goldman Sachs. This action, brought in the Court of Amsterdam, once again involved a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. On 18 December 2019, the Prysmian Group companies concerned presented their preliminary defence, the hearing of which took place on 8 September 2020. On 25 November 2020, the Court of Amsterdam handed down a ruling under which it upheld the submissions made and declined jurisdiction over defendants not based in the Netherlands, thus excluding them from the proceedings. On 19 February 2021, the plaintiffs announced that they had filed an appeal against this ruling. The Prysmian Group companies concerned, together with the other third-party first-instance defendants, have entered an appearance in court contesting the plaintiff's claims. The appeal decision is pending.

In September 2022, the Group was informed that companies in the RWE Group had brought an action in the British courts against Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. involving a claim for compensation for damages supposedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision. Furthermore, in February 2023, the Group received notification of an application by British consumer representatives requesting authorisation from the competent local court to initiate proceedings against a number of cable manufacturers, including Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l., and which also involved a claim for compensation for damages supposedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision.

In view of the circumstances described and the developments in the proceedings, the Directors, assisted also by legal counsel, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

In addition, on 4 April 2019, the Group learned that another two legal actions had been brought in the Court of London, one by Scottish and Southern Energy (SSE) group companies and the other by Greater Gabbard Offshore Winds Limited and SSE group companies, both of which involving claims for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. Both proceedings have been concluded through settlements agreed between the parties during 2021 for the first action and in June 2022 for the second action.

Prysmian and Prysmian Cavi e Sistemi were summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) in notifications dated 24 and 25 May 2018 respectively.
The plaintiffs have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian and Prysmian Cavi e Sistemi, on the one hand, and Nexans France SAS and Nexans SA, on the other, for any damages suffered by third parties in Germany as a result of the alleged cartel in the market for high voltage underground and submarine power cables sanctioned in the European Commission's decision. The Court concerned issued a stay of execution dated 3 June 2019 pending the outcome of the appeal against the European Commission's decision brought before the European Courts by both Prysmian and Nexans. Following the conclusion of the appeal proceedings pending before the European Court of Justice, Nexans resumed the previously stayed legal action, but then filed a notice in March 2022, abandoning the action and thus ending the dispute.

Antitrust - Other investigations
In Brazil, the local antitrust authority initiated proceedings against a number of manufacturers of high voltage underground and submarine cables, including Prysmian, notified of such in 2011. On 15 April 2020, the CADE Tribunal issued the operative part of the decision under which it held Prysmian liable for the alleged infringement in the period from February 2001 to March 2004 and ordered it to pay a fine of BRL 10.2 million (approximately Euro 1.8 million). Using the provisions already set aside in previous years, the Group made these payments by the required deadline. Prysmian Group has filed an appeal against the CADE ruling. The appeal decision is pending.

At the end of February 2016, the Spanish antitrust authority commenced proceedings to verify the existence of anti-competitive practices by local low voltage cable manufacturers and distributors, including the Group's local subsidiaries. On 24 November 2017, the local antitrust authority notified the Group's Spanish subsidiaries of a decision under which they were held liable for the alleged infringements in the period from June 2002 to June

2015 and were jointly and severally ordered to pay a fine of Euro 15.6 million. The Group's Spanish subsidiaries have appealed against this decision.
The appeal decision is still pending. The decision of 24 November 2017 also held the Spanish subsidiaries of General Cable liable for breach of local antitrust law.
However, they have obtained immunity from paying the related fine (quantified at about Euro 12.6 million) having filed for leniency and collaborated with the local antitrust authority in its investigations. The Spanish subsidiaries of General Cable have also appealed against the decision of the local antitrust authority; the appeal decision is still pending.

In view of the circumstances described and the developments in the proceedings, the Directors, assisted also by legal counsel, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

In addition, in January 2022, an investigation was initiated by the German antitrust authority (Federal Cartel Office) concerning alleged coordination in setting the standard metal surcharges applied by the industry in Germany. Further information can be found in the Directors' Report in the section entitled "Significant events during the year".
During June 2022, the competition authorities of the Czech Republic and Slovakia conducted inspections at the offices of the Group's local subsidiaries with regard to alleged anti-competitive practices in setting metal surcharges.
Subsequently, during August 2022 and March 2023 respectively, the competition authority of the Czech Republic and Slovakia announced the opening of an investigation into this matter involving, among others, the Group's local subsidiaries.
Given the high degree of uncertainty as to the timing and outcome of these ongoing investigations, the Directors currently feel unable to estimate the related risk.

Antitrust - Claims for damages ensuing from other investigations
In February 2020, a writ of summons was served on a number of cable manufacturers, including Prysmian Group's Spanish subsidiaries, under which companies belonging to the Iberdrola Group have claimed compensation for damages supposedly suffered as a result of the alleged anti-competitive practices sanctioned by the Spanish antitrust authority in its decision of 24 November 2017. The proceedings are pending before the Court of Barcelona.
In July 2020, a writ of summons was served on a number of cable manufacturers, including Prysmian Group's Spanish subsidiaries, under which companies belonging to the Endesa Group have claimed compensation for damages supposedly suffered as a result of the alleged anti-competitive practices sanctioned by the Spanish antitrust authority in its decision of 24 November 2017. The proceedings are pending before the Court of Barcelona.

During the year, other third-party lawsuits were filed against certain cable manufacturers, including the Group's Spanish subsidiaries, to obtain compensation for damages supposedly suffered as a result of the alleged anti-competitive conduct sanctioned by the Spanish antitrust authority in its decision of 24 November 2017. The proceedings are pending before the Court of Barcelona.

In view of the circumstances described and the developments in the proceedings, the Directors, assisted also by legal counsel and maintaining a consistent accounting policy, have adjusted the related provisions for risks to a level deemed appropriate to cover the potential liabilities for the matters in question.

With reference to the above matters, certain Group companies have received a number of notices in which third parties have claimed compensation for damages, albeit not quantified, supposedly suffered as a result of Prysmian's involvement in the anti-competitive practices sanctioned by the European Commission and the antitrust authorities in Brazil and Spain.

Based on the information currently available, and believing it unlikely that these potential or unquantifiable liabilities will arise, the Directors have decided not to make any provision.

Despite the uncertainty of the outcome of the investigations and legal actions in progress, the amount of the provision set aside, the substance of which explained above, is considered to represent the best estimate of the liability based on the information available to date and the developments in the proceedings described above.

14. EMPLOYEE BENEFIT OBLIGATIONS

The Group provides a number of post-employment benefits through schemes that include defined benefit plans and defined contribution plans.
The defined contribution plans require the Group to pay, under legal or contractual obligations, contributions into public or private insurance institutions. The Group fulfils its obligations through payment of the contributions. At the financial reporting date, any amounts accrued but not yet paid to such institutions are recorded in "Other payables", while the related costs, accrued on the basis of employee service, are recognised in "Personnel costs".
The defined benefit plans mainly refer to Pension plans, Statutory severance benefit (for Italian companies), Medical benefit plans and other benefits such as seniority bonuses.
The liabilities arising under these plans, net of any assets serving such plans, are recognised in Employee benefit obligations and are measured using actuarial techniques.

Employee benefit obligations are analysed as follows:

(Euro/million)	31.12.2022	31.12.2021
Pension plans	262	359
Italian statutory severance benefit	12	15
Medical benefit plans	20	31
Termination and other benefits	35	41
Total	**329**	**446**

Pension plan amendments in 2022

There were no significant amendments to existing pension plans during 2022. The following notes provide more details about the three main types of benefit: pension plans, statutory severance benefit and medical benefit plans.

PENSION PLANS

Pension plans relate to defined benefit pension schemes that can be "Funded" or "Unfunded".
Pension plan liabilities are generally calculated according to employee length of service with the company and the remuneration paid in the period preceding cessation of employment.
Liabilities for "Funded pension plans" are funded by contributions paid by the employer and, in some cases, by employees, into a separately managed pension fund. The fund independently manages and administers the amounts received, investing in financial assets and paying benefits directly to employees. The Group's contributions to such funds are defined according to the requirements established in the individual countries.
Liabilities for "Unfunded pension plans" are managed directly by the employer who sees to paying the benefits to employees. These plans have no assets covering the liabilities.

Pension plan obligations and assets at 31 December 2022 and 31 December 2021 are analysed as follows:

(Euro/million)						31.12.2022
	Germany	Great Britain	France	United States	Other countries	Total
Funded pension obligations:						
Present value of obligation	-	130	2	85	66	283
Fair value of plan assets	-	(94)	(2)	(76)	(71)	(243)
Asset ceiling	-	-	-	-	3	3
Unfunded pension obligations:						
Present value of obligations	177	-	25	4	13	219
Total	**177**	**36**	**25**	**13**	**11**	**262**

(Euro/million)						31.12.2021
	Germany	Great Britain	France	United States	Other countries	Total
Funded pension obligations:						
Present value of obligation	-	219	2	141	85	447
Fair value of plan assets	-	(151)	(2)	(132)	(85)	(370)
Asset ceiling	-	-	-	-	-	
Unfunded pension obligations:						
Present value of obligations	230	-	32	5	15	282
Total	**230**	**68**	**32**	**14**	**15**	**359**

At 31 December 2022, the net value of funded plans in "Other countries" is practically zero and mainly refers to Canada, Mexico and Spain.
At 31 December 2022, unfunded plans in "Other countries" primarily refer to Sweden and Chile, the present value of whose obligations amounts to Euro 5 million and Euro 4 million respectively.

Changes during the year in pension plan obligations are analysed as follows:

(Euro/million)	2022	2021
Opening defined benefit obligation	**729**	**759**
Current service costs	6	7
Interest costs	14	10
Administrative costs and taxes	2	2
Actuarial (gains)/losses recognised in equity - experience	12	(4)
Actuarial (gains)/losses recognised in equity - demographic assumptions	(3)	(6)
Actuarial (gains)/losses recognised in equity - financial assumptions	(194)	(31)
Disbursements from plan assets	(27)	(25)
Disbursements paid directly by the employer	(13)	(12)
Plan settlements	(28)	-
Currency translation differences	4	29
Closing defined benefit obligation	**502**	**729**

Changes during the year in pension plan assets are analysed as follows:

(Euro/million)	2022	2021
Opening plan assets	**370**	**340**
Interest income on plan assets	9	6
Actuarial gains/(losses) recognised in equity	(90)	18
Contributions paid in by the employer	21	20
Disbursements	(40)	(38)
Plan settlements	(30)	-
Currency translation differences	3	24
Closing plan assets	**243**	**370**

At 31 December 2022, pension plan assets consisted of equities (22% versus 23% in 2021), government bonds (15% versus 15% in 2021), corporate bonds (23% versus 25% in 2021), and other assets (39% versus 37% in 2021).

The asset ceiling recorded a value of Euro 3 million at 31 December 2022 (zero at 31 December 2021).

Pension plan costs and income recognised in the income statement are analysed as follows:

(Euro/million)						2022
	Germany	Great Britain	France	United States	Other countries	Total
Personnel costs	1	-	1	3	3	8
Interest costs	3	4	-	4	3	14
Expected returns on plan assets	-	(3)	-	(4)	(2)	(9)
Total pension plan costs	**4**	**1**	**1**	**3**	**4**	**13**

(Euro/million)						2021
	Germany	Great Britain	France	United States	Other countries	Total
Personnel costs	1	-	3	1	4	9
Interest costs	1	3	-	3	3	10
Expected returns on plan assets	-	(2)	-	(3)	(1)	(6)
Total pension plan costs	**2**	**1**	**3**	**1**	**6**	**13**

More details can be found in Note 20. Personnel costs.

As evident from the preceding tables, the most significant plans at 31 December 2022 in terms of accrued employee benefit obligations are those managed in the following countries:

- Germany;
- Great Britain;
- France;
- United States.

Pension plans in these countries account for more than 90% of the related liability. The principal risks to which they are exposed are described below:

Germany

There are eight pension plans in Germany, most of which final salary plans with the retirement age generally set at 65. Although most plans are closed to new members, additional costs may need to be recognised in the future. As at 31 December 2022, the plans had an average duration of 11 years (14 years at 31 December 2021).
Total plan membership is made up as follows:

	31.12.2022	31.12.2021
	Number of participants	Number of participants
Active	1,200	962
Deferred	820	866
Pensioners	2,271	2,200
Total membership	**4,291**	**4,028**

The German plans do not have any assets that fund the liabilities, in line with the practice in this country; the Group pays these benefits directly.
The benefits payable in 2023 will amount to Euro 10 million (Euro 9 million at 31 December 2021 for 2022).
Changes in benefits, and so in the recorded liability and service costs, mainly depend on inflation, salary growth and the life expectancy of plan members. Another variable to consider when determining the amount of the liability and service costs is the discount rate, identified by reference to market yields of AA corporate bonds denominated in Euro.

Great Britain

Two defined benefit plans were in operation at 31 December 2022: the Draka pension fund and the Prysmian pension fund. Both are final salary plans, in which the retirement age is generally set at 65 for the majority of plan participants. Neither plan has admitted any new members or incurred any new liabilities since 2013. Currently all employees participate in defined contribution plans.
As at 31 December 2022, the plans had an average duration of approximately 19 years, in line with the previous year.

Total plan membership is made up as follows:

	31.12.2022			31.12.2021		
	Draka pension fund	Prysmian pension fund	Total	Draka pension fund	Prysmian pension fund	Total
	Number of participants	Number of participants	Number of participants	Number of participants	Number of participants	Number of participants
Active	-	-	-	-	-	-
Deferred	443	521	964	443	521	964
Pensioners	478	385	863	424	385	809
Total membership	**921**	**906**	**1,827**	**867**	**906**	**1,773**

Both plans operate under trust law and are managed and administered by a Board of Trustees on behalf of members and in accordance with the terms of the Trust Deed and Rules and current legislation. The assets that fund the liabilities are held by the Trust, for both plans.

For the purposes of determining the level of funding, the Trustees appoint an actuary to value the plans every three years, with annual updates. The latest valuation of the Draka pension fund and the Prysmian pension fund was conducted at 31 December 2021 and will be finalised on 31 March 2023. The contribution levels are also set every three years when performing the valuations to determine the level of plan funding, but can be revised annually.
The Trustees decide on the investment strategy in agreement with the company. The strategies differ for both plans. In particular, the Draka pension fund has invested its assets as follows: 8% in equities, 41% in bonds and 51% in other financial instruments. The Prysmian pension fund has invested its assets as follows: 10% in equities, 48% in bonds and 42% in other financial instruments.
In Great Britain, one of the main risks for the Group is that mismatches between the expected return and the actual return on plan assets would require contribution levels to be revised.
The liabilities and service costs are sensitive to the following variables: life expectancy of plan participants and future growth in benefit levels. Another variable to consider when determining the amount of the liability is the discount rate, identified according to market yields of AA-rated corporate bonds denominated in pounds sterling.
The benefits payable in 2023 will amount to Euro 9 million (Euro 5 million at 31 December 2021 for 2022).

France

There were five pension plans in operation in France at 31 December 2022, of which four are unfunded retirement benefit plans and one is a partially funded pension plan.
All the plans generally set the retirement age at 64 for office workers and 63 for other categories. They are all open to new members, except for the funded plan which does not admit new members or incur new liabilities.
As at 31 December 2022, the plans had an average duration of approximately 10 years, in line with the previous year.

Total plan membership is made up as follows:

	31.12.2022	31.12.2021
	Number of participants	Number of participants
Active	2,457	2,457
Deferred	-	-
Pensioners	21	25
Total membership	**2,478**	**2,482**

In France, the principal risk for the Group is salary growth, which affects the benefits that the company has to pay the employee. In the case of the retirement benefit plans, the benefits vest only upon attaining retirement age; consequently, the cost to the company will depend on the probability that an employee does not leave the company before that date. There are no life expectancy risks relating to these plans. The liabilities and service costs are sensitive to the following variables: inflation, salary growth, life expectancy of plan participants and the discount rate, determined according to market yields of AA corporate bonds denominated in Euro.
The main risks for the funded plan are those associated with inflation and life expectancy, both of which affect contribution levels. The plan's assets are entirely invested in insurance funds, whose main risk is that a mismatch between the expected return and the actual return on plan assets would require a revision of contribution levels.

United States

There were four pension plans in operation in the United States at 31 December 2022, of which two are funded plans that pay an income upon retirement; one is a supplementary unfunded plan and another is an unfunded deferred compensation plan.
All the plans generally set the retirement age at 65. They are all closed to new members and do not admit new members or incur new liabilities, except for the "Master Pension Plan" into which it is still possible to pay.
As at 31 December 2022, the plans had an average duration of approximately 9 years, in line with the previous year.

Total plan membership is made up as follows:

	31.12.2022	31.12.2021
	Number of participants	Number of participants
Active	346	386
Deferred	603	631
Pensioners	1,013	2,769
Total membership	**1,962**	**3,786**

The significant decrease in the number of pensioners in 2022 compared with 2021 is due to the partial settlement of two plans in November 2022.

The benefits and contributions payable in 2023 will amount to Euro 1 million (Euro 1 million at 31 December 2021 for 2022).

The weighted average actuarial assumptions used to value the pension plans in the principal countries (Germany, Great Britain, France and United States) are as follows:

								31.12.2022
	Germany		Great Britain		France		United States	
Interest rate	3.70%		4.75%		3.75%		5.35%	
Expected future salary increase	3.07%		-		2.47%		2.50%	
Expected increase in pensions	2.60%		3.44%		1.65%		-	
Inflation rate	2.60%		3.25%		2.40%		3.00%	
Life expectancy at age 65:	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
People currently aged 65	20.70	22.70	20.35	23.08	25.86	29.41	20.17	22.09
People currently aged 50	24.10	25.80	20.93	23.98	27.94	31.62	21.30	23.19

								31.12.2021
	Germany		Great Britain		France		United States	
Interest rate	1.05%		1.85%		0.95%		2.70%	
Expected future salary increase	2.46%		-		1.97%		2.50%	
Expected increase in pensions	2.05%		3.57%		1.90%		0.00%	
Inflation rate	2.55%		3.60%		1.90%		3.00%	
Life expectancy at age 65:	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
People currently aged 65	20.50	24.00	20.34	22.34	24.16	27.63	20.06	22.00
People currently aged 50	22.60	25.70	20.94	23.32	26.23	29.84	21.19	23.09

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of benefit obligations, namely the interest rate, inflation rate and life expectancy.

Inflation rate sensitivity includes those effects relating to assumptions about salary increases and increases in benefits.

								31.12.2022
		Germany		Great Britain		France		United States
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+0.50%**	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in pension plans	5.63%	-5.15%	9.62%	-8.58%	5.21%	-4.93%	4.20%	-3.42%
Inflation rate	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in pension plans	-2.41%	2.49%	-2.21%	2.26%	-2.61%	2.68%	0.73%	0.73%

				31.12.2022
	Germany	Great Britain	France	United States
1-year increase in life expectancy	5.06%	5.44%	0.75%	3.04%

								31.12.2021
		Germany		Great Britain		France		United States
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+0.50%**	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in pension plans	7.02%	-6.34%	9.51%	-8.42%	5.21%	-4.82%	4.49%	-4.10%
Inflation rate	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in pension plans	-2.54%	2.54%	-2.14%	2.23%	-2.58%	2.67%	0.00%	0.00%

				31.12.2021
	Germany	Great Britain	France	United States
1-year increase in life expectancy	5.92%	5.36%	1.61%	3.19%

STATUTORY SEVERANCE BENEFIT

Statutory severance benefit, which refers to Italian companies only, is analysed as follows:

(Euro/million)	2022	2021
Opening balance	**15**	**15**
Current service costs	1	
Actuarial (gains)/losses recognised in equity	(3)	1
Disbursements	(1)	(1)
Closing balance	**12**	**15**

Net actuarial gains of Euro 3 million have been recognised at 31 December 2022, basically reflecting variations in the associated economic parameters (the discount and inflation rates).
Under Italian law, the amount due to each employee accrues with service and is paid when the employee leaves the company. The amount due upon termination of employment is calculated on the basis of the length of service and the taxable remuneration of each employee. The liability is adjusted annually for the official cost of living index

and statutory interest, and is not subject to any vesting conditions or periods, or any funding obligation; there are therefore no assets that fund this liability.

The benefits are paid in the form of a lump sum, in accordance with the related rules. In certain circumstances, the benefit plan also allows the payment of partial advances against the full amount of the accrued benefit.
The main risk is the volatility of the inflation rate and the interest rate, as determined by the market yield on AA corporate bonds denominated in Euro.

The actuarial assumptions used to value statutory severance benefit are as follows:

	31.12.2022	31.12.2021
Interest rate	3.80%	0.85%
Expected future salary increase	2.40%	1.75%
Inflation rate	2.40%	1.75%

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of benefit obligations, namely the interest rate and inflation rate:

	31.12.2022		31.12.2021	
Interest rate	**- 0.50%**	**+ 0.50%**	**- 0.50%**	**+ 0.50%**
Change in statutory severance benefit	4.33%	-4.14%	4.45%	-4.15%
Inflation rate	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in statutory severance benefit	-1.38%	1.41%	-1.37%	1.39%

MEDICAL BENEFIT PLANS

Some Group companies provide medical benefit plans for retired employees. In particular, the Group funds medical benefit plans in Brazil, Canada and the United States. The US plans account for more than 90% of the total obligation for medical benefit plans.
Apart from interest rate and life expectancy risks, medical benefit plans are particularly susceptible to increases in the cost of meeting claims. None of the medical benefit plans has any assets to fund the associated obligations, with benefits paid directly by the employer.
The obligation in respect of medical benefit plans is analysed as follows:

(Euro/million)	2022	2021
Opening balance	**31**	**30**
Current service costs	2	2
Actuarial (gains)/losses recognised in equity - experience	(14)	(2)
Disbursements	(1)	(1)
Currency translation differences	2	2
Closing balance	**20**	**31**

The actuarial assumptions used to value medical benefit plans are as follows:

	31.12.2022		31.12.2021	
Interest rate	5.50%		2.83%	
Expected future salary increase	-		-	
Increase in claims	3.50%		3.25%	
Life expectancy at age 65:	**Male**	**Female**	**Male**	**Female**
People currently aged 65	20.55	22.63	20.56	22.63
People currently aged 50	21.67	23.67	21.66	23.67

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of benefit obligations, such as the interest rate, inflation rate/growth in healthcare costs and life expectancy.

		31.12.2022		31.12.2021
Interest rate	**-0.50%**	**0.50%**	**-0.50%**	**0.50%**
Change in medical benefit plans	6.35%	-5.87%	8.49%	-7.51%
Medical inflation rate	**- 0.25%**	**+ 0.25%**	**- 0.25%**	**+ 0.25%**
Change in medical benefit plans	-1.75%	1.87%	-2.63%	2.63%

	31.12.2022	31.12.2021
1-year increase in life expectancy	3.11%	4.09%

Number of employees

With reference to the number of employees, please refer to the "People and Human Rights" sector of the Consolidated Non-Financial Statement 2022.

15. DEFERRED TAXES

The balance of deferred tax assets at 31 December 2022 is Euro 203 million (Euro 182 million at 31 December 2021) while that of deferred tax liabilities is Euro 187 million (Euro 190 million at 31 December 2021).
Movements in deferred taxes are analysed as follows:

(Euro/million)	Fixed assets	Provisions(1)	Tax losses	Other	Total
Balance at 31 December 2020	**(232)**	**205**	**11**	**30**	**13**
Business combinations	(6)	(1)	-	-	(7)
Currency translation differences	(12)	2	-	(6)	(16)
Impact on income statement	22	(2)	(2)	17	35
Impact on equity	-	(7)	-	(22)	(29)
Other and reclassifications	1	(1)	-	(4)	(4)
Balance at 31 December 2021(*)	**(227)**	**196**	**9**	**15**	**(8)**
Currency translation differences	(11)	1	-	-	(10)
Impact on income statement	28	18	(3)	5	48
Impact on equity	-	(26)	-	12	(14)
Balance at 31 December 2022	**(210)**	**189**	**6**	**32**	**16**

(1) These comprise Provisions for risks and charges (current and non-current) and Employee benefit obligations.
(*) The previously published comparative Consolidated Financial Statements have been revised after finalising the purchase price allocation of Omnisens S.A. and Eksa Sp.z.o.o. More details can be found in Section C. Restatement of comparative figures

The Group has not recognised any deferred tax assets on Euro 1,017 million in carryforward tax losses at 31 December 2022 (Euro 1,005 million at 31 December 2021). Unrecognised deferred tax assets relating to the above carryforward tax losses and to deductible temporary differences amount to Euro 237 million (Euro 247 million at 31 December 2021).
At 31 December 2022, it has however recognised deferred tax assets of Euro 6 million on carryforward tax losses of Euro 28 million (Euro 31 million at 31 December 2021).

The following table presents details of carryforward tax losses:

(Euro/million)	31.12.2022	31.12.2021
Carryforward tax losses	1,045	1,036
of which recognised as deferred tax assets	28	31
Carryforward expires within 1 year	9	11
Carryforward expires between 2-5 years	47	59
Carryforward expires beyond 5 years	39	31
Unlimited carryforward	950	935

16. SALES

Details are as follows:

(Euro/million)	2022	2021
Finished goods	13,817	11,099
Construction contracts	1,607	1,126
Services	106	77
Other	537	434
Total	**16,067**	**12,736**

17. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Details are as follows:

(Euro/million)	2022	2021
Finished goods	(67)	124
Work in progress	37	105
Total	**(30)**	**229**

18. OTHER INCOME

Details are as follows:

(Euro/million)	2022	2021
Rental income	3	2
Insurance reimbursements and indemnities	17	15
Gains on disposal of property	4	3
Other revenue and income	46	105
Total	**70**	**125**

19. RAW MATERIALS, CONSUMABLES AND SUPPLIES

Details are as follows:

(Euro/million)	2022	2021
Raw materials	10,768	9,113
Change in inventories	(180)	(207)
Total	**10,588**	**8,906**

20. PERSONNEL COSTS

Details are as follows:

(Euro/million)	2022	2021
Wages and salaries and social security	1,545	1,349
Fair value-stock options	104	33
Pension plans	10	10
Medical benefit costs	1	2
Termination and other benefits	28	28
Business reorganisation	5	13
Other personnel costs	65	51
Total	**1,758**	**1,486**

Share-based payments

At 31 December 2022, the Prysmian Group had share-based compensation plans in place for managers and employees of Group companies and for members of the Parent Company's Board of Directors. These plans are described below.

Employee share purchase plan (2022) – YES 2.0

The YES plan is based on financial instruments and reserved for employees of Prysmian S.p.A. and/or of its subsidiaries.
The plan has offered the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares, except for certain managers for whom the discount is 15%, and the executive Directors and key management personnel, for whom the discount is 1% on the stock price.
The plan has therefore qualified as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.
The shares purchased or received free of charge are subject to a retention period, during which they cannot be sold.
All those who signed up to the plan also received an entry bonus of six free shares, taken from the Company's portfolio of treasury shares, only available with their first-time purchase. If an employee had already participated in the 2013 plan, they received eight shares as an entry bonus to the new plan. For those who had already purchased shares in a 2017 purchase window, the entry bonus was three shares.
The shares purchased by participants, as well as those received by way of discount and entry bonus, are subject to a retention period, during which they cannot be sold and the length of which varies according to relevant local regulations.

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees.
In line with past practice, the extension provides the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares. The shares purchased will be subject to a retention period, during which they cannot be sold. The extension has added new purchase windows in the years 2022, 2023 and 2024.
Beneficiaries of the plan also include the executive directors of Prysmian S.p.A. as well as key management personnel, for whom the discount will be 1%.

Costs of Euro 1 million have been recognised as "Personnel costs" in the income statement at 31 December 2022 for the fair value of options granted under this plan.

The fair value of the options has been determined using the Montecarlo binomial pricing model, based on the following assumptions:

	Windows
Grant date	12 April 2022
Share purchase date	from 16 June 2022 to 16 September 2025
End of retention period	from 16 June 2025 to 16 September 2027
Residual life (in years)	2.75
Share price at grant date (Euro)	€30.87
Risk-free interest rate	from 0.32% to 0.54%
Expected dividend %	1.80%
Option fair value at grant date (Euro)	from €23.94 to €19.27

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

Long-term incentive plan 2020-2022

The Prysmian S.p.A. shareholders' meeting of 28 April 2020 approved a long-term incentive plan, for which it authorised a bonus capital increase, as proposed by the Board of Directors, to be reserved for Prysmian Group employees. This capital increase could reach a maximum nominal amount of Euro 1,100,000 through apportionment, pursuant to art. 2349 of the Italian Civil Code, of a corresponding amount from profits or earnings reserves, with the issue of no more than 11,000,000 ordinary shares of nominal value Euro 0.10 each. At the same time, the shareholders also revoked their resolution of 12 April 2018 relating to a similar capital increase, amending article 6 of the By-laws. The shareholders' meeting held on 12 April 2022 adopted a resolution to reduce the capital increase from a maximum nominal amount of Euro 1,100,000.00, corresponding to 11,000,000 new ordinary shares, to a maximum nominal amount of Euro 800,000.00, corresponding to 8,000,000 new ordinary shares.

The long-term incentive plan (LTI), approved by the shareholders on 28 April 2020 pursuant to art. 114-bis, par. 1, of Italian Legislative Decree no. 58/1998, was in response to the following key drivers of change:

- simplification and alignment with best market practices;
- sustainability of performance over time;
- greater participation in the creation of long-term value by extending the number of beneficiaries to a wider group of managers and professionals;
- retention to support the phase of post-merger integration with General Cable, especially in certain regions with a particularly competitive talent market.

The Plan extends to some 700 Group employees and involves the allocation of a number of options calculated according to the achievement of operational, economic and financial performance conditions. The Plan consists of the following components: Performance Share, Deferred Share and Matching Share. The Performance Share component consists of the free allocation of shares to plan participants subject to the achievement of performance conditions, measured over a three-year period and subject to continued employment. The vesting period is three years (2020-2022), with disbursement of the shares envisaged in 2023. The Deferred Share component involves the deferred receipt, through the free allocation of shares subject to continued employment during the vesting period, of 50% of the bonus earned for the years 2020, 2021 and 2022. The vesting of the annual bonus depends on the achievement of specific economic, financial, operational and sustainability objectives defined in advance each year. Lastly, the Matching Share component is combined with the Deferred Shares and consists of the free allocation to participants of 0.5 additional shares for each Deferred Share granted and arising from deferred payment of the bonus for each year. In the case of the Chief Executive Officer and Top Management (consisting of about 40 individuals, including Executive Directors, Key Management Personnel, front-line positions reporting to the CEO and second-line managers of key areas), the Matching Share component is subject to the achievement of a pre-determined performance condition related to sustainability (ESG).

The actual allocation of shares, in particular with reference to the Performance Shares, is subject to the level of achievement of the following performance conditions: cumulative Adjusted EBITDA, cumulative Free Cash Flow, relative TSR measured against a 9-member peer group and ESG, measured by a set of indicators.

The following table provides details about movements in the plan:

	31.12.2022
	Number of options
Shares vested at start of year	4,306,263
Change in expected participations	28,775
Shares vesting in period	4,705,543
Total shares vested at end of year	9,040,581

Costs of Euro 79 million have been recognised as "Personnel costs" in the income statement at 31 December 2022 for the fair value of options granted under this plan.
In accordance with IFRS 2, the options allotted have been measured at their grant date fair value. The fair value of options related to performance shares, for the entire period of the plan, and to deferred and matching shares vesting in 2020 has been calculated using the following assumptions:

Grant date	28 April 2020
Residual life at grant date (in years)	2.68
Exercise price (Euro)	0
Risk-free interest rate	-0.70%
Expected dividend %	2.30%
Option fair value (market based) at grant date	€13.54
Option fair value (not market based) at grant date	€13.85

As regards deferred and matching shares vesting in 2021, option fair value has been calculated using the following assumptions:

Grant date	28 April 2021
Residual life at grant date (in years)	1.68
Exercise price (Euro)	0
Risk-free interest rate	-0.72%
Expected dividend %	2.30%
Option fair value (not market based) at grant date	€23.14

As regards deferred and matching shares vesting in 2022, option fair value has been calculated using the following assumptions:

Grant date	12 April 2022
Residual life at grant date (in years)	0.72
Exercise price (Euro)	0
Risk-free interest rate	0.00%
Expected dividend %	1.80%
Option fair value (not market based) at grant date	€26.16

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

BE-IN long-term incentive plan

On 12 April 2022, the shareholders of Prysmian S.p.A. approved an equity-settled stock grant plan for employees of Prysmian S.p.A. and Prysmian Group companies, except for managers already covered by individual incentive schemes; the plan aims to foster wide participation in future value creation and to strengthen the level of employee engagement; the plan is subject to local consultation with the relevant trade union representatives, where required.
The plan, participation in which is on a voluntary basis, envisages three allotment cycles for 2022, 2023 and 2024 and provides for the allotment of a maximum of 3,000,000 shares.
By voluntarily joining the plan, the employee agrees to receive, in lieu of payment of part of their monetary bonus, or in some cases even without converting a monetary bonus, a value equating to a number of shares, to be calculated on the basis of the allotment value, defined as the average share price over the 30 trading days preceding the definition of the incentive's value. The number of shares allotted may be increased by an additional number of shares, up to a maximum of 50% of the shares allotted.
The number of shares received by each participant will be determined according to the amount of the allotment value.

Allotted shares will be freely transferable from the grant date. If these shares are held for the entire holding period, the employee will be entitled to receive a number of additional "loyalty shares". If, during the holding period, the employee sells all or part of the shares received, they will no longer be entitled to receive additional shares.
The shares will be credited to participants annually within specific time frames, identified on a local basis during the plan's implementation process.
Shares will therefore be credited to participants in 2023, 2024 and 2025 in relation to performance in 2022, 2023 and 2024, respectively, and the respective additional shares will be credited to participants in 2024, 2025 and 2026.
During the plan's implementation process, some of these provisions may be adjusted not only to ensure that the plan nonetheless complies with applicable local rules, legislation and tax and social security regulations but also to facilitate its implementation for the sake of wider participation.

Costs of Euro 24 million have been recognised as "Personnel costs" in the income statement at 31 December 2022 for the fair value of options granted under this plan.

The fair value of options under this plan has been determined using the following assumptions:

Grant date	12 April 2022
Residual life at grant date (in years)	1.35
Exercise price (Euro)	0
Risk-free interest rate	2.14%-2.52%
Expected dividend %	1.80%
Option fair value at grant date of conversion and premium shares	€32.93
Option fair value at grant date of loyalty shares	€28.38

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

21. AMORTISATION, DEPRECIATION, IMPAIRMENT AND IMPAIRMENT REVERSALS

Details are as follows:

(Euro/million)	2022	2021
Depreciation of buildings, plant, machinery and equipment	210	188
Depreciation of other property, plant and equipment	22	18
Amortisation of intangible assets	78	68
Depreciation and impairment of right-of-use assets (IFRS 16)	59	55
Impairment of property, plant and equipment	34	6
Total	**403**	**335**

22. OTHER EXPENSES

Details are as follows:

(Euro/million)	2022	2021
Professional services	133	113
Insurance	45	50
Maintenance costs	151	114
Selling costs	129	91
Utilities	367	211
Travel costs	42	25
Rentals and vessel charter	73	46
Increases in/(releases of) provisions for risks	130	96
Losses on disposal of fixed assets	3	1
Sundry expenses	123	108
Other costs	1,322	968
Business reorganisation	7	8
Total	**2,525**	**1,831**

Other costs mainly refer to those incurred for project execution.
The Group expensed Euro 101 million in research and development costs in 2022 (Euro 95 million in 2021), insofar as there were no qualifying conditions to justify their capitalisation.

23. SHARE OF NET PROFIT/(LOSS) OF EQUITY-ACCOUNTED COMPANIES

Details are as follows:

(Euro/million)	2022	2021
Share of net profit/(loss) of associates	47	27
Total	**47**	**27**

Further information can be found in Note 3. Equity-accounted investments.

24. FINANCE COSTS

Details are as follows:

(Euro/million)	2022	2021
Interest on loans	19	17
Interest on non-convertible bond	5	19
Interest on Convertible Bond 2021 - non-monetary component	9	8
Interest on Convertible Bond 2017 - non-monetary component	-	5
Interest Rate Swaps	12	7
Interest on lease liabilities	6	5
Amortisation of bank and financial fees and other expenses	6	8
Employee benefit interest costs net of interest on plan assets	6	5
Other bank interest	7	3
Costs for undrawn credit lines	3	4
Sundry bank fees	21	17
Non-recurring other finance costs	-	2
Finance costs related to hyperinflation	-	1
Other	23	9
Finance costs	**117**	**110**
Foreign currency exchange losses	999	675
Foreign currency exchange losses	**999**	**675**
Total finance costs	**1,116**	**785**

25. FINANCE INCOME

Details are as follows:

(Euro/million)	2022	2021
Interest income from banks and other financial institutions	13	6
Non-recurring finance income	-	16
Finance income related to hyperinflation	7	-
Other finance income	6	4
Finance income	**26**	**26**
Net gains on forward currency contracts	14	24
Gains on derivatives	**14**	**24**
Foreign currency exchange gains	966	639
Total finance income	**1,006**	**689**

26. TAXES

Details are as follows:

(Euro/million)	2022	2021
Current income taxes	278	201
Deferred income taxes	(48)	(35)
Total	**230**	**166**

The following table reconciles the effective tax rate with the Parent Company's theoretical tax rate:

(Euro/million)	2022	Aliquota	2021	Aliquota
Profit/(loss) before taxes	739		476	
Theoretical tax expense	177	24.0%	114	24.0%
Differences in nominal tax rates of foreign subsidiaries	(9)	-1.2%	2	0.4%
Taxes on distributable reserves	27	3.6%	-	0.0%
Change in tax rates	-	-	3	0.6%
Taxes on dividends	7	0.9%	9	1.9%
Accrual (Release) of Antritrust provision	6	0.8%	5	1.1%
WHT expensed/corporate income tax branch	3	0.4%	9	1.9%
Deferred tax effect on carryforward tax losses	8	1.1%	1	0.2%
IRAP (Italian regional business tax) and US State tax	24	3.3%	12	2.5%
Prior year current taxes	-	-	(3)	-0.6%
Non-deductible costs/ (non-taxable income) and other	(13)	-1.8%	14	2.9%
Effective income taxes	**230**	**31.1%**	**166**	**34.9%**

27. EARNINGS/(LOSS) AND DIVIDENDS PER SHARE

Both basic and diluted earnings (loss) per share have been calculated by dividing the net result for the period attributable to owners of the parent by the average number of the Company's outstanding shares.
Diluted earnings/(loss) per share are affected by the options under the employee stock ownership plan (YES Plan) as well as by the deferred shares and matching shares that have vested for 2020 and 2021 under the Long-Term Incentive Plan 2020-2022, and by the options under the BE-IN Long-Term Incentive Plan to the extent vested. Diluted earnings/(loss) per share have not however been impacted by the Convertible Bond 2021, whose conversion is currently out of the money, or by the "deferred share" and "matching share" options for 2022 and the "performance bonus" options under the Long-Term Incentive Plan 2020-2022 which will be granted only after the shareholders have approved the 2022 financial statements, or by the "loyalty share" options under the BE-IN Long-Term Incentive Plan, which can be granted only after the employee has held the allotted shares for at least one year.

(Euro/million)	2022	2021
Net profit/(loss) attributable to owners of the parent	504	308
Weighted average number of ordinary shares (thousands)	263,497	263,408
Basic earnings per share (in Euro)	1.91	1.17
Net profit/(loss) attributable to owners of the parent for purposes of diluted earnings per share	504	308
Weighted average number of ordinary shares (thousands)	263,497	263,408
Adjustments for:		
Dilution from incremental shares arising from exercise of stock options (thousands)	2,062	610
Weighted average number of ordinary shares to calculate diluted earnings per share (thousands)	265,558	264,018
Diluted earnings per share (in Euro)	1.90	1.17

The dividend paid in 2022 amounted to approximately Euro 148 million (Euro 0.55 per share). With reference to the year ended 31 December 2022, a recommendation to pay a dividend of Euro 0.60 per share, totalling approximately Euro 158 million, based on the number of outstanding shares, will be presented to the shareholders for approval in the meeting convened in single call for 19 April 2023.

28. CONTINGENT LIABILITIES

As a global operator, the Group is exposed to legal risks primarily, by way of example, in the areas of product liability and environmental, antitrust and tax rules and regulations. The outcome of legal disputes and proceedings currently in progress cannot be predicted with certainty. An adverse outcome in one or more of these proceedings could result in the payment of costs that are not covered, or not fully covered, by insurance, which would therefore have a direct effect on the Group's financial position and results.
As at 31 December 2022, contingent liabilities for which the Group has not recognised any provision for risks and charges, on the grounds that an outflow of resources is considered unlikely, but for which reliable estimates are available, amount to approximately Euro 52 million and mainly refer to legal and tax issues.

29. COMMITMENTS TO PURCHASE PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Contractual commitments already entered into with third parties as at 31 December 2022 and not yet reflected in the financial statements amount to Euro 416 million for investments in property, plant and equipment (Euro 85 million at 31 December 2021); commitments to third parties for investments in intangible assets amount to Euro 2 million at 31 December 2022 (Euro 5 million at 31 December 2021).

30. RECEIVABLES FACTORING

The Group has factored some of its trade receivables on a without-recourse basis. Receivables factored but not yet paid by customers amounted to Euro 296 million at 31 December 2022 (Euro 295 million at 31 December 2021).

31. FINANCIAL COVENANTS

The credit agreements in place at 31 December 2022, details of which are presented in Note 11, require the Group to comply with a series of covenants on a consolidated basis. The main covenants, classified by type, are listed below:

a. Financial covenants

- Ratio between EBITDA and Net finance costs (as defined in the relevant agreements);
- Ratio between Net Financial Debt and EBITDA (as defined in the relevant agreements).

The covenants contained in the relevant credit agreements are as follows:

	EBITDA/Net finance costs(1) not less than:	Net financial debt/ EBITDA(1) not more than:
	4.00x	3.00x

(1) The ratios are calculated on the basis of the definitions contained in the relevant credit agreements. The Net Financial Debt-EBITDA ratio can go as high as 3.5 following extraordinary transactions like acquisitions, no more than three times, including on non-consecutive occasions.

b. Non-financial covenants

A number of non-financial covenants have been established in line with market practice applying to transactions of a similar nature and size. These covenants involve restrictions on the grant of secured guarantees to third parties and on amendments to the Company's by-laws.
Compliance with these indicators entails a benefit in terms of lower finance costs, while non-compliance would entail higher finance costs.

Default events

The main default events are as follows:

- default on loan repayment obligations;
- breach of financial covenants;
- breach of some of the non-financial covenants;
- declaration of bankruptcy by Group companies or their involvement in other insolvency proceedings;
- issuing of particularly significant court orders;
- occurrence of events that may adversely and significantly affect the business, the assets or the financial conditions of the Group.

Should a default event occur, the lenders are entitled to demand full or partial repayment of the amounts lent and not yet repaid, together with interest and any other amount due. No collateral security is required.
Actual financial ratios reported at 31 December 2022 and 31 December 2021 are as follows:

	31.12.2022	31.12.2021
EBITDA / Net finance costs(1)	27.26x	15.82x
Net financial debt / EBITDA(1)	0.83x	1.63x

(1) The ratios are calculated on the basis of the definitions contained in the relevant credit agreements.

The above financial ratios comply with both covenants contained in the relevant credit agreements and there are no instances of non-compliance with the financial and non-financial covenants indicated above.

32. RELATED PARTY TRANSACTIONS

Transactions by Prysmian S.p.A. and its subsidiaries with associates mainly refer to:

- trade relations involving purchases and sales of raw materials and finished goods;
- services (technical, organisational and general) provided by head office for the benefit of group companies;
- recharge of royalties for the use of trademarks, patents and technological know-how by group companies.

The related party disclosures also include the compensation paid to Directors, Statutory Auditors and Key Management Personnel.
All the above transactions form part of the Group's continuing operations.

The following tables provide a summary of related party transactions and balances for the years ended 31 December 2022 and 31 December 2021:

(Euro/million)					31.12.2022
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % total
Equity-accounted investments	387	-	**387**	387	100.0%
Trade receivables	-	-	**-**	1,942	0.0%
Other receivables	3	-	**3**	1,012	0.3%
Trade payables	17	-	**17**	2,718	0.6%
Other payables	-	2	**2**	1,722	0.1%
Provisions for risks and charges	-	8	**8**	696	1.1%

(Euro/million)					31.12.2021
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % total
Equity-accounted investments	360	-	**360**	360	100,0%
Trade receivables	-	-	**-**	1,622	0.0%
Other receivables	3	-	**3**	661	0.5%
Trade payables	5	-	**5**	2,592	0.2%
Other payables	-	2	**2**	1,197	0.2%
Provisions for risks and charges	-	6	**6**	654	0.9%

(Euro/million)					2022
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % total
Sales	-	-	**-**	16,067	0.0%
Other income	7	-	**7**	70	10.0%
Raw materials, consumables and supplies	-	-	**-**	(10,588)	0.0%
Personnel costs	-	(16)	**(16)**	(1,758)	0.9%
Other expenses	(6)	(2)	**(8)**	(2,525)	0.3%
Share of net profit/(loss) of equity-accounted companies	47	-	**47**	47	100.0%

(Euro/million)					2021
	Equity-accounted companies	Compensation of directors, statutory auditors and key management personnel	Total related parties	Total reported amount	Related party % total
Sales	31	-	**31**	12,736	0.2%
Other income	5	-	**5**	125	4.1%
Raw materials, consumables and supplies	(2)	-	**(2)**	(8,906)	0.0%
Personnel costs	-	(10)	**(10)**	(1,486)	0.7%
Other expenses	(5)	(2)	**(7)**	(1,831)	0.4%
Share of net profit/(loss) of equity-accounted companies	26	-	**26**	27	100.0%

Transactions with associates

Trade and other payables refer to goods and services provided in the ordinary course of the Group's business. Trade and other receivables refer to transactions carried out in the ordinary course of the Group's business.

Top management compensation

Top management compensation is analysed as follows:

(Euro/000)	2022	2021
Salaries and other short-term benefits - fixed part	4,540	5,275
Salaries and other short-term benefits - variable part	2,726	1,299
Other benefits	290	360
Share-based payments	8,923	2,563
Other costs	1,833	2,358
Total	**18,312**	**11,855**
of which Directors	11,233	8,134

The amounts shown in the table are the costs recognised in profit or loss for the year.
At 31 December 2022, employee benefit obligations pertaining to top managers amounted to Euro 8 million.

33. COMPENSATION OF DIRECTORS AND STATUTORY AUDITORS

The compensation of the executive and non-executive Directors of Prysmian S.p.A. came to Euro 11.2 million in 2022 (Euro 8.1 million in 2021). The compensation of the Statutory Auditors of Prysmian S.p.A. came to Euro 0.2 million in 2022, the same as the year before. Compensation includes emoluments, and any other types of remuneration, pension and medical benefits, received for their service as Directors or Statutory Auditors of Prysmian S.p.A. and other companies included in the scope of consolidation, and that have constituted an expense for Prysmian.

34. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions took place during 2022.

35. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

As required by Consob Communication DEM/6064293 dated 28 July 2006 and in accordance with the ESMA Guidelines/2015/1415, the following table presents the effects of non-recurring events and transactions on profit or loss:

(Euro/million)	2022	2021
Non-recurring other income/(expenses)		
Antitrust	(47)	(2)
Non-recurring other finance income/(costs)		
Non-recurring other finance income/(costs)	-	14
Total	**(47)**	**12**

36. STATEMENT OF CASH FLOWS

The increase in net working capital used Euro 105 million in cash flow. After Euro 221 million in tax payments and Euro 10 million in dividend receipts, operating activities in 2022 therefore generated a net cash inflow of Euro 1,038 million, which also included outflows of Euro 7 million for restructuring costs and Euro 44 million for antitrust matters.
Cash flow from acquisitions and/or disposals reported a net outflow of Euro 7 million as a result of business combinations completed during the reporting period.
Net operating capital expenditure used Euro 452 million in cash in 2022, a large part of which relating to projects to increase and rationalise production capacity and to develop new products. More details can be found in Note 1. Property, plant and equipment of these Explanatory Notes.

Cash flow from financing activities was influenced by the distribution of dividends, amounting to Euro 148 million. Finance costs paid, net of finance income received, came to Euro 71 million.

37. INFORMATION PURSUANT TO ART.149-DUODECIES OF THE CONSOB ISSUER REGULATIONS

Pursuant to art. 149-duodecies of the Consob Issuer Regulations, the following table shows the fees in 2022 for audit work and other services provided by the independent auditors EY and companies in the EY network:

(Euro/000)	Recipient	Supplier of services	Fees for 2022	Fees for 2021
Audit services	Parent Company - Prysmian S.p.A.	EY S.p.A.	798	756
	Italian subsidiaries	EY S.p.A.	461	424
	Foreign subsidiaries	EY S.p.A.	1,360	401
	Foreign subsidiaries	EY Network	1,925	3,027
Certification services	Parent Company - Prysmian S.p.A.	EY S.p.A.	303	410
	Italian subsidiaries	EY S.p.A.	15	2
Other services	Parent Company - Prysmian S.p.A.	EY S.p.A.	60	-
	Italian subsidiaries	EY S.p.A.	20	-
	Foreign subsidiaries(1)	EY Network	161	171
Total			**5,103**	**5,191**

(1) Tax and other services.

38. BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

The financial statements of the Group's consolidated operating companies have been prepared for the financial years ended 31 December 2022 and 31 December 2021, and have been specifically and appropriately adjusted, where necessary, to bring them into line with the Group's accounting policies and principles.

Subsidiaries

The Group consolidated financial statements include the financial statements of Prysmian S.p.A. (the Parent Company) and the subsidiaries over which the Parent Company exercises direct or indirect control. Subsidiaries are consolidated from the date control is acquired until the date such control ceases. Specifically, control exists when the parent Prysmian S.p.A. has all of the following:

- decision-making power, meaning the ability to direct the investee's relevant activities, i.e. the activities that significantly affect the investee's returns;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power.

The existence of potential voting rights exercisable at the reporting date is also taken into consideration for the purposes of determining control.
Subsidiaries are consolidated on a line-by-line basis commencing from the date control is effectively obtained by the Group; at the date of obtaining control, the carrying amount of an investment is eliminated against the corresponding portion of the investee's equity by allocating its fair value to individual assets, liabilities and contingent liabilities. Any residual difference, if positive, is recognised as "Goodwill". If the acquisition is achieved in stages, the entire investment is remeasured at fair value on the date control is obtained; after this date, any additional acquisitions or disposals of equity interests, without a change of control, are treated as transactions between owners recognised in equity. Costs incurred for the acquisition are always expensed immediately to profit or loss; changes in contingent consideration are recognised in profit or loss. The share of equity and share of the result for the period attributable to non-controlling interests are presented separately within the financial statements. Subsidiaries cease to be consolidated from the date control is transferred to third parties; the disposal of an equity interest involving a loss of control results in recognising in profit or loss (i) the gain or loss arising on the difference between the consideration received and the respective share of equity transferred to third parties, (ii) any amounts relating to the subsidiary recognised in other comprehensive income that may be reclassified to profit or loss and (iii) the gain or loss from adjusting any non-controlling interest retained by Prysmian Group to its fair value calculated at the date control is lost.

Associates and joint arrangements: joint ventures and joint operations

Associates are those entities over which the Group has significant influence. Investments in associates are accounted for using the equity method and are initially recorded at cost.
Companies managed under contractual arrangements whereby two or more parties, who share control through unanimous consent, have the power to make relevant decisions and govern the exposure to variable future returns, qualify as joint operations and as such are accounted for in the joint operator's accounts directly in proportion to the interest held in the joint operation. In addition to recording the relevant share of assets, liabilities, revenues and expenses, a joint operator also recognises its obligations under the related arrangement. Equally, if a party participates in, but does not have joint control of, a joint operation, it nonetheless recognises in its own financial statements its share of the joint operation's assets and liabilities, revenues and expenses as well as its contractual obligations under the arrangement.
Other investments in joint ventures, over which significant influence is exercised but which do not qualify as joint operations, are accounted for using the equity method.

Translation of foreign operation financial statements

The assets and liabilities of consolidated foreign operations expressed in currencies other than the Euro are translated using the closing exchange rate on the reporting date; revenues and expenses are translated at the average exchange rate prevailing in the reporting period. The resulting translation differences are presented in

equity, specifically in the "Currency translation reserve" included in other comprehensive income, until disposal of the related foreign operation.
Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities are translated at the closing exchange rate on the reporting date. Exchange differences arising on translation and those realised on the settlement of transactions are recorded in finance income and costs.

Hyperinflationary economies

IAS 29 - Financial Reporting in Hyperinflationary Economies establishes that if a foreign entity operates in a hyperinflationary economy, revenues and expenses are translated using the exchange rate current at the reporting date; accordingly, all amounts in the income statement are restated by applying the change in the general price index between the date when income and expenses were initially recorded in the financial statements and the reporting date.
The Group controls companies based in Turkey, for which, after a long period of monitoring the country's inflation rates, a consensus was reached that the country qualified to be treated as a hyperinflationary economic environment, as defined by international accounting standards, as from the first half of 2022. In fact, a steep devaluation of the local currency and escalating inflation were both observed. Based on these parameters and taking into account the guidance of the accounting standard, *IAS 29 - Financial Reporting in Hyperinflationary Economies* has been applied to the Turkish subsidiaries as from 1 April 2022. The Group's consolidated results at 31 December 2022 also include the effects of applying the aforementioned accounting standard to its Turkish subsidiaries, effective 1 April 2022, with the country's cumulative price inflation having reached 156% over the last 3 years.
In accordance with IAS 29, the restatement of financial statements as a whole requires the application of certain procedures as well as judgement. With reference to the income statement, income and expenses have been restated by applying the change in the general price index. The income statement thus restated has been translated into Euro at the closing rate on 31 December 2022 instead of at the average rate for the reporting period. The application of the standard to the Turkish subsidiaries has had a negative impact of Euro 1 million on net sales and a negative impact of Euro 1 million on net profit.
With reference to the statement of financial position, monetary items have not been restated because they are already expressed in terms of the monetary unit current at the end of the reporting period; non-monetary assets and liabilities have been revalued from the date the assets and liabilities were originally recorded through until the reporting date. This has resulted in the recognition of an overall expense of Euro 8 million, reported in the income statement under net Finance income (costs), while the effects of the standard's first-time application on 1 April 2022 have been recorded directly in equity for an amount of Euro 7 million.
It is recalled that this standard has been applied to the subsidiary in Argentina since 1 July 2018. Furthermore, inflation in Argentina accelerated even more in 2022, causing cumulative consumer price inflation to reach 300% over the last 3 years. The income statement thus restated has been translated into Euro at the closing rate on 31 December 2022 instead of at the average rate for the reporting period. The application of the standard to the Argentine subsidiaries has had a positive impact of Euro 7 million on net sales and a negative impact of Euro 4 million on net profit.

The exchange rates applied are as follows:

	Closing rates at		Period average rates	
	31.12.2022	31.12.2021	2022	2021
Europe				
British Pound	0.887	0.840	0.853	0.860
Swiss Franc	0.985	1.033	1.005	1.081
Hungarian Forint	400.87	369.19	391.29	358.52
Norwegian Krone	10.514	9.989	10.103	10.163
Swedish Krona	11.122	10.250	10.630	10.146
Czech Koruna	24.116	24.858	24.566	25.640
Danish Krone	7.437	7.436	7.440	7.437
Romanian Leu	4.950	4.949	4.931	4.921
Turkish Lira	19.971	14.709	17.396	10.460
Polish Zloty	4.681	4.597	4.686	4.565
Russian Rouble	75.655	85.300	72.549	87.153
North America				
US Dollar	1.067	1.133	1.053	1.183
Canadian Dollar	1.444	1.439	1.369	1.483
South America				
Colombian Peso	5,172	4,599	4,474	4,429
Brazilian Real	5.565	6.320	5.439	6.379
Argentine Peso	188.959	116.341	137.751	112.550
Chilean Peso	913.820	964.350	917.925	898.395
Costa Rican Colón	631.449	727.107	680.721	734.925
Mexican Peso	20.856	23.144	21.187	23.985
Peruvian Sol	4.046	4.519	4.038	4.591
Oceania				
Australian Dollar	1.569	1.562	1.517	1.575
New Zealand Dollar	1.680	1.658	1.658	1.672
Africa				
CFA Franc	655.957	655.957	655.957	655.957
Angolan Kwanza	541.198	635.082	486.921	743.847
Tunisian Dinar	3.322	3.260	3.251	3.288
South African Rand	18.099	18.063	17.209	17.423
Asia				
Chinese Renminbi (Yuan)	7.358	7.195	7.079	7.628
United Arab Emirates Dirham	3.917	4.160	3.868	4.344
Bahraini Dinar	0.401	0.426	0.396	0.445
Hong Kong Dollar	8.316	8.833	8.245	9.193
Singapore Dollar	1.430	1.528	1.451	1.589
Indian Rupee	88.171	84.229	82.686	87.439
Indonesian Rupiah	16,520	16,100	15,625	16,921
Japanese Yen	140.660	130.380	138.027	129.877
Thai Baht	36.835	37.653	36.856	37.837
Philippine Peso	59.320	57.763	57.314	58.299
Omani Rial	0.410	0.436	0.405	0.455
Malaysian Ringgit	4.698	4.718	4.628	4.902
Qatari Riyal	3.882	4.123	3.834	4.305
Saudi Riyal	4.000	4.247	3.949	4.435

38.1 TRANSLATION OF TRANSACTIONS IN CURRENCIES OTHER THAN THE FUNCTIONAL CURRENCY

Transactions in currencies other than the functional currency of the company which undertakes the transaction are translated using the exchange rate applicable at the transaction date.
Draka NK Cables (Asia) Pte Ltd (Singapore), Draka Philippines Inc. (Philippines), Draka Durango S. de R.L. de C.V., Draka Mexico Holdings S.A. de C.V., Prysmian Cables y Sistemas de Mexico S. de R.L. de C.V. and NK Mexico Holdings S.A. de C.V. (Mexico) present their financial statements in a currency other than that of the country they operate in, as their main transactions are not conducted in the local currency but in the company's reporting currency.
Foreign currency exchange gains and losses arising on completion of transactions or on the year-end translation of assets and liabilities denominated in foreign currencies are recognised in profit or loss.
Exchange differences arising on any loans between group companies that form part of the reporting entity's net investment in a foreign operation are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

38.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at the cost of acquisition or production, net of accumulated depreciation and any impairment. Cost includes expenditure directly incurred to prepare the assets for use, as well as any costs for their dismantling and removal which will be incurred as a consequence of contractual or legal obligations requiring the asset to be restored to its original condition.
Depreciation is charged on a straight-line, monthly basis using rates that allow assets to be depreciated until the end of their useful lives. When assets consist of different identifiable components, whose useful lives differ significantly from each other, each component is depreciated separately using the component approach.

The indicative useful lives estimated by the Group for the various categories of property, plant and equipment are as follows:

Land	Not depreciated
Buildings	25-50 years
Plant	10-15 years
Machinery	10-20 years
Equipment and Other assets	3-10 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted, if appropriate, at least at the end of each full-year reporting period.

From time to time the Group is required to dry dock its cable-laying vessels in order to carry out inspections and maintenance. Dry-docking costs include the replacement of parts and major repairs and maintenance. These costs are incurred as part of periodically scheduled inspections and result in future economic benefits. For this reason, the Group capitalises dry-docking costs as they occur and depreciates them on a straight-line basis over a period of 3 to 5 years, which is generally the period until the next scheduled dry-docking.
If the period until the next scheduled dry-docking is shorter than expected, any undepreciated dry-docking costs are immediately expensed to profit or loss before the next scheduled dry-docking.

Right-of-use assets under IFRS 16

A lease is a contract that guarantees the right to use an asset (the leased asset) for a period of time in exchange for a payment or a series of payments.
At the date leased assets become available for use, lessees shall recognise the rights of use as non-current assets and a corresponding financial liability.

Lease payments are divided into interest expense, recognised in profit or loss, and repayment of principal, accounted for as a reduction in the financial liability. Right-of-use assets are depreciated every month on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.
Right-of-use assets and lease liabilities are initially measured at the present value of future lease payments.
The present value of lease liabilities includes the following payments:

- fixed payments;
- variable lease payments that depend on an index or a rate;
- exercise price of a purchase option reasonably certain to be exercised;
- payments of penalties for terminating the lease if the termination option is reasonably certain to be exercised;
- optional payments after the non-cancellable period, if the lease is reasonably certain to be extended beyond the non-cancellable period.

Future lease payments are discounted using the incremental borrowing rate. This is based on the risk-free rate of the country in which the contract is negotiated and on the term of the lease, and is also adjusted for the Group's credit spread.
Lease extension options are considered for the purposes of determining the lease term, if reasonably certain to be exercised.
Right-of-use assets are measured at cost, whose initial amount is equal to the lease liability.
The Group applies the exemption for short-term leases since their accounting under IFRS 16 is not considered to have a significant impact on the overall lease liability.
The financial liability recognised under IFRS 16, amounting to Euro 214 million, is analysed by maturity as follows:

(Euro/million)				31.12.2022
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Lease liabilities	58	47	56	53

The following table reports movements in right-of-use assets recognised in Property, plant and equipment in accordance with IFRS 16:

(Euro/million)	Land	Buildings	Plant and machinery	Equipment	Other assets	Total
Balance at 31 December 2021	**14**	**93**	**11**	**11**	**67**	**196**
Movements in 2022:						
- Investments	-	35	5	2	16	58
- Depreciation	1	1	-	-	1	3
- Currency translation differences	(1)	(23)	(1)	(5)	(29)	(59)
- Other	-	-	(1)	1	-	-
Balance at 31 December 2022	**14**	**106**	**14**	**9**	**55**	**198**
Of which:						
- Historical cost	17	164	19	20	128	348
- Accumulated depreciation	(3)	(58)	(5)	(11)	(73)	(150)
Net book value	**14**	**106**	**14**	**9**	**55**	**198**

(Euro/million)	Land	Buildings	Plant and machinery	Equipment	Other assets	Total
Balance at 31 December 2020	**13**	**86**	**12**	**8**	**61**	**180**
Movements in 2021:						
- Investments	-	20	1	7	35	63
- Depreciation	2	3	-	1	1	7
- Currency translation differences	(1)	(16)	(2)	(5)	(30)	(54)
Balance at 31 December 2021	**14**	**93**	**11**	**11**	**67**	**196**
Of which:						
- Historical cost	16	136	14	20	130	316
- Accumulated depreciation	(2)	(43)	(3)	(9)	(63)	(120)
Net book value	**14**	**93**	**11**	**11**	**67**	**196**

38.3 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between the cost incurred for acquiring a controlling interest (in a business) and the fair value of the assets and liabilities identified at the acquisition date. Goodwill is not amortised, but is tested for impairment at least annually to identify any impairment losses. This test is carried out with reference to the cash-generating unit ("CGU") or group of CGUs to which goodwill is allocated and at which level it is monitored. Greater information can be found in Note 2. Goodwill and Other intangible assets.

Other intangible assets

Other intangible assets are recognised in the financial statements at acquisition cost and/or production cost, including all costs directly attributable to make the assets available for use, net of accumulated amortisation and any impairment. Amortisation commences when the asset is available for use and is calculated on a straight-line basis over the asset’s estimated useful life. Other intangible assets have a finite useful life.

Other intangible assets include Patents, concessions, licences, trademarks and similar rights and Software. These assets are recognised at acquisition cost and amortised on a straight-line basis over their useful lives.

38.4 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

Property, plant and equipment, rights to use such assets and finite-life intangible assets are analysed at each reporting date for any evidence of impairment. If such evidence is identified, the recoverable amount of these assets is estimated and any impairment loss relative to carrying amount is recognised in profit or loss. The recoverable amount is the higher of the fair value of an asset, less costs to sell, and its value in use, where the latter is the present value of the estimated future cash flows of the asset, also taking into account the issues described in the section on "Risk related to Climate change". The recoverable amount of an asset which does not generate largely independent cash flows is determined in relation to the cash-generating unit to which the asset belongs.

In calculating an asset's value in use, the expected future cash flows are discounted using a discount rate reflecting current market assessments of the time value of money, in relation to the period of the investment and the specific risks associated with the asset. Additional information about the measurement of cash-generating units can be found in Note 39. Estimates and assumptions.

38.5 FINANCIAL ASSETS

In accordance with *IFRS 9 - Financial instruments*, financial assets are initially recorded at fair value and classified in one of the following categories on the basis of their nature and the purpose for which they were acquired:

a. Financial assets at amortised cost;
b. Financial assets at fair value through profit or loss (FVPL);
c. Financial assets at fair value through other comprehensive income (FVOCI).

Financial assets are derecognised when the right to receive cash flows from the instrument expires and the Group has substantially transferred all the risks and rewards of ownership of the instrument and the related control.

(a) Financial assets at amortised cost

The Group classifies in this category receivables and securities that it expects to hold to maturity, meaning that it receives payments of interest and principal from such assets on specified due dates. Assets at amortised cost are classified in the statement of financial position under "Financial assets at amortised cost" and presented as current or non-current assets depending on whether their contractual maturity is less or more than twelve months from the reporting date.
These assets are reported at amortised cost and written down if any impairment is identified.

(b) Financial assets at fair value through profit or loss (FVPL)

Financial assets classified in this category are represented by instruments held for trading, having been acquired for the purpose of selling in the near term and/or complex instruments whose cash flows cannot be identified simply as principal and interest.
Financial assets at fair value through profit or loss are measured at fair value, with gains and losses from changes in fair value reported in the income statement under "Finance income" and "Finance costs", in the period in which they arise.
Assets in this category are classified as current assets.

(c) Financial assets at fair value through other comprehensive income (FVOCI)

The Group uses this category to record equity investments it does not expect to dispose of in the near term and with which it has no controlling relationship, classified as non-current assets, and financial assets in which it invests its liquidity and whose disposal date is not known, classified as current assets.
The above equity investments are measured at fair value through OCI. Dividends from such investments are recognised in finance income.

Financial assets classified in this category are measured at fair value through OCI. Interest from financial assets classified at fair value through OCI is recognised in finance income. When these instruments are sold, the related equity reserve is recycled to profit or loss.

38.6 DERIVATIVES

Metal derivatives

Metal derivatives not designated as hedging instruments are recognised at fair value through profit or loss. The related income and expenses are classified in operating income and expenses. They are recognised as current assets or liabilities in the statement of financial position if they mature within twelve months, otherwise they are classified as non-current assets or liabilities.

The Group has designated certain derivatives denominated in EUR, GBP, USD and RMB entered into with brokers and aimed at mitigating the risk of copper and aluminium price fluctuations, as cash flow hedges, being hedging instruments associated with highly probable transactions. In addition, as of 2022, the Group has designated certain EUR-denominated derivatives, entered into with brokers and aimed at mitigating the risk of lead price fluctuations in relation to specific sales orders, as cash flow hedges, being hedging instruments associated with highly probable transactions. All derivatives designated as cash flow hedges are recognised at fair value through equity, and therefore designated as hedging instruments. These derivative financial instruments, which qualify for recognition as hedging instruments, are designed to hedge the price risk of commodities that are the subject of highly probable future purchase transactions (hedged items). A derivative that sets the commodity's purchase price is designated as a hedging instrument, since it relates to a physical commodity purchase that will be made. When the physical purchase is made, the Group unwinds the buy derivatives with sell derivatives. The effectiveness of the hedging relationships is assessed from the inception of each derivative instrument until it is closed out. The fair values of the various derivative financial instruments used as hedging instruments and movements in the "Cash flow hedge reserve" forming part of equity are presented in Note 8. Derivatives.

Interest rate derivatives

Interest rate derivatives not designated as hedging instruments are recognised at fair value through profit or loss. The related income and expenses are classified in finance income and costs. They are recognised as current assets or liabilities in the statement of financial position if they mature within twelve months, otherwise they are classified as non-current assets or liabilities.

Interest rate derivatives designated as hedging instruments are recognised at fair value through other comprehensive income. When the derivative matures, the related reserve is recycled to profit or loss as finance income and costs.

The relationship between the hedged item and the designated interest rate hedge must be documented. The effectiveness of each hedge is reviewed both at the derivative's inception and during its life cycle. In particular, interest rate derivatives designated as hedging instruments are intended to hedge the risk of cash flow volatility linked to finance costs originating from variable rate debt.

Currency derivatives

Currency derivatives not designated as hedging instruments are recognised at fair value through profit or loss. The related income and expenses are classified in finance income and costs. They are recognised as current assets or liabilities in the statement of financial position if they mature within twelve months, otherwise they are classified as non-current assets or liabilities.

Currency derivatives designated as hedging instruments are recognised at fair value through other comprehensive income. When the derivative matures, the related reserve is recycled to profit or loss.
The relationship between the hedged item and the designated currency hedge must be documented. The effectiveness of each hedge is reviewed both at the derivative's inception and during its life cycle. In particular, currency derivatives designated as hedging instruments are intended to hedge exchange rate risk on contracts or orders. These hedging relationships aim to reduce cash flow volatility due to exchange rate fluctuations affecting future transactions. In particular, the hedged item is the value in the company's unit of account of a cash flow expressed in another currency that is expected to be received/paid under a contract or an order whose amount exceeds the minimum thresholds set by the Group: all cash flows thus identified are therefore designated as hedged items in the hedging relationship. The reserve originating from changes in the fair value of derivative instruments is transferred to profit or loss according to the stage of completion of the contract itself, where it is classified as contract revenue/costs.

38.7 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, net of the allowance for doubtful accounts. Impairment of receivables is recognised on the basis of Expected Credit Loss (ECL). ECLs are based on the difference between the cash flows due by contract and all the cash flows that the Group expects to receive, discounted at an original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group adopts a simplified approach to calculating ECLs for trade receivables and contract assets: it does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The Group makes use of without-recourse factoring of trade receivables. These receivables are derecognised because such transactions transfer substantially all the related risks and rewards of the receivables to the factor.

38.8 INVENTORIES

Inventories are recorded at the lower of purchase or production cost and net realisable value, defined as the amount the Group expects to obtain from their sale in the normal course of business, net of selling costs. The cost of inventories of raw materials, ancillaries and consumables, as well as finished products and goods is determined using the FIFO (first-in, first-out) method.

The exception is inventories of non-ferrous metals (copper, aluminium and lead) and quantities of such metals contained in semi-finished and finished products, which are valued using the weighted average cost method.
The cost of finished and semi-finished products includes design costs, raw materials, direct labour costs and other production costs (calculated on the basis of normal operating capacity).

38.9 CONSTRUCTION CONTRACTS

Construction contracts (hereafter also “contracts”) are recognised at the value agreed in the contract, in accordance with the percentage of completion method, taking into account the progress of the project and the expected contractual risks. The progress of a project is measured by reference to the contract costs incurred at the reporting date in relation to the total estimated costs for each contract. When the outcome of a contract cannot be estimated reliably, the contract revenue is recognised only to the extent that the costs incurred are likely to be recovered. When the outcome of a contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the term of the contract. When it is probable that total contract costs will exceed total contract revenue, the potential loss is recognised immediately as an expense.
If the contract contains a warranty other than those used in standard market practice, this warranty is recognised separately.
The Group reports as assets the gross amount due from customers for construction contracts, where the costs incurred, plus recognised profits (less recognised losses), exceed the billing of work-in-progress; such assets are reported in “Other receivables”. Amounts billed but not yet paid by customers are reported under “Trade receivables”.

The Group records as liabilities the gross amount due to customers for all construction contracts where billing exceeds the costs incurred plus recognised profits (less recognised losses). Such liabilities are reported under “Other payables”.

38.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, demand bank deposits and other short-term investments, with a maturity of three months or less. Current account overdrafts are classified as financial payables under current liabilities in the statement of financial position.

38.11 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale are classified as such if the carrying amount will be recovered principally through a sale transaction; for this to be the case, the sale must be highly probable and the related assets/liabilities must be available for immediate sale in their present condition. Assets/Liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell.

38.12 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

38.13 BORROWINGS FROM BANKS AND OTHER LENDERS

Borrowings from banks and other lenders are initially recognised at fair value, less directly attributable costs. Subsequently, they are measured at amortised cost, using the effective interest method. If the estimated expected cash flows should change, the value of the liabilities is recalculated to reflect this change using the present value of the expected new cash flows and the effective internal rate originally established. Borrowings from banks and other lenders are classified as current liabilities, unless the Group has an unconditional right to defer their payment for at least twelve months after the reporting date.
Borrowings from banks and other lenders are derecognised when they are extinguished and when the Group has transferred all the risks and expense relating to such instruments.

38.14 EMPLOYEE BENEFITS

The Group operates both defined contribution plans and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions to third-party fund managers and to which there are no legal or other obligations to pay further contributions should the fund not have sufficient assets to meet the obligations to employees for current and prior periods. In the case of defined contribution plans, the Group pays contributions, voluntarily or as established by contract, to public and private pension insurance funds. The Group has no obligations subsequent to payment of such contributions, which are recognised as personnel costs on an accrual basis. Prepaid contributions are recognised as an asset which will be repaid or used to offset future payments, if due.

Defined benefit plans

In defined benefit plans, the total benefit payable to the employee can be quantified only after the employment relationship ceases, and is linked to one or more factors, such as age, years of service and remuneration; the related cost is therefore charged to the period's income statement on the basis of an actuarial calculation. The liability recognised for defined benefit plans corresponds to the present value of the obligation at the reporting date, less the fair value of the plan assets, where applicable. Obligations for defined benefit plans are determined annually by an independent actuary using the projected unit credit method. The present value of a defined benefit plan is determined by discounting the future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the liability's settlement currency and which reflects the duration of the related pension plan. Actuarial gains and losses arising from the above adjustments and the changes in actuarial assumptions are recorded among the components of other comprehensive income.
Past service costs resulting from a plan amendment are recognised immediately as an expense in the period the plan amendment occurs.

Other post-employment obligations

Some Group companies provide medical benefit plans for retired employees. The expected cost of these benefits is accrued over the period of employment using the same accounting method as for defined benefit plans. Actuarial gains and losses arising from the valuation and the effects of changes in the actuarial assumptions are accounted for in equity. These liabilities are valued annually by a qualified independent actuary.

Termination benefits

The Group recognises termination benefits when it can be shown that the termination of employment complies with a formal plan communicated to the parties concerned that establishes termination of employment, or when payment of the benefit is the result of voluntary redundancy incentives. Termination benefits payable more than twelve months after the reporting date are discounted to present value.

38.15 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised for losses and charges of a definite nature, whose existence is certain or probable, but the amount and/or timing of which cannot be determined reliably. A provision is recognised only when there is a current (legal or constructive) obligation for a future outflow of economic resources as the result of past events and it is likely that this outflow is required to settle the obligation. Such amount is the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material and the obligation settlement date can be estimated reliably, the provisions are stated at the present value of the expected outlay, using a rate that reflects market conditions, the variation in the time value of money, and risks specific to the obligation.
Increases in the provision due to changes in the time value of money are accounted for as interest expense.
Risks for which the emergence of a liability is only possible but not remote are reported in the disclosures about commitments and contingencies and no provision is recognised.
Any contingent liabilities accounted for separately when allocating the cost of a business combination, are measured at the higher of the amount obtained under the method described above for calculating provisions for risks and charges and the liability's original present value.
Additional details can be found in Note 28. Contingent liabilities.
Provisions for risks and charges include an estimate of legal costs to be incurred if such costs are incidental to the discharge of the provision to which they refer.

38.16 REVENUE RECOGNITION

Revenue is recognised at the fair value of the consideration received for the sale of goods and services in the ordinary course of the Group's business. Revenue is recognised net of value-added tax, rebates, discounts and expected returns.
Revenue is accounted for as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, normally coinciding with shipment or delivery of the goods and acceptance by the customer. The Group checks whether there are conditions in the contract that represent separate performance obligations to which a portion of the transaction price must be allocated (e.g., warranties), as well as the effects arising from the presence of any variable consideration, significant financing components or non-cash consideration payable to the customer. In the case of variable consideration, this is estimated based on the amount to which the Group will be entitled when the goods are transferred to the customer; such consideration is estimated at contract inception and is recognised only when it is highly probable. The Group grants discounts to certain customers when the quantity of products purchased during the period exceeds a threshold specified in the contract. Discounts are offset against amounts payable by the customer. To estimate the variable consideration for expected discounts, the Group applies the "most likely amount" method for contracts with a single-volume discount threshold and the "expected value" method for contracts with multiple thresholds. Generally, the Group receives short-term advances from its customers and the agreed amount of consideration is not adjusted for the effects of a significant financing component if it expects, at contract inception, that the period between transfer of the promised good or service to the customer and related customer payment will not exceed one year.

The method of recognising revenue for construction contracts is outlined in Note 38.9 Construction contracts.

38.17 GOVERNMENT GRANTS

Government grants are recognised on an accrual basis in direct relation to the costs incurred when there is a formal resolution approving the grant and, when the right to the grant is assured since it is reasonably certain that the Group will comply with the conditions for its receipt and that the grant will be received.

(a) Grants related to assets

Government grants for property, plant and equipment are recorded as deferred income under "Other payables", classified as current or non-current liabilities for the long-term and short-term portion of such grants respectively. Deferred income is recognised in "Other income" in the income statement on a straight-line basis over the useful life of the asset to which the grant refers.

(b) Grants related to income

Rants other than those related to assets are credited to the income statement as "Other income".

38.18 COST RECOGNITION

Costs are recognised for goods and services acquired or consumed during the reporting period or to make a systematic allocation to match costs with revenues.

38.19 TAXES

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date. Deferred taxes are calculated on all differences arising between the tax base of an asset or liability and the carrying amount, except for goodwill and differences arising from investments in subsidiaries, where the timing of the reversal of such differences is controlled by the Group and they are unlikely to reverse in a reasonably foreseeable future. Deferred tax assets, including those relating to past tax losses, not offset by deferred tax liabilities, are recognised to the extent it is likely that future taxable profit will be available against which they can be recovered. Deferred taxes are determined using tax rates that are expected to apply in the years when the differences are realised or extinguished, on the basis of tax rates that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised in the income statement with the exception of those relating to items recognised directly in equity, in which case the tax effect is accounted for directly in equity. Income taxes are offset if they are levied by the same taxation authority, if there is a legally enforceable right to offset them and if the net balance is expected to be settled.

Other taxes not related to income, such as property tax, are accounted for in "Other expenses".

38.20 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares.

(B) Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares. For the purposes of calculating diluted earnings per share, the weighted average number of outstanding shares is adjusted so as to include the exercise, by all those entitled, of existing rights with a potentially dilutive effect, while the profit attributable to owners of the parent is adjusted to account for any post-tax effects of exercising such rights.

38.21 TREASURY SHARES

Treasury shares are reported as a deduction from equity. The original cost of treasury shares and revenue arising from any subsequent sales are treated as movements in equity.

38.22 FINANCE INCOME AND COSTS

For all financial assets and liabilities measured at amortised cost and interest-bearing financial assets classified as at fair value through other comprehensive income, interest income and interest expense are recognised using the effective interest rate method. Interest income is recognised to the extent that it is probable that the economic benefits will flow to the Group and its amount can be reliably measured.

39. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Management to apply accounting policies and methods which, at times, rely on judgements and estimates based on past experience and assumptions deemed to be reasonable and realistic under the circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, meaning the statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows, as well as the accompanying disclosures. Ultimate amounts, previously reported on the basis of estimates and assumptions, may differ from original estimates because of uncertainty surrounding the assumptions and conditions on which the estimates were based.
The following is a brief description of the accounting policies that require Prysmian Group's Management to exercise greater subjectivity of judgement in making estimates and a change in whose underlying assumptions could have a material impact on the consolidated financial statements.

(a) Provisions for risks and charges

Provisions are recognised for legal and tax risks to reflect the risk of an adverse outcome. The value of the provisions recorded in the financial statements against such risks represents the best estimate by Management at the reporting date. This estimate requires the use of assumptions that depend on factors which may change over time and which could, therefore, materially impact the current estimates made by Management when preparing the Group consolidated financial statements.

(b) Impairment of assets

Goodwill

The Group's activities are organised in three operating segments: Projects, Energy and Telecom. The Projects segment consists of the High Voltage, Submarine Power, Submarine Telecom and Offshore Specialties CGUs; the Energy segment consists of a number of CGUs corresponding to the Regions or Countries in keeping with the new organisation structure; lastly, the Telecom segment consists of a single CGU that coincides with the operating segment itself. Goodwill, acquired on the occasion of business combinations, has been allocated to groups of CGUs, corresponding to the operating segments, which are expected to benefit from the synergies of such combinations and which represent the lowest level at which Management monitors business performance. In accordance with the accounting standards adopted and related impairment testing procedures, the Group tests annually whether Goodwill has suffered any impairment loss. The recoverable amount is determined by calculating value in use, a calculation that requires the use of estimates.
More details about the Goodwill impairment test can be found in Note 2. Goodwill and Other intangible assets.

Property, plant and equipment and finite-life intangible assets

In accordance with the Group's accounting policies and impairment testing procedures, property, plant and equipment and intangible assets with finite useful lives are tested for impairment, recognised through write-down, when there are indicators that their carrying amount may be difficult to recover through use. To verify the existence of these indicators Management has to make subjective judgements based on information available within the Group and from the market, as well as on past experience. If an impairment loss is identified, the Group will determine the amount of the loss using suitable valuation techniques. Correct identification of indicators of

potential impairment, as well as its very measurement, depend on factors that may vary over time, thus influencing the judgements and estimates made by Management.
Prysmian Group has assessed during the course of 2022 whether there was any evidence that its CGUs might be impaired. Further information can be found in Note 1. Property, plant and equipment.

(c) Climate change

The estimates and assumptions impacted by climate change are discussed in section D.3 Risks related to climate change.

(d) Depreciation and amortisation

The cost of property, plant and equipment and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful lives of the assets concerned. The useful economic life of Group property, plant and equipment and intangible assets is determined by Management when the asset is acquired. This is based on past experience for similar assets, market conditions and expectations regarding future events that could impact useful life, including developments in technology. Therefore, actual economic life may differ from estimated useful life. The Group periodically reviews technological and industry developments to update residual useful lives. This periodic review may result in a revision of the depreciation/amortisation period and consequently of the depreciation/amortisation charge for future years.

(e) Recognition of revenues and costs from construction contracts

The Group uses the percentage of completion method to account for long-term contracts. The margins recognised in the income statement depend on the progress of the contract and its estimated margins upon completion. This means that if work-in-progress and margins on as yet incomplete work are to be correctly recognised, Management must have correctly estimated contract revenue and completion costs, including any contract variations and any cost overruns and penalties that might reduce the expected margin. The percentage of completion method requires the Group to estimate contract completion costs and involves making estimates dependent on factors that could potentially change over time and could therefore have a significant impact on the recognition of revenue and margins in the course of formation.

(f) Taxes

Consolidated companies are subject to different tax jurisdictions. A high level of judgement is needed to establish the estimated global tax charge, also because of uncertain tax treatments. There are many transactions for which the relevant tax liability is difficult to estimate at year end. The Group recognises liabilities for ongoing tax risks on the basis of estimates, possibly made with the assistance of outside experts.

(g) Inventory valuation

Inventories are recorded at the lower of purchase cost (measured using the weighted average cost formula for non-ferrous metals and the FIFO formula for all others) and net realisable value, net of selling costs. Net realisable value is in turn represented by the value of firm sales orders in the order book, or failing that by the replacement cost of the asset or raw material. If significant reductions in the price of non-ferrous metals were to be followed by order cancellations, the loss in the value of inventories might not be fully offset by the penalties charged to customers for cancelling their orders.

(h) Employee benefit obligations

The present value of the pension plans reported in the financial statements depends on an independent actuarial calculation and on a number of different assumptions. Any changes in assumptions and in the discount rate used are duly reflected in the present value calculation and may have a significant impact on the consolidated figures. The assumptions used for the actuarial calculation are examined by the Group annually.
Present value is calculated by discounting future cash flows at an interest rate equal to that on high-quality corporate bonds issued in the currency in which the liability will be settled and which takes account of the duration of the related pension plan.
Further information can be found in Note 14. Employee benefit obligations and Note 20. Personnel costs.

(i) Incentive and share purchase plans

The employee share purchase plan, directed at almost all the Group's employees, provides an opportunity for them to obtain shares on preferential terms and conditions. The operation of this plan is described in Note 20. Personnel costs. The grant of shares is subject to continued employment with the Group in the months between signing up to one of the plan's purchase windows and the purchase of the shares themselves on the equity market. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information currently available.
The incentive plan 2020-2022 involves the allocation of a number of options calculated according to the achievement of operational, economic and financial performance conditions. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information available at the valuation date. More details can be found in Note 20. Personnel costs.
The "BE IN" incentive plan provides for the grant of a number of options. In some cases, this number is determined on the basis of the achievement of performance goals, as well as on the basis of employee participation. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information available at the valuation date. More details can be found in Note 20. Personnel costs.

40. EVENTS AFTER THE REPORTING PERIOD

Prysmian Group launches the Global Sustainability Academy
On 10 January 2023, the Group announced the launch of the Global Sustainability Academy, as better described in the "Prysmian Group Human Capital" section of the "Non-Financial Statement" chapter of the Directors' Report.

Prysmian Group successfully completes laying of the Ibiza-Formentera submarine cable interconnection
On 31 January 2023, the Group announced that it had successfully completed laying and burial of the cables for the submarine power interconnection between Ibiza and Formentera.

Prysmian Group partners with National Grid to upgrade UK electricity grid
On 6 February 2023, the Group announced that National Grid Electricity Distribution had awarded the Group's UK subsidiary a minimum three-year framework agreement for medium voltage cables.

Prysmian Group launches Prysolar, its most innovative cable solution for solar power generation
On 20 February 2023, the Group announced that it will showcase its full range of technologies at Genera 2023, the International Energy and Environment Fair being held in Madrid from 21-23 February 2023 (stand 10D17). With the release of Prysmian PRYSOLAR, the Group now has the most comprehensive and geographically extensive product capability to serve every customer in every continent.

Contracts worth Euro 1.8 billion for offshore wind farm connection projects from Tennet in the Netherlands
On 3 March 2023, the Group announced it had been awarded contracts worth approximately Euro 1.8 billion in aggregate by the Dutch transmission system operator TenneT for the two grid connection projects IJmuiden Ver Alpha and Nederwiek 1 to link two future offshore wind farms located in the Dutch North Sea to the province of Zeeland located in the southwestern part of the Netherlands.

The delivery of the first connection is scheduled for 2029, whereas the second is scheduled for 2030. Each cable system consists of two single-core 525 kV HVDC cables (with XLPE insulation for the submarine portion and P-Laser insulation for the land route), one single-core metallic return cable and one fibre optic cable. Submarine cables will be manufactured at Prysmian Group's centres of excellence in Pikkala (Finland) and Arco Felice (Italy), while land cables will be produced in Gron (France).

Prysmian Group, a Euro 120 million loan granted by CDP in favour of innovation and digitalization
On 6 March 2023, Prysmian Group announced a new loan of Euro 120 million granted by Cassa Depositi e Prestiti (CDP) in order to support Research & Development plans, focused on the implementation of innovative technologies, contribute to the consolidation of business digitalization processes and at the same time to reduce emissions to promote the energy transition.
The development of the R&D activity carried out by Prysmian is also in line with the Paris Agreement, and the European Green Deal and Horizon Europe directives for the promotion of clean, renewable energy, ensuring the interconnection of integrated systems of renewable resources through cable systems.

Milan, 9 March 2023

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Claudio De Conto

SCOPE OF CONSOLIDATION – APPENDIX A

The following companies have been consolidated line-by-line:

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Europe					
Austria					
Prysmian OEKW GmbH	Wien	Euro	2,053,008	100.00%	Prysmian Cavi e Sistemi S.r.l.
Belgium					
Draka Belgium N.V.	Leuven	Euro	61,973	98.52%	Draka Holding B.V.
				1.48%	Draka Kabel B.V.
Denmark					
Prysmian Group Denmark A/S	Albertslund	Danish Krone	40,001,000	100.00%	Draka Holding B.V.
Estonia					
Prysmian Group Baltics AS	Keila	Euro	1,664,000	100.00%	Prysmian Group Finland OY
Finland					
Prysmian Group Finland OY	Kirkkonummi	Euro	100	777972%	Prysmian Cavi e Sistemi S.r.l.
				199301%	Draka Holding B.V.
				22727%	Draka Comteq B.V.
France					
Prysmian (French) Holdings S.A.S.	Paron	Euro	129,026,210	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Cables et Systèmes France S.A.S.	Sens	Euro	136,800,000	100.00%	Prysmian (French) Holdings S.A.S.
Draka Comteq France S.A.S.	Paron	Euro	246,554,316	100.00%	Draka France S.A.S.
Draka Fileca S.A.S.	Sainte Geneviève	Euro	5,439,700	100.00%	Draka France S.A.S.
Draka Paricable S.A.S.	Marne La Vallée	Euro	5,177,985	100.00%	Draka France S.A.S.
Draka France S.A.S.	Marne La Vallée	Euro	261,551,700	100.00%	Draka Holding B.V.
P.O.R. S.A.S.	Marne La Vallée	Euro	100	100.00%	Draka France S.A.S.
Silec Cable, S. A. S.	Montreau-Fault-Yonne	Euro	60,037,000	100.00%	Grupo General Cable Sistemas, S.L.
EHC France s.a.r.l.	Sainte Geneviève	Euro	310,717	100.00%	EHC Global Inc.
Germany					
Prysmian Kabel und Systeme GmbH	Berlin	Euro	15,000,000	93.75%	Draka Deutschland GmbH
				6.25%	Prysmian S.p.A.
Prysmian Unterstuetzungseinrichtung Lynen GmbH	Eschweiler	Deutsche Mark	50	100.00%	Prysmian Kabel und Systeme GmbH
Draka Comteq Berlin GmbH & Co. KG	Berlin	Deutsche Mark	46,000,000	50.10%	Prysmian Netherlands B.V.
		Euro	1	49.90%	Draka Deutschland GmbH
Draka Comteq Germany Verwaltungs GmbH	Koln	Euro	25	100.00%	Draka Comteq B.V.
Draka Comteq Germany GmbH & Co. KG	Koln	Euro	5,000,000	100.00%	Draka Comteq B.V.
Draka Deutschland Erste Beteiligungs GmbH	Wuppertal	Euro	25	100.00%	Draka Holding B.V.
Draka Deutschland GmbH	Wuppertal	Euro	25	90.00%	Draka Deutschland Erste Beteiligungs GmbH
				10.00%	Draka Deutschland Zweite Beteiligungs GmbH
Draka Deutschland Verwaltungs GmbH	Wuppertal	Deutsche Mark	50	100.00%	Prysmian Kabel und Systeme GmbH

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Draka Deutschland Zweite Beteiligungs GmbH	Wuppertal	Euro	25	100.00%	Prysmian Netherlands B.V.
Prysmian Projects Germany GmbH	Nordenham	Euro	25	100.00%	Draka Deutschland GmbH
Höhn GmbH	Wuppertal	Deutsche Mark	1,000,000	100.00%	Draka Deutschland GmbH
Kaiser Kabel GmbH	Wuppertal	Deutsche Mark	9,000,000	100.00%	Draka Deutschland GmbH
NKF Holding (Deutschland) GmbH i.L	Wuppertal	Euro	25	100.00%	Prysmian Netherlands B.V.
Norddeutsche Seekabelwerke GmbH	Nordenham	Euro	50,025,000	100.00%	Grupo General Cable Sistemas, S.L.
EHC Germany GmbH	Baesweiler	Euro	25,2	100.00%	EHC Global Inc
U.K.					
Prysmian Cables & Systems Ltd.	Eastleigh	British Pound	113,901,120	100.00%	Prysmian UK Group Ltd.
Prysmian Construction Company Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Prysmian Cables (2000) Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cables & Systems Ltd.
Cable Makers Properties & Services Ltd.	Esher	British Pound	39	63.84%	Prysmian Cables & Systems Ltd.
				36.16%	Third Parties
Comergy Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian Pension Scheme Trustee Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian S.p.A.
Prysmian UK Group Ltd.	Eastleigh	British Pound	70,011,000	100.00%	Draka Holding B.V.
Draka Comteq UK Ltd.	Eastleigh	British Pound	14,000,002	100.00%	Prysmian UK Group Ltd.
Draka UK Ltd.	Eastleigh	British Pound	1	100.00%	Prysmian UK Group Ltd.
Prysmian PowerLink Services Ltd.	Eastleigh	British Pound	46,000,100	100.00%	Prysmian UK Group Ltd.
General Cable Holdings (UK) Limited	Eastleigh	British Pound	1	100.00%	GK Technologies, Incorporated
General Cable Services Europe Limited	Eastleigh	British Pound	1	100.00%	General Cable Holdings (UK) Limited
Escalator Handrail (UK) Ltd.	Eastleigh	British Pound	2	100.00%	EHC Global Inc.
Ireland					
Prysmian Re Company Designated Activity Company	Dublin	Euro	20,000,000	100.00%	Draka Holding B.V.
Italy					
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro	50,000,000	100.00%	Prysmian S.p.A.
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro	77,143,249	100.00%	Prysmian S.p.A.
Prysmian Treasury S.r.l.	Milan	Euro	80,000,000	100.00%	Prysmian S.p.A.
Prysmian PowerLink S.r.l.	Milan	Euro	100,000,000	100.00%	Prysmian S.p.A.
Fibre Ottiche Sud - F.O.S. S.r.l.	Battipaglia	Euro	47,700,000	100.00%	Prysmian S.p.A.
Electronic and Optical Sensing Solutions S.r.l.	Milan	Euro	5,000,000	100.00%	Prysmian S.p.A.
Prysmian Servizi S.p.A.	Milan	Euro	3,000,000	100.00%	Prysmian S.p.A.
Norway					
Prysmian Group Norge AS	Drammen	Norwegian Krone	22,500,000	100.00%	Draka Holding B.V.
The Netherlands					
Draka Comteq B.V.	Amsterdam	Euro	1,000,000	100.00%	Draka Holding B.V.
Draka Comteq Fibre B.V.	Eindhoven	Euro	18	100.00%	Prysmian Netherlands Holding B.V.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Draka Holding B.V.	Amsterdam	Euro	52,229,321	100000%	Prysmian S.p.A.
Draka Kabel B.V.	Amsterdam	Euro	2,277,977	100.00%	Prysmian Netherlands B.V.
Donne Draad B.V.	Nieuw Bergen	Euro	28,134	100.00%	Prysmian Netherlands B.V.
NKF Vastgoed I B.V.	Delft	Euro	18,151	99.00%	Draka Holding B.V.
				1.00%	Prysmian Netherlands B.V.
NKF Vastgoed III B.V.	Delft	Euro	18,151	99.00%	Draka Deutschland GmbH
				1.00%	Prysmian Netherlands B.V.
Prysmian Netherlands B.V.	Delft	Euro	1	100.00%	Prysmian Netherlands Holding B.V.
Prysmian Netherlands Holding B.V.	Amsterdam	Euro	1	100.00%	Draka Holding B.V.
Poland					
Prysmian Poland sp. z o.o.	Sokolów	Polish Zloty	394	100000%	Draka Holding B.V.
Portugal					
General Cable Investments, SGPS, Sociedade Unipessoal, S.A.	Funchal	Euro	8,500,020	100.00%	Draka Holding B.V.
General Cable Celcat, Energia e Telecomunicaçoes SA	Pero Pinheiro	Euro	13,500,000	100.00%	General Cable Investments, SGPS, Sociedade Unipessoal, S.A.
Czech Republic					
Draka Kabely, s.r.o.	Velké Meziříčí	Czech Koruna	255,000,000	100.00%	Draka Holding B.V.
Romania					
Prysmian Cabluri Si Sisteme S.A.	Slatina	Leu rumeno	203,850,920	999998%	Draka Holding B.V.
				0.0002%	Prysmian Cavi e Sistemi S.r.l.
Russia					
Limited Liability Company Prysmian RUS	Rybinsk city	Russian Rouble	230,000,000	99.00%	Draka Holding B.V.
				1.00%	Prysmian Cavi e Sistemi S.r.l.
Limited Liability Company “Rybinskelektrokabel”	Rybinsk city	Russian Rouble	90,312,000	100.00%	Limited Liability Company Prysmian RUS
Slovakia					
Prysmian Kablo s.r.o.	Bratislava	Euro	21,246,001	99995%	Prysmian Cavi e Sistemi S.r.l.
				0.005%	Prysmian S.p.A.
Spain					
Prysmian Cables Spain, S.A. (Sociedad Unipersonal)	Vilanova I la Geltrù	Euro	58,178,234	100.00%	Draka Holding, S.L.
Draka Holding, S.L. (Sociedad Unipersonal)	Santa Perpetua de Mogoda	Euro	24,000,000	100.00%	Draka Holding B.V.
GC Latin America Holdings, S.L.	Abrera	Euro	151,042,030	100%	General Cable Holdings (Spain), S.L.
General Cable Holdings (Spain), S.L.	Abrera	Euro	138,304,698	99349%	GK Technologies, Incorporated
				0.6510%	General Cable Overseas Holdings, LLC
Grupo General Cable Sistemas, S.L.	Abrera	Euro	22,116,019	100.00%	Draka Holding B.V.
EHC Spain and Portugal, S.L.	Sevilla	Euro	3,897,315	100000%	EHC Global Inc.
Sweden					
Prysmian Group Sverige AB	Nässjö	Swedish Krona	100	100.00%	Draka Holding B.V.
Switzerland					
Omnisens S.A.	Morges	Swiss Franc	11,811,719	100.00%	Electronic and Optical Sensing Solutions S.r.l.
Turkey					

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Turk Prysmian Kablo Ve Sistemleri A.S.	Mudanya	Turkish new Lira	216,733,652	837464%	Draka Holding B.V.
				0,46%	Turk Prysmian Kablo Ve Sistemleri A.S.
				157922%	Third Parties
Hungary					
Prysmian MKM Magyar Kabel Muvek Kft.	Budapest	Hungarian Forint	5,000,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
North America					
Canada					
Prysmian Cables and Systems Canada Ltd.	New Brunswick	Canadian Dollar	1,000,000	100.00%	Draka Holding B.V.
Draka Elevator Products Incorporated	New Brunswick	Canadian Dollar	n/a	100.00%	Prysmian Cables and Systems USA, LLC
General Cable Company Ltd.	Halifax	Canadian Dollar	295,768	100.00%	Prysmian Cables and Systems USA, LLC
EHC Global Inc.	Oshawa	Canadian Dollar	1,511,769	100.00%	Prysmian Cables and Systems Canada Ltd.
EHC Canada Inc.	Oshawa	Canadian Dollar	39,308	100.00%	EHC Global Inc.
Elator Inc.	Oshawa	Canadian Dollar	100	100.00%	EHC Global Inc.
EHC Management Company Inc.	Oshawa	Canadian Dollar	1	100.00%	EHC Global Inc.
Dominican Repuplic					
General Cable Caribbean, S.R.L	Santa Domingo Oeste	Dominican Peso	2,100,000	99995%	GK Technologies, Incorporated
				0.005%	Prysmian Cables and Systems USA, LLC
Trinidad and Tobago					
General Cable Trinidad Limited	Port of Spain	Trinidadian Dollar	100	100.00%	GK Technologies, Incorporated
U.S.A.					
Prysmian Cables and Systems (US) Inc.	Carson City	US Dollar	330,517,608	100.00%	Draka Holding B.V.
Prysmian Cables and Systems USA, LLC	Wilmington	US Dollar	10	100.00%	GK Technologies, Inc
Prysmian Construction Services Inc.	Wilmington	US Dollar	1	100.00%	Prysmian Cables and Systems USA, LLC
Draka Elevator Products, Inc.	Boston	US Dollar	1	100.00%	Prysmian Cables and Systems USA, LLC
Draka Transport USA, LLC	Boston	US Dollar	-	100.00%	Prysmian Cables and Systems USA, LLC
General Cable Corporation	Wilmington	US Dollar	1	100.00%	Prysmian Cables and Systems (US) Inc.
General Cable Overseas Holdings, LLC	Wilmington	US Dollar	-	100.00%	GK Technologies, Incorporated
General Cable Technologies Corporation	Wilmington	US Dollar	1	100.00%	Prysmian Cables and Systems USA, LLC
Phelps Dodge Enfield Corporation	Wilmington	US Dollar	800	100.00%	Prysmian Cables and Systems USA, LLC
Phelps Dodge National Cables Corporation	New York	US Dollar	10	100.00%	Prysmian Cables and Systems USA, LLC
GK Technologies, Incorporated	West Trenton	US Dollar	1	100.00%	General Cable Corporation
EHC USA Inc.	Oshawa	US Dollar	1	100.00%	EHC Global Inc.
Prysmian Group Speciality Cables, LLC	Wilmington	US Dollar		100.00%	Prysmian Cables and Systems USA, LLC

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Prysmian Projects North America, LLC	Wilmington	US Dollar		100.00%	Prysmian Cables and Systems USA, LLC
Central/South America					
Argentina					
Prysmian Energia Cables y Sistemas de Argentina S.A.	Buenos Aires	Argentine Peso	992,359,215	40.01%	Prysmian Consultora Conductores e Instalaciones SAIC
				59.74%	Draka Holding B.V.
				0.11%	Prysmian Cabos e Sistemas do Brasil S.A.
				0.13%	Third Parties
Prysmian Consultora Conductores e Instalaciones SAIC	Buenos Aires	Argentine Peso	543,219,572	95.00%	Draka Holding B.V.
				5.00%	Prysmian Cavi e Sistemi S.r.l.
Brazil					
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba	Brazilian Real	910,044,391	94543%	Prysmian Cavi e Sistemi S.r.l.
				0.027%	Prysmian S.p.A.
				1129%	Draka Holding B.V.
				4301%	Draka Comteq B.V.
Draka Comteq Cabos Brasil S.A.	Santa Catarina	Brazilian Real	27,467,522	49352%	Draka Comteq B.V.
				50648%	Prysmian Cabos e Sistemas do Brasil S.A.
Omnisens do Brasil sercicos de solucoes de monitoracao em fibra otica Ltda	Rio de Janeiro	Brazilian Real	626,05	100.00%	Omnisens S.A.
Chile					
Cobre Cerrillos S.A.	Cerrillos	US Dollar	74,574,400	99.80%	General Cable Holdings (Spain), S.L.
				0.20%	Third Parties
Colombia					
Productora de Cables Procables S.A.S.	Bogotà	Colombian Peso	1,902,964,285	99.96%	GC Latin America Holdings, S.L.
				0.04%	GK Technologies, Incorporated
Costa Rica					
Conducen, S.R.L.	Heredia	Costa Rican Colón	1,845,117,800	100.00%	GC Latin America Holdings, S.L.
Ecuador					
Cables Electricos Ecuatorianos C.A. CABLEC	Quito	US Dollar	243,957	67.14%	General Cable Holdings (Spain), S.L.
				32.86%	Third Parties
Guatemala					
Proveedora de Cables y Alambres PDCA Guatemala, S.A.	Guatemala City	Guatemalan Quetzal	100	99.00%	Conducen, S.R.L.
				1.00%	Third Parties
Honduras					
Electroconductores de Honduras, S.A. de C.V.	Tegucigalpa	Honduran Lempira	27,600,000	59.39%	General Cable Holdings (Spain), S.L.
				40.61%	GC Latin America Holdings, S.L.
Mexico					
Draka Durango S. de R.L. de C.V.	Durango	Mexican Peso	163,471,787	99996%	Draka Mexico Holdings S.A. de C.V.
				0.004%	Draka Holding B.V.
Draka Mexico Holdings S.A. de C.V.	Durango	Mexican Peso	57,036,501	99999998%	Draka Holding B.V.

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
				0.000002%	Draka Comteq B.V.
NK Mexico Holdings S.A. de C.V.	Città del Messico	Mexican Peso	n/a	100.00%	Prysmian Group Finland OY
Prysmian Cables y Sistemas de Mexico S. de R. L. de C. V.	Durango	Mexican Peso	173,050,500	999983%	Draka Holding B.V.
				0.0017%	Draka Mexico Holdings S.A. de C.V.
General Cable de Mexico, S.A de C.V.	Tetla	Mexican Peso	1,329,621,471	8041733609%	Prysmian Cables and Systems USA, LLC
				1958266361%	Conducen, S.R.L.
				0.00000015%	General Cable Technologies Corporation
				0.00000015%	GK Technologies, Incorporated
General de Cable de Mexico del Norte, S.A. de C.V.	Piedras Negras	Mexican Peso	10	99.80%	GK Technologies, Incorporated
		Mexican Peso		0.20%	Prysmian Cables and Systems USA, LLC
Prestolite de Mexico, S.A. de C.V.	Sonora	Mexican Peso	50	99.80%	Prysmian Cables and Systems USA, LLC
		Mexican Peso		0.20%	GK Technologies, Incorporated
Servicios Latinoamericanos GC, S.A. de C.V.	Puebla	Mexican Peso	50	99998%	General Cable de Mexico, S.A de C.V.
				0.002%	General Cable Technologies Corporation
Panama					
Alambres y Cables de Panama, S.A.	Panama	US Dollar	800	78.08%	Prysmian Cables and Systems USA, LLC
				21.92%	GC Latin America Holdings, S.L.
Alcap Comercial S.A.	Panama	US Dollar	10	100.00%	Conducen, S.R.L.
Perù					
General Cable Peru S.A.C.	Santiago de Surco (Lima)	Nuevo sol peruviano	90,327,868	9999999%	GC Latin America Holdings, S.L.
				0.00001%	Third Parties
Africa					
Angola					
General Cable Condel, Cabos de Energia e Telecomunicaçoes SA	Luanda	Kwanza angolano	20,000,000	99.80%	General Cable Celcat, Energia e Telecomunicaçoes SA
				0.20%	Third Parties
Ivory Coast					
SICABLE - Sociète Ivoirienne de Cables S.A.	Abidjan	CFA Franc	740,000,000	51.00%	Prysmian Cables et Systèmes France S.A.S.
				49.00%	Third Parties
South Africa					
National Cables (Pty) Ltd.	Illovo	South African Rand	101	100.00%	Phelps Dodge National Cables Corporation
Tunisia					
Auto Cables Tunisie S.A.	Grombalia	Tunisian Dinar	4,050,000	50998%	Prysmian Cables et Systèmes France S.A.S.
				49002%	Third Parties

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
Prysmian Cables and Systems Tunisia S.A.	Menzel Bouzelfa	Tunisian Dinar	1,850,000	99.97%	Prysmian Cables et Systèmes France S.A.S.
				0.005%	Prysmian (French) Holdings S.A.S.
				0.005%	Prysmian Cavi e Sistemi S.r.l.
				0.02%	Third Parties
Oceania					
Australia					
Prysmian Australia Pty Ltd.	Liverpool	Australian Dollar	56,485,736	100.00%	Prysmian Cavi e Sistemi S.r.l.
New Zeland					
Prysmian New Zealand Ltd.	Auckland	New Zeland Dollar	10	100.00%	Prysmian Australia Pty Ltd.
Asia					
Saudi Arabia					
Prysmian Powerlink Saudi LLC	Al Khoabar	Saudi Arabian Riyal	500	95.00%	Prysmian PowerLink S.r.l.
				5.00%	Third Parties
China					
Prysmian Tianjin Cables Co. Ltd.	Tianjin	US Dollar	36,790,000	67.00%	Prysmian (China) Investment Company Ltd.
				33.00%	Third Parties
Prysmian Cable (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	34,867,510	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Wuxi Cable Co. Ltd.	Yixing (Jiangsu Province)	Chinese Renminbi (Yuan)	240,863,720	100.00%	Prysmian (China) Investment Company Ltd.
Prysmian Hong Kong Holding Ltd.	Hong Kong	Euro	72,000,000	100.00%	Prysmian Cavi e Sistemi S.r.l.
Prysmian (China) Investment Company Ltd.	Beijing	Euro	74,152,961	100.00%	Prysmian Hong Kong Holding Ltd.
Nantong Haixun Draka Elevator Products Co. LTD	Nantong	US Dollar	2,400,000	75.00%	Draka Elevator Products, Inc.
				25.00%	Third Parties
Nantong Zhongyao Draka Elevator Products Co. LTD	Nantong	US Dollar	2,000,000	60.00%	Draka Elevator Products, Inc.
				40.00%	Third Parties
Suzhou Draka Cable Co. Ltd.	Suzhou	Chinese Renminbi (Yuan)	304,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Prysmian Technology Jiangsu Co. Ltd.	Yixing	Chinese Renminbi (Yuan)	495,323,466	100.00%	Prysmian (China) Investment Company Ltd.
EHC Escalator Handrail (Shanghai) Co. Ltd.	Shanghai	US Dollar	2,100,000	100.00%	EHC Global Inc.
EHC Engineered Polymer (Shanghai) Co. Ltd.	Shanghai	US Dollar	1,600,000	100.00%	EHC Global Inc.
EHC Lift Components (Shanghai) Co. Ltd.	Shanghai	US Dollar	200	100.00%	EHC Global Inc.
EHC Technology Development (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	-	100.00%	EHC Escalator Handrail (Shanghai) Co. Ltd.
Philippines					
Draka Philippines Inc.	Cebu	Philippine Peso	253,652,000	999999975%	Draka Holding B.V.
				0.0000025%	Third Parties

Legal name	Office	Currency	Share Capital	% ownership	Direct parent company
India					
Associated Cables Pvt. Ltd.	Mumbai	Indian Rupee	183,785,700	99999946%	Oman Cables Industry (SAOG)
				0.000054%	Third Parties
Jaguar Communication Consultancy Services Private Ltd.	Mumbai	Indian Rupee	122,268,218	9999999%	Prysmian Cavi e Sistemi S.r.l.
				0,00%	Prysmian S.p.A.
Indonesia					
PT.Prysmian Cables Indonesia	Cikampek	US Dollar	67,300,000	99.48%	Draka Holding B.V.
				0.52%	Prysmian Cavi e Sistemi S.r.l.
Malaysia					
Sindutch Cable Manufacturer Sdn Bhd	Malacca	Malaysian Ringgit	500	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka (Malaysia) Sdn Bhd	Malacca	Malaysian Ringgit	8,000,002	100.00%	Cable Supply and Consulting Company Pte Ltd.
Oman					
Oman Cables Industry (SAOG)	Al Rusayl	Omani Riyal	8,970,000	51.17%	Draka Holding B.V.
				48.83%	Third Parties
Oman Aluminium Processing Industries (SPC)	Sohar	Omani Riyal	4,366,000	100.00%	Oman Cables Industry (SAOG)
Singapore					
Prysmian Cables Asia-Pacific Pte Ltd.	Singapore	Singapore Dollar	174,324,290	100.00%	Draka Holding B.V.
Draka Cableteq Asia Pacific Holding Pte Ltd.	Singapore	Singapore Dollar	28,630,504	100.00%	Draka Holding B.V.
Singapore Cables Manufacturers Pte Ltd.	Singapore	Singapore Dollar	1,500,000	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Cable Supply and Consulting Company Private Limited	Singapore	Singapore Dollar	50	100.00%	Draka Cableteq Asia Pacific Holding Pte Ltd.
Draka NK Cables (Asia) Pte Ltd.	Singapore	Singapore Dollar	200	100.00%	Prysmian Group Finland OY
Thailand					
MCI-Draka Cable Co. Ltd.	Bangkok	Thai Baht	435,900,000	70250172%	Draka Cableteq Asia Pacific Holding Pte Ltd.
				0.000023%	Draka (Malaysia) Sdn Bhd
				0.000023%	Sindutch Cable Manufacturer Sdn Bhd
				0.000023%	Singapore Cables Manufacturers Pte Ltd.
				29749759%	Third Parties

The following companies have been accounted for using the equity method:

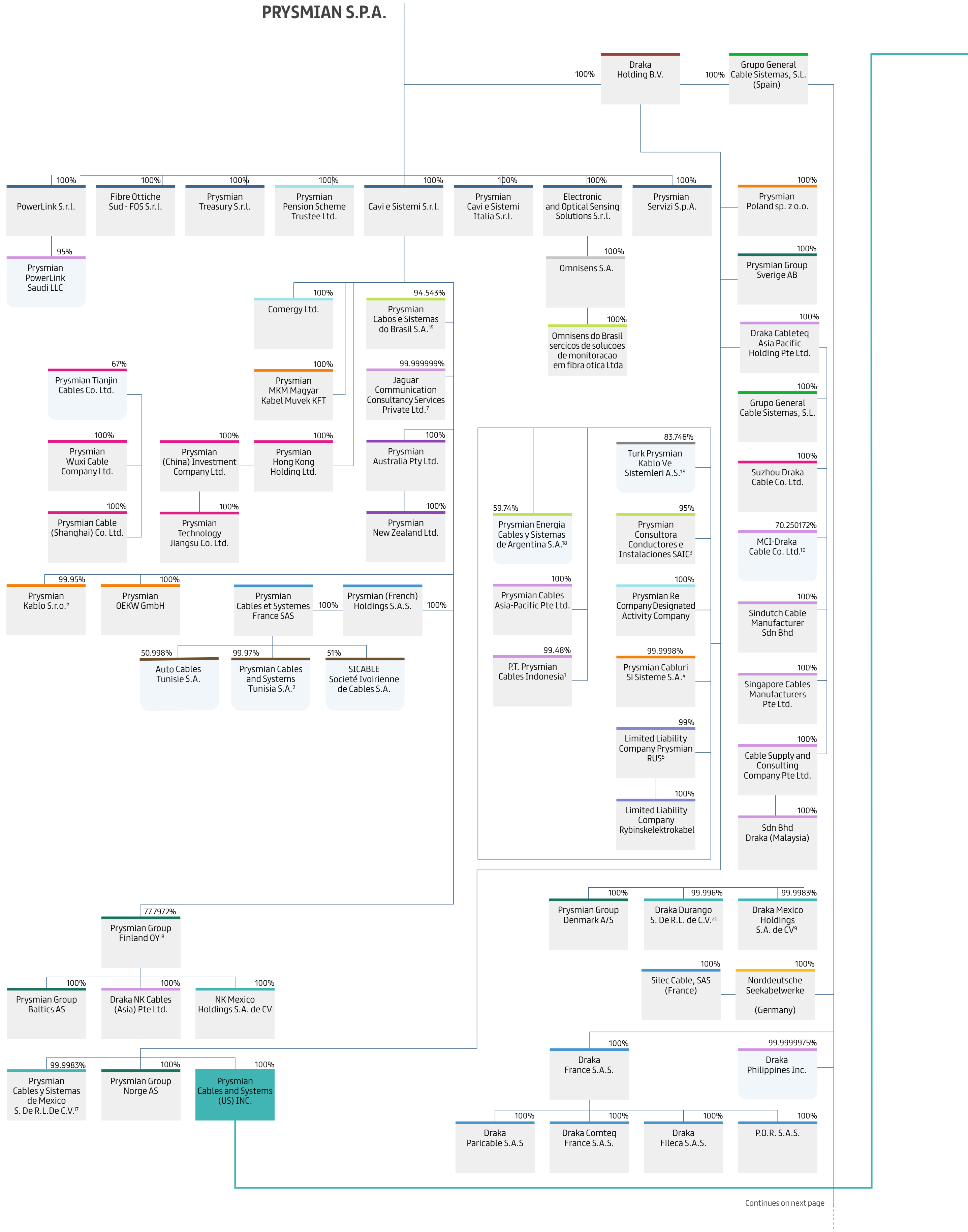
Legal name	Office	Currency	Capitale sociale	% partecip.	Possedute da
Europe					
Germany					
Kabeltrommel GmbH & Co.KG	Troisdorf	Euro	10,225,837.65	43.18%	Prysmian Kabel und Systeme GmbH
				1.75%	Norddeutsche Seekabelwerke GmbH
				55.07%	Third parties
Kabeltrommel GmbH	Troisdorf	Deutsche Mark	51,000	41.18%	Prysmian Kabel und Systeme GmbH
				5.82%	Norddeutsche Seekabelwerke GmbH
				53.00%	Terzi
Nostag GmbH & Co. KG	Oldenburg	Euro	540,000	33.00%	Norddeutsche Seekabelwerke GmbH
				67.00%	Third parties
U.K.					
Rodco Ltd.	Woking	British Pound	5	40.00%	Prysmian Cables & Systems Ltd.
				60.00%	Terzi
Russia					
Elkat Ltd.	Mosca	Russian Rouble	10,000	40.00%	Prysmian Group Finland OY
				60.00%	Terzi
Central/South America					
Chile					
Colada Continua Chilena S.A.	Quilicura (Santiago)	Chile Peso	100	41.00%	Cobre Cerrillos S.A.
				59.00%	Third parties
Asia					
China					
Yangtze Optical Fibre and Cable Joint Stock Limited Co.	Wuhan	Chinese Renminbi (Yuan)	757,905,108	23.73%	Draka Comteq B.V.
				76.27%	Terzi
Yangtze Optical Fibre and Cable (Shanghai) Co. Ltd.	Shanghai	Chinese Renminbi (Yuan)	100,300,000	75.00%	Yangtze Optical Fibre and Cable Joint Stock Limited Co.
				25.00%	Draka Comteq B.V.
Malaysia					
Power Cables Malaysia Sdn Bhd	Selangor Darul Eshan	Malaysian Ringgit	18,000,000	40.00%	Draka Holding B.V.
				60.00%	Terzi

List of other investments not consolidated pursuant to IFRS 10:

Legal name	% partecip.	Possedute da
India		
Ravin Cables Limited	51.00%	Prysmian Cavi e Sistemi S.r.l.
	49.00%	Terzi
United Arab Emirates		
Power Plus Cable CO. LLC	49.00%	Ravin Cables Limited
	51.00%	Terzi
Africa		
South Africa Pirelli Cables & Systems (Proprietary) Ltd.	100.00%	Prysmian Cavi e Sistemi S.r.l.

CORPORATE STRUCTURE – APPENDIX B

The companies consolidated on a line-by-line basis at 31 December 2022 are shown below.



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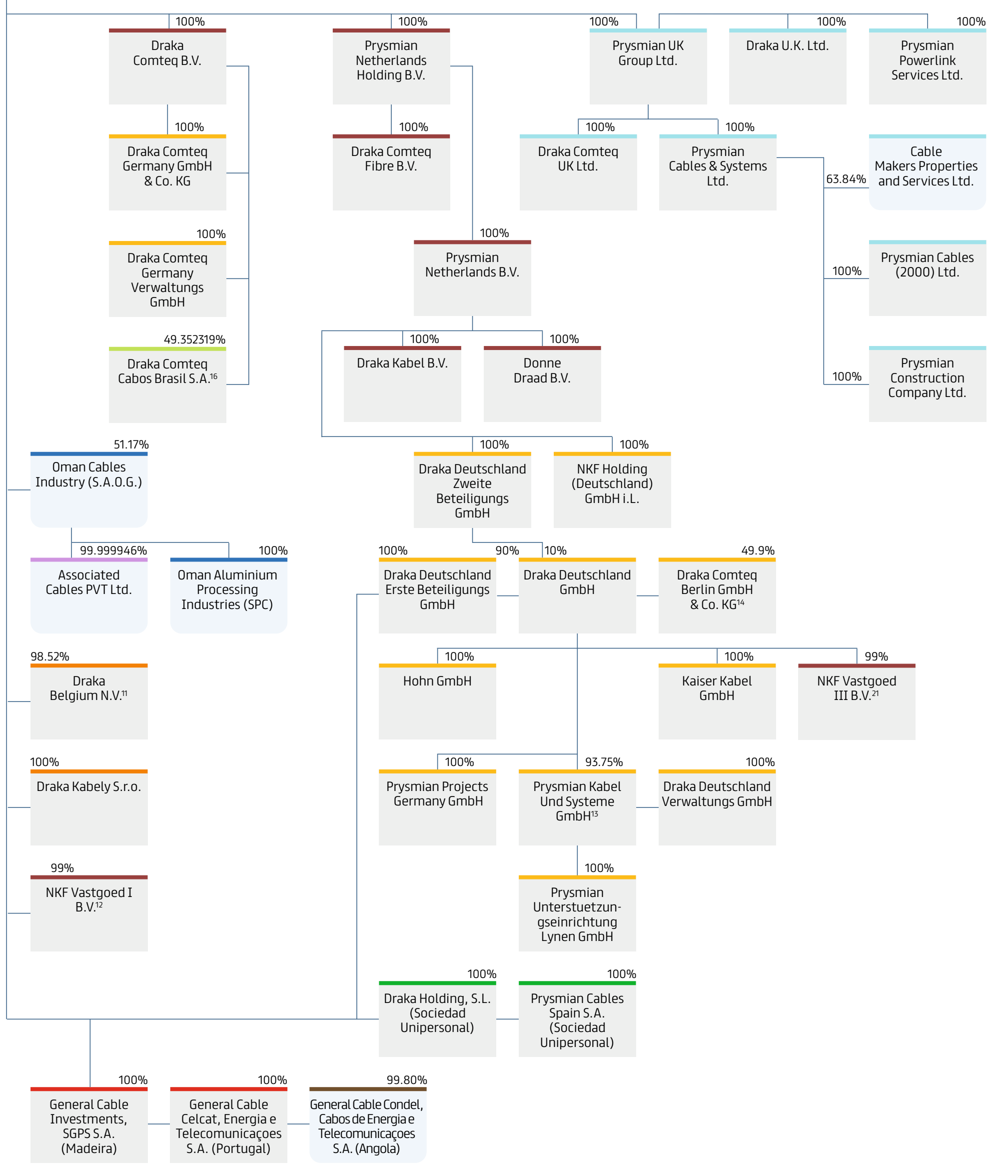
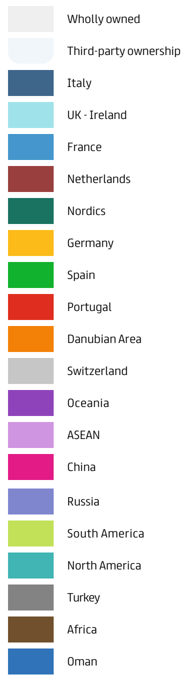
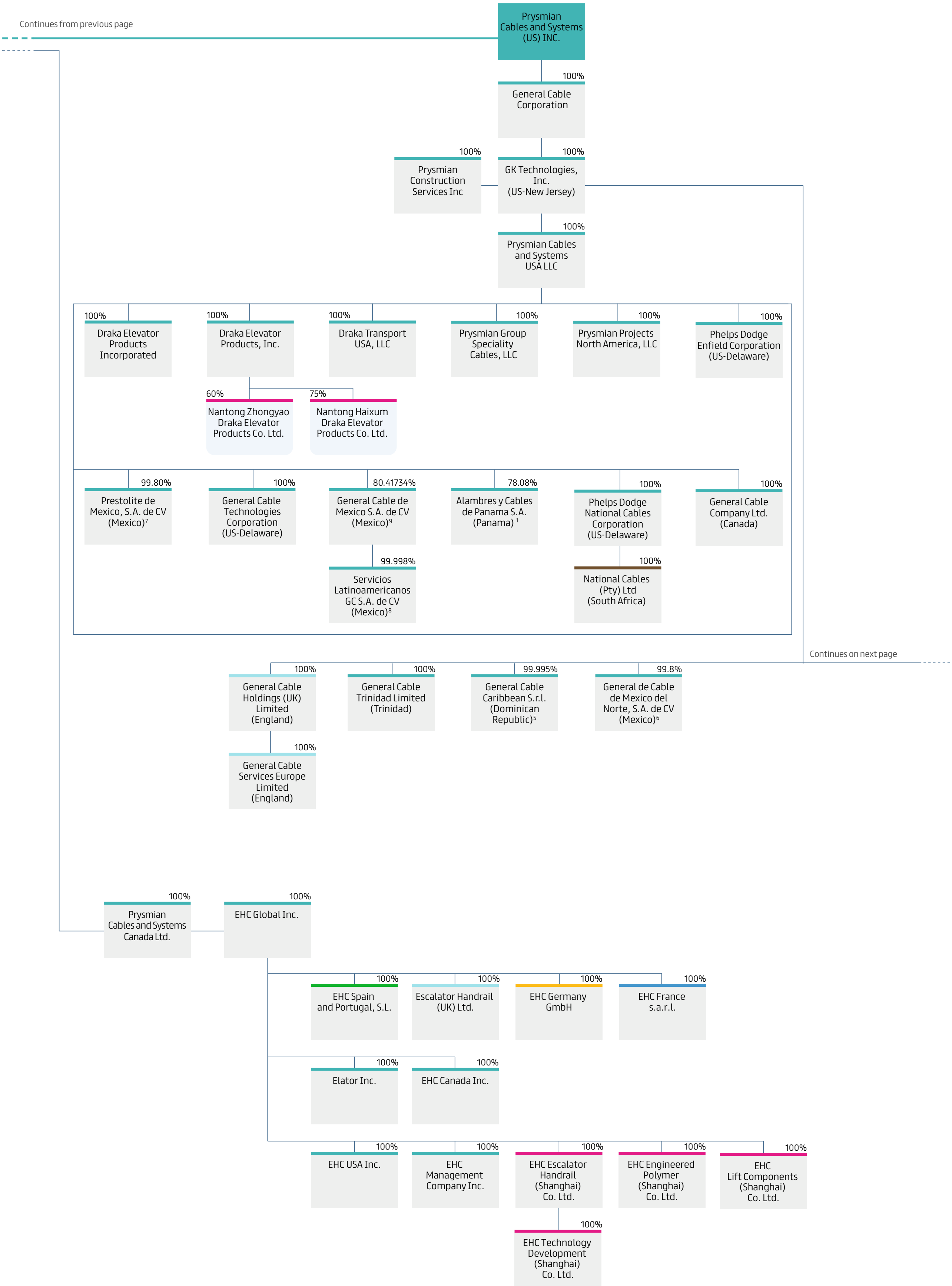




1. Prysmian Cavi e Sistemi S.r.l. 0.52%
2. Prysmian (French) Holdings S.A.S. 0.005%
   Prysmian Cavi and Sistemi S.r.l. 0.005%
3. Prysmian Cavi and Sistemi S.r.l. 5%
4. Prysmian Cavi and Sistemi S.r.l. 0.0002%
5. Prysmian Cavi and Sistemi S.r.l. 1%
6. Prysmian S.p.A. 0.005%
7. Prysmian S.p.A. 0.000001%
8. Draka Comteq B.V. 2.27%
   Draka Holding B.V. 19.9301%
9. Draka Comteq B.V. 0.000002%
10. Draka (Malaysia) Sdn Bhd 0.000023%
    Sindutch Cable Manufacturer Sdn Bhd 0.000023%
    Singapore Cables Manufacturers Pte Ltd 0.000023%
11. Draka Kabel B.V. 1.48%
12. Prysmian Netherlands B.V. 1%
13. Prysmian S.p.A. 6.25%
14. Prysmian Netherlands B.V. 50.10%
15. Prysmian S.p.A. 0.026882%
    Draka Holding B.V. 1.129032%
    Draka Comteq B.V. 4.301075%
16. Prysmian Cabos and Sistemas do Brasil S.A. 50.647681%
17. Draka Mexico Holdings S.A. de CV 0.0017%
18. Prysmian Cabos and Sistemas do Brasil S.A. 0.11%
    Prysmian Consultora Conductores e Instalaciones SAIC 40.01%
19. Turk Prysmian Kablo Ve Sistemleri A.S 0.4614%
20. Draka Holding B.V. 0.004%
21. Prysmian Netherlands B.V. 1.00%



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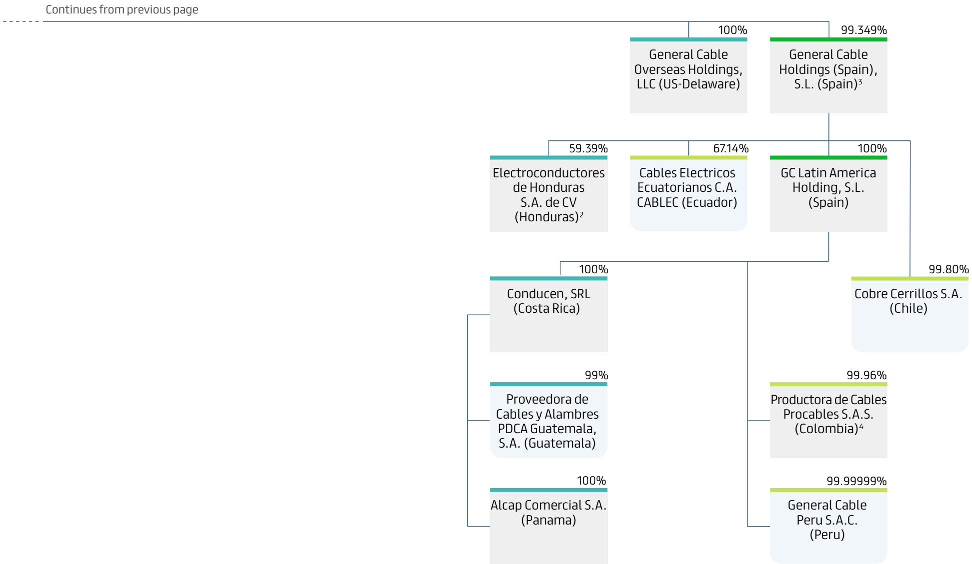

1. GC Latin America Holdings, S.L. 21.92%
2. GC Latin America Holdings, S.L. 40.61%
3. General Cable Overseas Holdings, LLC 0.6510%
4. GK Technologies, Incorporated 0.04%
5. Prysmian Cables and Systems USA, LLC 0.005%
6. Prysmian Cables and Systems USA, LLC 0.2%
7. GK Technologies, Incorporated 0.20%
8. General Cable Technologies Corporation (US-Delaware) 0.002%
9. General Cable Technologies Corporation 0.00000015%
   GK Technologies, Incorporated 0.00000015%
   Conducen, S.R.L. 19.58266361%

- Wholly owned
- Third-party ownership
- Italy
- UK - Ireland
- France
- Netherlands
- Nordics
- Germany
- Spain
- Portugal
- Danubian Area
- Switzerland
- Oceania
- ASEAN
- China
- Russia
- South America
- North America
- Turkey
- Africa
- Oman

3. CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
pursuant to art. 81-ter of CONSOB regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. The undersigned Valerio Battista, as Chief Executive Officer, Stefano Invernici and Alessandro Brunetti, as managers responsible for preparing the financial reports of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 1-bis of Italian Legislative Decree 58 dated 24 February 1998, that during 2022 the accounting and administrative processes for preparing the consolidated financial statements:
   - have been adequate in relation to the business's characteristics and
   - have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the consolidated financial statements at 31 December 2022 has been evaluated on the basis of a procedure established by Prysmian in compliance with the internal control framework established by the Committee of Sponsoring Organizations of the Treadway Commission, which serves as a generally accepted standard model internationally.

   It is nonetheless reported that:
   - during 2022, several of Prysmian Group's companies were involved in the information system changeover project. The process of fine-tuning the new system's operating and accounting functions is still in progress for some of them; in any case, the system of controls in place ensures uniformity with the Group's system of procedures and controls.

3. It is also certified that:
   3.1 The consolidated financial statements at 31 December 2022:
   a) have been prepared in accordance with applicable international accounting standards recognised by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
   b) correspond to the underlying accounting records and books of account;
   c) are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the group of companies included in the consolidation.

   3.2 The directors' report contains a fair review of performance and the results of operations, and of the situation of the issuer and the group of companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 9 March 2023

Valerio Battista	**Stefano Invernici**	**Alessandro Brunetti**
CHIEF EXECUTIVE OFFICER	MANAGERS RESPONSIBLE FOR PREPARING COMPANY FINANCIAL REPORTS	

4. AUDITOR'S REPORT

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Prysmian S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Prysmian Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2022, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and illustrative notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Prysmian S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matters	Audit Response
Recognition of revenues and margins from construction contracts and risks related to ongoing and completed contracts	
The consolidated financial statements include revenues related to the "Projects" segment for Euro 2,161 million. These revenues, and the related margins, are mainly derived from construction contracts and are recognized in the income statement considering the progress of the projects, in accordance with the percentage of completion method, which is determined on the basis of actual costs, as compared to expected costs. Processes and method of revenue recognition and evaluation of construction contracts and the valuation of liabilities related to ongoing and completed contracts are based on assumptions, sometimes complex, which imply, by their nature, estimates by Directors, especially with regard to forecasted costs to complete each project, including the estimate of risks and penalties where applicable and for warranty repairs on completed projects, as well as to contract modifications either expected or under negotiation as well as to changes in estimates from prior periods. Considering the complexity of assumptions adopted in forecasting costs to complete the projects, in accounting for contract modifications under negotiation and in the valuation of risks related to ongoing and completed contracts as well as the potential significant impact of changes in estimates on the net result of the fiscal year we assessed this matter as a key audit matter. Financial statements disclosures related to this matter are reported in the notes "13. Provisions for risks and charges", "38.9 Construction contracts" and "39. Estimates and assumptions" of the consolidated financial statements.	Our audit procedures related to the key audit matter included, among the others, the analysis of the accounting treatment adopted by Prysmian Group, as well as the analysis of the procedures and key controls implemented by management to assess the criteria for recognition of revenues and margins from construction contracts. We performed a detailed analysis of assumptions involving a significant judgment by directors, in particular with regard to the estimate of costs to complete significant projects, including expected risks and penalties and contract modifications expected or under negotiation. This analysis included also the valuation of liabilities related to completed contracts and the expected costs for warranty repairs. The analysis has been performed through the analysis of the contracts and project documentation, the inquiries with project managers and the analysis of significant events occurred after the reporting period. We performed a comparative analysis of material variances of projects results in comparison with the original budget, and, where applicable, with prior period. As part of our procedures, we also performed substantive testing on a sample of costs recognized in the fiscal year. We also requested external confirmations to a sample of contractors, in order to test the existence and completeness of specific contract clauses. Finally, we analyzed the disclosures provided in the consolidated financial statements of Prysmian Group as of 31 December 2022.

Recoverability of goodwill

The goodwill recognized in the consolidated financial statements of Prysmian Group as of 31 December 2022 amounts to Euro 1,691 million. Goodwill has been allocated to groups of CGUs, corresponding to the operating segments (Projects, Energy, Telecom), which are expected to benefit from the synergies of business combinations and which represent the lowest level at which management monitors segment business performance.
The process as well as the methods of evaluation and calculation of the recoverable amount of each operating segment are based on assumptions, sometimes complex, which imply, by their nature, estimates by the directors, especially with regard to the forecast of future results, to the identification of long-term growth and discount rates applied on forecasted future cash flows.
Considering the complexity of assumptions adopted in the estimation of the recoverable amount of goodwill we assessed this matter as a key audit matter.
Financial statements disclosures related to this matter are reported in the notes "2. Goodwill and other intangible assets" of the consolidated financial statements.

Our audit procedures related to the key audit matter included, among the others, the analysis of the policy adopted by the Company with regard to the impairment testing, the analysis of the adequacy of the allocation to each CGU of the assets and liabilities and the analysis of future cash flows, taking into account the impairment testing procedure approved by the Board of Directors.
In addition, our procedures included the reconciliation of forecasted cash flows per each segment with the Group budget prepared for the 2023 fiscal year, the analysis of the quality of the forecasts taking into account the historical accuracy of the previous forecasts and the analysis of the calculation of long-term growth and discount rates.
Our procedures were performed with the support of our experts in valuation techniques who performed independent calculation and sensitivity analysis on the key assumptions in order to identify the change in the assumptions that could have a significant impact on the valuation of the recoverable amount.
Finally, we analyzed the disclosures provided in the consolidated financial statements of Prysmian Group as of 31 December 2022.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Prysmian S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Prysmian S.p.A., in the general meeting held on 16 April 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Prysmian S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the Delegated Regulation) to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures required under auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements at 31 December 2022 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Prysmian S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Prysmian Group at 31 December 2022, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under auditing standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Prysmian Group at 31 December 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Prysmian Group at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Prysmian S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Milan, 17 March 2023

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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PARENT COMPANY FINANCIAL STATEMENTS

1. DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE YEAR

Euro 135 million loan to finance R&D activities

On 3 February 2022, the Group announced that it had finalised a Euro 135 million loan from the European Investment Bank (EIB) to support the Group's R&D program in Europe in the period through to 2024 as the world's leading company in the energy and telecom cables industry.

The EIB loan is specifically intended to support projects to be developed at R&D centres in five European countries: Italy, France, Germany, Spain and the Netherlands.

Euro 1.2 billion Sustainability-Linked Term Loan

On 7 July 2022, the Group entered into a medium-term Sustainability-Linked loan for Euro 1.2 billion with a syndicate of leading Italian and international banks. The loan was drawn down in full on 14 July 2022 and primarily used to refinance the Euro 1 billion medium-term Term Loan obtained in 2018.

With the aim of strengthening its financial structure and the integration of ESG factors into the Group's strategy, Prysmian Group has chosen to include important environmental and social KPIs among the parameters determining the terms of the loan. In fact, the Sustainability-Linked Term Loan is also linked to the decarbonisation targets already set by the Group (annual GHG emissions from 2022 to 2026), to the ratio of female white-collar and executive hires to total Group hires, and to sustainability audits performed in the supply chain.

The interest rates applied are indexed to 1M, 3M and 6M Euribor, as chosen by the company.

Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 1,200 million, with the objective of hedging variable rate interest flows. These contracts were entered into in 2 tranches: the first in mid-June 2022 for a total of Euro 400 million and the second at the beginning of July for a total of Euro 800 million, at the same time as which the interest rate swap contracts entered into to hedge the 2018 term loan, for a total notional value of Euro 1,000 million, were terminated.

Admission of the Group's seven Italian companies to the "Cooperative Compliance" program

On 3 January 2022, the Group announced that it had been admitted to the Cooperative Compliance program with the Italian Revenue Agency after the Group's seven Italian companies successfully passed the rigorous review of the adequacy of the Tax Control Framework for detecting, measuring, managing and controlling tax risk. Admission to the program, which applies from tax period 2020, will allow the Group to establish a relationship based on trust and transparency with the Italian tax authorities, aimed at the pre-emptive analysis of issues with the highest tax risk and an ever-increasing level of oversight of the most relevant tax issues.

Approval of financial statements at 31 December 2021 and dividend distribution

On 12 April 2022, the shareholders' meeting of Prysmian S.p.A. approved the financial statements for 2021 and the distribution of a gross dividend of Euro 0.55 per share, for a total of some Euro 145 million. The dividend was paid out from 21 April 2022, with record date 20 April 2022 and ex-dividend date 19 April 2022.

Appointment of the Prysmian S.p.A. Board of Statutory Auditors

On 12 April 2022, the shareholders' meeting of Prysmian S.p.A. appointed the following new members of the Board of Statutory Auditors for the next three years:

- Stefano Sarubbi (Chairman of the Board of Statutory Auditors)
- Roberto Capone (Standing Auditor)
- Laura Gualtieri (Standing Auditor)
- Stefano Rossetti (Alternate Auditor)
- Vieri Chimenti (Alternate Auditor)

Authorisation to buy and dispose of treasury shares

On 12 April 2022, the shareholders' meeting of Prysmian S.p.A. granted the Board of Directors authorisation to buy back and dispose of treasury shares, concurrently revoking the previous authorisation under the shareholder resolution dated 28 April 2021. Under this authorisation it is possible to make one or more buybacks of shares such that, at any one time, the total holding of treasury shares does not exceed 10% of share capital.

New stock grant plan for employees other than managers already covered by individual incentive schemes

On 12 April 2022, the shareholders of Prysmian S.p.A. approved an equity-settled stock grant plan for employees of Prysmian S.p.A. and Prysmian Group companies, except for managers already covered by individual incentive schemes; the plan aims to foster wide participation in future value creation and to strengthen the level of employee engagement; the plan is subject to consultation at local level with the relevant trade union representatives, where required.

In this regard, the Prysmian S.p.A. shareholders' meeting adopted a resolution to reduce the capital increase servicing the incentive plan for Prysmian Group employees approved by shareholders on 28 April 2020, from a maximum nominal amount of Euro 1,100,000.00, corresponding to 11,000,000 new ordinary shares, to a maximum nominal amount of Euro 800,000.00, corresponding to 8,000,000 new ordinary shares, and to approve a bonus issue of shares to be reserved for Prysmian Group employees in execution of the stock grant plan approved above, allocating 3,000,000 new ordinary shares to service the new stock grant plan for employees other than managers already covered by individual incentive schemes.

FINANCIAL PERFORMANCE OF PRYSMIAN S.P.A.

The financial information presented and discussed below has been prepared by reclassifying the accompanying financial statements for the year ended 31 December 2022, which in turn have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the implementation guidance for art. 9 of Legislative Decree 38/2005. In addition to the standard financial reporting formats and indicators required under IFRS, a number of reclassified statements and alternative performance indicators have also been presented with the intention of helping users of the financial statements better evaluate the Company's economic and financial performance. Such reclassified statements and performance indicators should not however be treated as substitutes for the accepted ones required by IFRS.

INCOME STATEMENT

(Euro/thousand)	2022	2021
Revenues and other income	245,035	292,852
Operating costs	(87,077)	(71,395)
Other expenses	(134,392)	(165,100)
Amortisation, depreciation and impairment	(35,020)	(29,637)
Operating income	**(11,455)**	**26,720**
Net finance income/(costs)	(13,964)	(14,550)
Net income from investments	176,287	148,551
Profit/(loss) before taxes	**150,868**	**160,721**
Taxes	(7,100)	(21,754)
Net profit/loss)	**143,768**	**138,967**

In addition to the comments presented below, the more significant changes in individual items within the Prysmian S.p.A. income statement are discussed in the Explanatory Notes to its financial statements, to which reference should be made.
The Parent Company's income statement for 2022 reports Euro 143,768 thousand in net profit, up Euro 4,801 thousand from the previous year.
Revenues and other income of Euro 245,035 thousand (Euro 292,852 thousand in 2021) include the income of Prysmian S.p.A. from ordinary operations. Following the application of IFRS 15, revenues and other income also include the net margin on buying strategic metals and selling them to other Group companies.
Revenues and other income also include amounts charged by Prysmian S.p.A. to Group companies for coordination and other services provided by head office functions and for royalties on patents, know-how and trademarks licensed to Group companies.

Operating costs of Euro 87,077 thousand in 2022 (Euro 71,395 thousand in 2021) mostly comprise personnel costs (Euro 77,955 thousand in 2022 versus Euro 64,151 thousand in 2021), with the remainder referring to purchases of other consumables (Euro 9,150 thousand in 2022 versus Euro 7,000 thousand in 2021) and the fair value change in metal derivatives (Euro 28 thousand positive in 2022 versus Euro 243 thousand negative in 2021).
In particular, the growth in personnel costs in 2022 primarily reflects the recording of higher costs for stock-option based incentive plans. Further details can be found in Note 17. Personnel costs of the Explanatory Notes to the financial statements.

Other expenses of Euro 134,392 thousand in 2022 (Euro 165,100 thousand in 2021) have been affected by fewer non-recurring costs mostly arising from intercompany transactions.
Further details can be found in the Explanatory Notes to the financial statements under Note 19. Other expenses.

Net finance costs of Euro 13,964 thousand (Euro 14,550 thousand in 2021) consist of interest expense on bonds and loans and foreign currency derivative hedge costs, net of finance income earned mostly from fees for guarantees given on behalf of Group companies.

Net income from investments amounts to Euro 176,287 thousand, compared with Euro 148,551 thousand in the previous year, reflecting a total of Euro 179,672 thousand in dividends paid by the subsidiaries Draka Holding B.V., Prysmian Treasury S.r.l., Prysmian Cavi e Sistemi S.r.l. and Prysmian PowerLink S.r.l., minus Euro 66,714 thousand in impairment of the investment in Fibre Ottiche Sud – F.O.S. S.r.l. plus Euro 63,329 thousand for the increase since the grant date in the fair market value of stock options under the Long-term incentive (LTI) 2020-2022 plan and the new BE IN incentive plan, both of which recharged to group companies.

Income taxes report a charge of Euro 7,100 thousand (versus a charge of Euro 21,754 thousand in 2021), of which Euro 7,310 thousand in current tax expense and Euro 210 thousand in deferred tax income. More specifically, current taxes reflect the net effect of the tax charge for the period and net income from Italian companies arising from the election by the Company and its Italian subsidiaries for a group tax consolidation. Further information can be found in Note 22. Taxes of the Explanatory Notes to the financial statements.

Research costs are fully expensed to income, while development costs are capitalised if they meet the required qualifying conditions.
A total of Euro 30,485 thousand in research costs were expensed to income in the period under review (Euro 27,236 thousand in 2021); more details can be found in Note 33. Research and development of the Explanatory Notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

The Parent Company's statement of financial position is summarised as follows:

(Euro/thousand)	31 December 2022	31 December 2021
Net fixed assets	5,913,352	5,937,889
- of which Investments in subsidiaries	*5,701,163*	*5,719,977*
Net working capital	(102,073)	(228,513)
Provisions	(53,208)	(28,372)
Net capital employed	**5,758,070**	**5,681,004**
Employee benefit obligations	6,085	7,284
Total equity	2,460,945	2,294,862
Net financial debt	3,291,040	3,378,858
Total equity and sources of funds	**5,758,070**	**5,681,004**

Note: the composition and method of calculating the above indicators are detailed in the Group's Integrated Annual Report.

In additions to the comments presented below, the more significant changes in individual items within the Prysmian S.p.A. statement of financial position are discussed in the Explanatory Notes to its financial statements, to which reference should be made.
Net fixed assets basically comprise the controlling interests in Prysmian Cavi e Sistemi S.r.l., Draka Holding B.V. and in the Group's other Italian companies.

The decrease of Euro 18,814 thousand in the value of investments in subsidiaries since 2021 is attributable to the net effect of capital contributions paid to the subsidiaries Electronic and Optical Sensing Solutions S.r.l. and Prysmian Servizi S.p.a. minus impairment recognised against the value of the investment in Fibre Ottiche Sud – F.O.S. S.r.l.. The value of investments has also been impacted by the pay-related component of stock option plans, with underlying Prysmian S.p.A. shares, for employees of other Group companies.

Capital expenditure on "Property, plant and equipment" and "Intangible assets" totalled Euro 26,110 thousand in 2022 (Euro 23,562 thousand in 2021). Expenditure on property, plant and equipment amounted to Euro 2,875 thousand, relating to the purchase of IT infrastructure for the Group and fixed installations for the Prysmian Group headquarters. Expenditure on intangible assets, totalling Euro 23,235 thousand, related to the ongoing upgrade of IT systems and Digital Transformation projects, as well as the purchase of new software. More details can be found in Note 1. Property, plant and equipment and Note 2. Intangible assets of the Explanatory Notes to the financial statements.
The balance of net fixed assets in 2022 includes net increases of Euro 3,187 thousand to account for leases in accordance with IFRS 16.

Net working capital is a negative Euro 102,073 thousand and comprises:

- Euro 384,165 thousand as the net negative balance between trade receivables and trade payables (see Notes 5 and 11 to the financial statements);
- Euro 282,092 thousand as the net positive balance of other receivables/payables and financial receivables/payables (see Notes 5 and 11 to the financial statements).

Provisions, inclusive of deferred tax provisions, amount to Euro 53,208 thousand at 31 December 2022 (see Notes 4 and 12 to the financial statements) compared with Euro 28,372 thousand at 31 December 2021. The increase is mainly attributable to adjustments to the deferred tax provision. Further information can be found in Note 14. Current tax payables and Deferred tax liabilities in the Explanatory Notes.

Equity amounts to Euro 2,460,945 thousand at 31 December 2022, reporting a net increase of Euro 166,083 thousand since 31 December 2021, mostly reflecting the net profit for 2022 net of dividends distributed and adjustments to the stock option reserve. A more detailed analysis of the changes in equity can be found in the Statement of Changes in Equity forming part of the Financial Statements presented in the following pages. The Group's consolidated equity at 31 December 2022 and consolidated net profit for 2022 are reconciled with the corresponding figures for the Parent Company Prysmian S.p.A. in a table presented in the Group's Integrated Annual Report.

Net financial debt amounts to Euro 3,291,040 thousand at 31 December 2022, compared with Euro 3,378,858 thousand at 31 December 2021.

The following table presents a detailed breakdown of net financial debt.

(Euro/thousand)	Note	31 December 2022	of which related parties (Note 25)	31 December 2021	of which related parties (Note 25)
Long-term financial payables					
CDP Loans	10	174,685		174,528	
Mediobanca Loan	10	99,905		99,819	
Intesa Loan	10	149,781		149,656	
EIB Loans	10	244,798		109,931	
Term Loan	10	-		997,797	
Sustainability-Linked Term Loan	10	1,191,474		-	
Convertible Bond 2021	10	717,399		707,088	
Unicredit Loan	10	-		199,681	
Interest rate swaps	7	-		2,548	
Lease liabilities	10	14,712		17,173	
Total long-term financial payables		**2,592,754**		**2,458,221**	
Short-term financial payables					
CDP Loans	10	520		71	
Mediobanca Loan	10	294		144	
Intesa Loan	10	836		315	
EIB Loans	10	996		4	
Non-convertible bond	10	-		763,087	
Term Loan	10	-		703	
Sustainability-Linked Term Loan	10	6,114		-	
Convertible Bond 2017	10	-		249,824	
Unicredit Loan	10	200,457		303	
Lease liabilities	10	5,120		5,721	
Short-term loans from Group companies	11	747,242	747,242	194,941	194,941
Other borrowings	10	9,090		1,533	
Interest rate swaps	7	-		6,476	
Total short-term financial payables		**966,169**		**1,223,121**	
Total financial liabilities		**3,558,923**		**3,681,342**	
Long-term financial receivables	5	177		172	
Long-term bank fees	5	284		1,420	
Non-current interest rate swaps	7	59,209		-	
Current interest rate swaps	7	12,676			
Short-term financial receivables	6	193,417		199,609	
Short-term bank fees	5	1,185		1,185	
Cash and cash equivalents	8	935		100,097	
Net financial debt		**3,291,040**		**3,378,858**	

Note 10 of the Explanatory Notes to the financial statements contains a reconciliation of the Company's net financial debt to the amount reported in accordance with the requirements of CONSOB communication no. 5/21 of 29 April 2021 concerning compliance with the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138).
A more detailed analysis of cash flows can be found in the Statement of Cash Flows, forming part of the Financial Statements presented in the following pages.

HUMAN RESOURCES, SAFETY AND ENWNMENT

Prysmian S.p.A. had a total of 436 employees at 31 December 2022 (421 at 31 December 2021), of whom 396 management/desk staff (380 at 31 December 2021) and 40 non-desk staff (41 at 31 December 2021).
The Company has taken systematic, ongoing steps to implement all the fundamental activities required to manage issues concerning the environment, and the health and safety of its employees.
More details can be found in the Consolidated Non-Financial Statement forming part of the Group's Integrated Annual Report.

DIRECTION AND COORDINATION

Prysmian S.p.A. is not under the direction and coordination of other companies or entities but decides its general and operational strategy in complete autonomy. Pursuant to art. 2497-bis of the Italian Civil Code, the direct and indirect subsidiaries of Prysmian S.p.A. have identified it as the entity which exercises direction and coordination for them. Such direction and coordination involves identifying general and operational strategies for the Group as a whole and defining and implementing internal control systems, models of governance and corporate structure.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

Information on related party transactions, including that required by the Consob Communication dated 28 July 2006, is presented in Note 25 to the Parent Company Financial Statements.

SECONDARY LOCATIONS

The Company does not have any secondary locations.

SHARE CAPITAL AND CORPORATE GOVERNANCE

Share capital amounts to Euro 26,814 thousand at 31 December 2022, consisting of 268,144,246 ordinary shares (including 4,601,362 treasury shares), with a nominal value of Euro 0.10 each. The total number of outstanding voting shares is 263,542,884, inclusive of 10,669 treasury shares held indirectly.
Information about Corporate Governance can be found in Prysmian Group's Integrated Annual Report.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions took place during 2022.

RISK FACTORS

Prysmian S.p.A. is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should arise, could even have a material impact on its results of operations and financial condition. Prysmian S.p.A. adopts specific procedures to manage the risk factors that might influence its business results. These procedures are the result of corporate policy which has always been directed at maximising value for shareholders by taking all necessary steps to prevent the risks inherent in the Company's business.
Based on its financial performance and cash generation in recent years, as well as its financial resources available

at 31 December 2022 and committed undrawn credit lines at that date, the Company believes that, barring any extraordinary events, there are no material uncertainties that could cast significant doubt upon the business's ability to continue to operate on a going concern basis.
More details about risk factors and the system of internal controls can be found in Prysmian Group's Integrated Annual Report.

FINANCIAL RISK MANAGEMENT POLICIES

Financial risk management policies are discussed in Section C of the Explanatory Notes to the financial statements.

BUSINESS OUTLOOK

With regard to business outlook, please refer to Prysmian Group's Integrated Annual Report.

2. FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in Euro)	Note	31.12.2022	of which related parties (Note 25)	31.12.2021	of which related parties (Note 25)
Non-current assets					
Property, plant and equipment	1	86,356,289		91,073,444	
Intangible assets	2	125,832,341		126,838,617	
Investments in subsidiaries	3	5,701,163,010	5,701,163,010	5,719,976,842	5,719,976,842
Derivatives	7	59,208,767		-	
Deferred tax assets	4	-		9,400,192	
Other receivables	5	480,905		96,529,880	94,920,335
Total non-current assets		**5,973,041,312**		**6,043,818,975**	
Current assets					
Trade receivables	5	267,751,421	261,626,895	224,766,271	221,921,987
Other receivables	5	313,399,028	248,362,065	110,065,881	42,993,019
Financial assets at fair value through profit or loss	6	193,419,090		199,608,525	
Derivatives	7	14,184,805	1,508,980	55,257	55,257
Cash and cash equivalents	8	935,390		100,097,408	
Total current assets		**789,689,734**		**634,593,342**	
Total assets		**6,762,731,046**		**6,678,412,317**	
Capital and reserves:					
Share capital	9	26,814,425		26,814,425	
Reserves	9	2,290,362,325		2,129,080,464	
Net profit/(loss)	9	143,767,869		138,966,969	
Total equity		**2,460,944,619**		**2,294,861,858**	
Non-current liabilities					
Borrowings from banks and other lenders	10	2,592,754,055		2,455,672,985	
Employee benefit obligations	13	6,085,009	129,127	7,283,947	12,333
Derivatives	7	-		2,547,820	
Other payables	11	-		281,059	281,059
Deferred tax liabilities	14	10,005,178		-	
Total non-current liabilities		**2,608,844,242**		**2,465,785,811**	
Current liabilities					
Borrowings from banks and other lenders	10	223,427,951		1,021,702,243	
Provisions for risks and charges	12	43,203,216	5,373,590	37,771,967	5,473,590
Derivatives	7	1,177,325	1,177,325	6,800,066	323,208
Trade payables	11	651,916,269	15,949,796	562,306,414	11,536,273
Other payables	11	771,051,672	745,824,357	276,213,575	254,787,338
Current tax payables	14	2,165,752	1,297,082	12,970,383	277,163
Total current liabilities		**1,692,942,185**		**1,917,764,648**	
Total liabilities		**4,301,786,427**		**4,383,550,459**	
Total equity and liabilities		**6,762,731,046**		**6,678,412,317**	

INCOME STATEMENT

(in Euro)	Note	2022	of which related parties (Note 25)	2021	of which related parties (Note 25)
Revenues and other income	15	245,035,005	230,897,794	292,852,059	222,026,112
Total revenues and other income		**245,035,005**		**292,852,059**	
Raw materials, consumables and supplies	16	(9,150,196)	(2,641,791)	(7,000,417)	(4,870,322)
Fair value change in metal derivatives		27.662	27,662	(242,806)	(242,806)
Personnel costs	17	(77,954,822)	(24,221,630)	(64,151,494)	(9,835,072)
Amortisation, depreciation, impairment and impairment reversals	18	(35,020,099)		(29,637,006)	
Other expenses	19	(134,392,147)	(37,382,480)	(165,100,130)	(89,703,663)
Operating income		**(11,454,597)**		**26,720,206**	
Finance costs	20	(89,062,002)	(17,080,084)	(80,112,904)	(8,221,036)
Finance income	20	75,097,619	68,528,463	65,562,750	49,547,772
Dividends from subsidiaries	21	243,001,115	243,001,115	153,550,924	153,550,924
(Impairment)/revaluation of investments	3	(66,714,088)	(66,714,088)	(5,000,000)	(5,000,000)
Profit before taxes		**150,868,047**		**160,720,976**	
Taxes	22	(7,100,178)	6,696,463	(21,754,007)	12,352,957
Net profit/(loss)		**143,767,869**		**138,966,969**	

STATEMENT OF CHANGES IN EQUITY (NOTE 9)

(Euro/thousand)	Share capital	Share premium reserve	Capital increase costs	Legal reserve	Treasury shares reserve	Extraord-inary reserve	IAS/IFRS first-time adoption reserve
Balance at 31 December 2020	**26,814**	**1,281,071**	**(14,476)**	**5,363**	**94,583**	**52,688**	**30,177**
Dividend distribution	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	(2,122)	-	-
Non-monetary components of convertible bond	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-
Balance at 31 December 2021	**26,814**	**1,281,071**	**(14,476)**	**5,363**	**92,461**	**52,688**	**30,177**
Dividend distribution	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	(813)	-	-
Bond repayment	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-
Balance at 31 December 2022	**26,814**	**1,281,071**	**(14,476)**	**5,363**	**91,648**	**52,688**	**30,177**

(*) At 31 December 2022, the number of treasury shares held came to 4,601,362 with a total nominal value of Euro 460,136.

STATEMENT OF COMPREHENSIVE INCOME

(in Euro)	Note	2022	2021
Net profit/(loss)		**143,767,869**	**138,966,969**
Other comprehensive income:			-
A) Change in cash flow hedge reserve:		**61,334,194**	**7,426,865**
- Profit/(loss) for the year	9	80,702,886	9,772,506
- Taxes	9	(19,368,693)	(2,345,641)
B) Actuarial gains/(losses) on employee benefits(*)		**782,040**	**(230,280)**
- Profit/(loss) for the year	9	1,029,000	(303,000)
- Taxes	9	(246,960)	72,720
Total other comprehensive income (A+B)		**62,116,234**	**7,196,585**
Total comprehensive income/(loss)		**205,884,103**	**146,163,554**

(*) Components of comprehensive income that will not be reclassified to profit or loss in subsequent periods.

Capital contribution reserve	Actuarial gains/ (losses) on employee benefits	Convertible bond reserve	Stock option reserve	Cash flow hedge reserve	Treasury shares(*)	Share issue reserve	Retained earnings	Net profit/(loss) for the year	Total
6,113	**(1,946)**	**48,189**	**38,150**	**(14,287)**	**(94,583)**	**1,100**	**669,551**	**80,476**	**2,208,983**
-	-	-	-	-	-	-	(51,221)	(80,476)	(131,697)
-	-	-	24,106	-	2,122	-	11,175	-	35,281
-	-	36,132	-	-	-	-	-	-	36,132
-	(231)	-	-	7,427	-	-	-	138,967	146,163
6,113	**(2,177)**	**84,321**	**62,256**	**(6,860)**	**(92,461)**	**1,100**	**629,505**	**138,967**	**2,294,862**
-	-	-	-	-	-	-	(5,960)	(138,967)	(144,927)
-	-	-	104,303	-	813	-	822	-	105,125
-	-	(34,771)	-	-	-	-	34,771	-	-
-	782	-	-	61,334	-	-	-	143,768	205,884
6,113	**(1,395)**	**49,550**	**166,559**	**54,474**	**(91,648)**	**1,100**	**659,138**	**143,768**	**2,460,945**

STATEMENT OF CASH FLOWS

	(in Euro)	2022	of which related parties (Note 25)	2021	of which related parties (Note 25)
	Profit before taxes	150,868,046		160,720,976	
	Amortisation, depreciation and impairment	35,020,099		29,637,006	
	Impairment/(revaluation) of investments	66,714,088	66,714,088	5,000,000	5,000,000
	Net gains (losses) on disposal of fixed assets	-		-	
	Dividends	(243,001,115)	(243,001,115)	(153,550,924)	(153,550,924)
	Share-based compensation	20,518,943		9,440,001	2,563,190
	Fair value change in metal derivatives	(27,662)	(27,662)	242,806	242,806
	Net finance costs	13,964,384	(51,448,379)	14,550,154	(41,326,736)
	Change in trade receivables/payables	46,540,467	(35,291,385)	97,325,164	(42,232,017)
	Change in other receivables/payables	(36,812,672)	(49,189,001)	26,271,800	(2,196,401)
	Change in employee benefit obligations	(292,460)	116,851	(306,491)	(105,000)
	Change in provisions for risks and other movements	5,376,403	-	(440,546)	-
	Taxes collected/(paid)	(7,273,430)	(7,273,430)	800,700	800,700
A	**Cash flow from operating activities**	51,595,090		189,690,646	
	Investments in property, plant and equipment	(2,875,388)		(2,730,578)	
	Investments in intangible assets	(23,235,163)		(20,831,017)	
	Disposals of intangible assets	-		-	
	Investments in financial assets at fair value through profit or loss	-		(200,000,000)	
	Investments to recapitalise subsidiaries	(38,803,000)	(38,803,000)	(355,000,000)	(355,000,000)
	Dividends received	179,671,995	179,671,995	121,500,004	121,500,004
B	**Cash flow from investing activities**	**114,758,444**		**(457,061,591)**	
	Capital payments and movements in equity	-		-	
	Dividend distribution	(144,058,262)		(131,067,383)	
	Sale of treasury shares	821,714		1,029,405	
	Proceeds of new loans	1,335,000,000		75,000,000	
	Repayment of loans	(1,249,823,897)		(8,333,333)	
	Redemption of bonds	(750,000,000)		(261,000,000)	
	Proceeds of new bonds	-		768,750,000	
	Changes in other net financial receivables/payables	542,550,077	552,296,729	(58,032,601)	(57,288,795)
	Finance costs paid(1)	(71,941,734)	16,169,926	(83,576,851)	(7,465,581)
	Finance income received(2)	71,936,549	53,233,588	64,449,008	46,440,260
C	**Cash flow from financing activities**	**(265,515,552)**		**367,218,245**	
D	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	**(99,162,018)**		**99,847,300**	
E	**Cash and cash equivalents at the beginning of the year**	**100,097,408**		**250,108**	
F	**Cash and cash equivalents at the end of the year (D+E)**	**935,390**		**100,097,408**	

(1) Finance costs paid of Euro 71,942 thousand include both interest expense and bank fees paid in 2022.
(2) Finance income received of Euro 71,936 thousand includes amounts collected from Group companies for recharged fees for guarantees given.

3. EXPLANATORY NOTES

A. GENERAL INFORMATION

Prysmian S.p.A. ("the Company") is a company incorporated and domiciled in Italy and organised under the laws of the Republic of Italy. The Company was formed on 12 May 2005 and as from 1 March 2017 has its registered office in Via Chiese 6, Milan (Italy). Through its controlling interests in Italian companies and the sub-holding companies Prysmian Cavi e Sistemi S.r.l. and Draka Holding B.V., the Company indirectly owns equity interests in the Prysmian Group's operating companies. The Company and its subsidiaries produce cables and systems and related accessories for the energy and telecommunications industries, and distribute and sell them around the globe.
Prysmian S.p.A. was floated on the Italian Stock Exchange on 3 May 2007 and since September 2007 has been included in the FTSE MIB index, comprising the top 40 Italian companies by capitalisation and stock liquidity.

The financial statements contained herein were approved by the Board of Directors of Prysmian S.p.A. on 9 March 2023.

B. ACCOUNTING PRINCIPLES

The accounting policies and standards adopted are the same as those used for preparing the consolidated financial statements, to which reference should be made, except as described in Note 34.

B.1 BASIS OF PREPARATION

The 2022 financial statements represent the Separate Financial Statements of Prysmian S.p.A., the Parent Company of the Prysmian Group.
The present financial statements have been prepared on a going concern basis, with the Directors having assessed that there are no financial, operating or other kind of indicators that might provide evidence of material uncertainties as to the Company's ability to meet its obligations in the foreseeable future and particularly in the next 12 months. Section C. Financial risk management and Section C.1 Capital risk management of these Explanatory Notes contain a description of how the Company manages financial risks, including liquidity and capital risks. Under Legislative Decree 38 of 28 February 2005 "Exercise of the options envisaged by art. 5 of European Regulation 1606/2002 on international accounting standards", issuers are required to prepare not only consolidated financial statements but also separate financial statements for the Parent Company in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Union.

The term "IFRS" refers to all the International Financial Reporting Standards, all the International Accounting Standards ("IAS"), and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").
IFRS have been applied consistently to all the periods presented in this document. The Company's financial statements have, therefore, been prepared in accordance with IFRS and related best practice; any future guidance and new interpretations will be reflected in subsequent years, in the manner established from time to time by the relevant accounting standards.

The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial assets and liabilities, including derivatives, for which application of the fair value method is compulsory.

REPORTING FORMATS AND DISCLOSURES

The Company has elected to present its income statement according to the nature of expenses, whereas assets and liabilities in the statement of financial position have been classified as either current or non-current. The statement of cash flows has been prepared using the indirect method. The Company has also applied the provisions of Consob Resolution 15519 dated 27 July 2006 concerning financial statement formats and the requirements of Consob Communication 6064293 dated 28 July 2006 regarding disclosures. All the amounts shown in the tables in the following Notes are expressed in thousands of Euro, unless otherwise stated.

B.2 NEWLY ADOPTED ACCOUNTING STANDARDS AND PRINCIPLES

The accounting policies and standards used to prepare the current financial statements are consistent with those used for the 2021 separate financial statements. This means there are no new standards or interpretations that have been applied for the first time in these financial statements and that have had an impact on them. Full details can be found in the Explanatory Notes to the Consolidated Financial Statements.
A description of the standards and interpretations applicable from 1 January 2022 and of their effects will now follow.

New accounting standards, interpretations and amendments

The following is a list of new accounting standards, interpretations and amendments whose application became mandatory from 1 January 2022 but which have not had a material impact on the financial statements at 31 December 2022:

- *Amendments to IFRS 3 Business Combinations;*
- *Amendments to IAS 16 Property, Plant and Equipment;*
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;*
- *Annual Improvements 2018-2020.*

B.3 ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE COMPANY

The following new accounting standards, amendments and interpretations had been issued as at the date of preparing the present report but are not yet applicable and have not been adopted early by the Company:

New accounting standards, amendments and interpretations	Mandatory application as from
IFRS 17,	1 January 2023
Amendments to IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;	1 January 2023
Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IAS 1: Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current; - Classification of Liabilities as Current or Non-current: Deferral of Effective Date; - Non-current Liabilities with Covenants.	1 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale as Leaseback	1 January 2024

Preliminary review has indicated that the new accounting standards, amendments and interpretations listed above are not expected to have a material impact on the Company's financial statements.

C. FINANCIAL RISK MANAGEMENT

Prysmian S.p.A. measures and manages its exposure to financial risks in accordance with the Group's policies. The main financial risks are centrally coordinated and monitored by the Group Finance Department. Risk management policies are approved by the Group Finance, Administration and Control Department, which provides written guidelines on managing the different kinds of risks and on using financial instruments.
The financial risks to which Prysmian S.p.A. is exposed, directly or indirectly through its subsidiaries, are the same as those of the companies of which it is the Parent Company. Reference should therefore be made to Section D. Financial risk management of the Explanatory Notes to the Group's Consolidated Financial Statements.
The principal types of risks to which the Company is exposed are discussed below:

(a) Exchange rate risk

This arises from foreign currency trade or financial transactions not yet completed and from foreign currency assets and liabilities already recognised in the accounts. The Company mitigates this risk by using forward contracts entered into with the Group's central treasury company (Prysmian Treasury S.r.l.), which manages the various currency positions.
The principal exchange rates affecting the Company are:

- Euro/US Dollar: in relation to business transactions in US dollars;
- Euro/British Pound: in relation to business transactions on the British market and vice versa;
- Euro/Canadian Dollar: in relation to business transactions on the Canadian market;
- Euro/Chinese Renminbi: in relation to business transactions on the Chinese market.

In 2022, trade flows exposed to the above exchange rates accounted for most of the exposure to exchange rate risk arising from business transactions.
It is the Company's policy to hedge, where possible, exposures in currencies other than its unit of account. In particular, the Company hedges:

- firm cash flows: invoiced trade flows and exposures arising from loans receivable and payable;
- projected cash flows: trade and financial flows arising from firm or highly probable contractual commitments.

The following sensitivity analysis shows the effects on net profit of a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2022:

(Euro/thousand)	2022 -5%	2022 5%	2021 -5%	2021 5%
British Pound	(4)	3	(152)	138
US Dollar	(45)	41	(130)	118
Australian Dollar	-	-	(4)	4
Chinese Renminbi	(5)	5	(4)	4
Other currencies	(11)	10	(15)	14
Total	**(65)**	**59**	**(307)**	**277**

(Euro/thousand)	2022 -10%	2022 10%	2021 -10%	2021 10%
British Pound	(8)	6	(322)	263
US Dollar	(95)	77	(275)	225
Australian Dollar	-	-	(9)	8
Chinese Renminbi	(11)	9	(9)	8
Singapore Dollar	(1)	1	-	-
Other currencies	(24)	19	(32)	26
Total	**(138)**	**113**	**(647)**	**530**

When assessing the potential impact of the above, the assets and liabilities in currencies other than their unit of account were considered, net of any derivatives hedging the above-stated cash flows.

The following sensitivity analysis shows the post-tax effects on equity reserves of an increase/decrease in the fair value of designated cash flow hedges following a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2022:

(Euro/thousand)	2022 -5%	2022 5%	2021 -5%	2021 5%
British Pound	482	(436)	31	(28)
Total	**482**	**(436)**	**31**	**(28)**

(Euro/thousand)	2022 -10%	2022 10%	2021 -10%	2021 10%
British Pound	1,017	(832)	65	(53)
Total	**1,017**	**(832)**	**65**	**(53)**

(b) Interest rate risk

Il rischio di tasso di interesse cui è esposta la Società è originato prevalentemente dai debiti finanziari a lungo The interest rate risk to which the Company is exposed is mainly due to long-term financial liabilities, carrying both fixed and variable rates.
Fixed rate debt exposes the Company to a fair value risk. The Company does not operate any particular hedging policies in relation to the risk arising from such contracts.
The Group Finance Department monitors the exposure to interest rate risk and adopts appropriate hedging strategies to keep the exposure within the limits defined by the Group Administration, Finance and Control Department, arranging derivative contracts, if necessary.
The net liabilities considered for sensitivity analysis include variable rate financial receivables and payables and cash and cash equivalents whose value is influenced by rate volatility. The Company calculates the pre-tax impact of changes in interest rates on the income statement.
The simulations carried out for balances at 31 December 2022 indicate that, with all other variables remaining equal, a 25 b.p. increase/decrease in interest rates would have respectively reduced the level of financial payables by Euro 986 thousand (2021: decrease of Euro 396 thousand) or increased them by Euro 986 thousand (2021: increase of Euro 396 thousand). This simulation exercise is carried out on a regular basis to ensure that the maximum potential loss is within the limits set by Management.

(c) Price risk

This risk relates to the possibility of fluctuations in the price of strategic materials, whose purchase price is subject to market volatility and whose procurement from third-party suppliers is managed centrally by the Company, which then sells them on to Group operating companies. The Company is exposed to a residual price risk on those purchasing positions that have not been promptly recharged to Group operating companies. More information about metal derivatives can be found in Note 7. Derivatives.

(d) Credit risk

The Company does not have excessive concentrations of credit risk insofar as almost all its customers are companies belonging to the Group. In addition, there are no material unimpaired past due receivables.

(e) Liquidity risk

Prudent management of the liquidity risk arising from the Company's normal operations involves having adequate levels of cash and cash equivalents and short-term securities and access to funds from a sufficient amount of committed credit lines. The Company's Finance Department prefers flexible forms of funding in the form of committed credit lines.

At 31 December 2022, cash and cash equivalents stood at Euro 935 thousand, compared with Euro 100,097 thousand at 31 December 2021. The Company is able to draw down on the credit lines granted to the Group in the form of the Revolving Credit Facility 2019 (Euro 1,000 million). More details can be found in the Explanatory Notes to the Consolidated Financial Statements (Section D. Financial risk management).

The following table presents an analysis, by due date, of the payables and liabilities settled on a net basis. The various due date categories refer to the period between the reporting date and the contractual maturity of the obligations.

(Euro/thousand)				31 December 2022
	Due within 1 year	Due between 1 - 2 years	Due between 2 - 5 years	Due after 5 years
Borrowings from banks and other lenders	218,308	459,513	1,983,686	134,843
Lease liabilities	4,512	4,167	2,489	1,158
Derivatives	1,177	-	-	-
Trade and other payables	1,427,468	-	-	-
Total	**1,651,465**	**463,680**	**1,986,175**	**136,001**

(Euro/thousand)				31 December 2021
	Due within 1 year	Due between 1 - 2 years	Due between 2 - 5 years	Due after 5 years
Borrowings from banks and other lenders	1,169,188	1,279,024	1,325,336	62,212
Lease liabilities	5,685	4,302	6,245	6,727
Derivatives	6,816	2,532	-	-
Trade and other payables	838,520	-	-	-
Total	**2,020,209**	**1,285,858**	**1,331,581**	**68,939**

In completion of the disclosures about financial risks, the following is a reconciliation between the classes of financial assets and liabilities reported in the Company's statement of financial position and the categories used by IFRS 7 to identify financial assets and liabilities:

(Euro/thousand)					31 December 2022
	Financial assets at FVPL	Receivables and other assets at amortised cost	Financial liabilities at FVPL	Financial liabilities at amortised cost	Cash flow hedging derivatives
Financial assets at FVPL	193,419				
Trade receivables	-	267,751	-	-	-
Other receivables	-	313,880	-	-	-
Derivatives (assets)	1,509	-	-	-	71,885
Cash and cash equivalents	-	935	-	-	-
Borrowings from banks and other lenders	-	-	-	2,816,182	-
Trade payables	-	-	-	651,916	-
Other payables	-	-	-	771,051	-
Derivatives (liabilities)	-	-	1,177	-	-

(Euro/thousand)	31 December 2022				
	Financial assets at FVPL	Receivables and other assets at amortised cost	Financial liabilities at FVPL	Financial liabilities at amortised cost	Cash flow hedging derivatives
Financial assets at FVPL	199,609				
Trade receivables	-	224,766	-	-	-
Other receivables	-	206,596	-	-	-
Derivatives (assets)	55	-	-	-	-
Cash and cash equivalents	-	100,097	-	-	-
Borrowings from banks and other lenders	-	-	-	3,477,375	-
Trade payables	-	-	-	562,306	-
Other payables	-	-	-	276,495	-
Derivatives (liabilities)	-	-	41	-	9,307

C.1 CAPITAL RISK MANAGEMENT

The Company's objective in capital risk management is primarily to safeguard business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Company also aims to maintain an optimal capital structure in order to reduce the cost of debt and to comply with a series of covenants under the various credit agreements (Note 10. Borrowings from banks and other lenders and Note 29. Financial covenants).

The Company also monitors capital on the basis of its gearing ratio (ie. the ratio between net financial debt and capital). Details of the composition of net financial debt can be found in Note 10. Borrowings from banks and other lenders. Capital is defined as the sum of equity and net financial debt.

The gearing ratios at 31 December 2022 and 31 December 2021 are shown below:

(Euro/thousand)	31 December 2022	31 December 2021
Net financial debt	3,291,040	3,378,858
Equity	2,460,945	2,294,861
Total capital	**5,751,985**	**5,673,719**
Gearing ratio	**57%**	**60%**

C.2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

IFRS 13 requires assets and liabilities recognised in the statement of financial position at fair value to be classified according to a hierarchy that reflects the significance of the inputs used in measuring fair value.

Financial instruments are classified according to the following fair value measurement hierarchy:

Level 1: Fair value is determined with reference to quoted prices (unadjusted) in active markets for identical financial instruments. Therefore, the emphasis within Level 1 is on determining both of the following:
(a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
(b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

Level 2: Fair value is determined using valuation techniques where the input is based on observable market data. The inputs for this level include:
(a) quoted prices for similar assets or liabilities in active markets;
(b) quoted prices for identical or similar assets or liabilities in markets that are not active;
(c) inputs other than quoted prices that are observable for the asset or liability, for example:
I. interest rate and yield curves observable at commonly quoted intervals;
II. implied volatilities;
III. credit spreads;
(d) market-corroborated inputs.

Level 3: Fair value is determined using valuation techniques where the input is not based on observable market data.

The following tables present the assets and liabilities that are recurrently measured at fair value:

				31 December 2022
(Euro/thousand)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Financial assets at fair value through profit or loss	193,419			193,419
Derivatives through profit or loss	-	1,509	-	1,509
Hedging derivatives	-	71,885	-	71,885
Total assets	**193,419**	**73,394**	**-**	**266,813**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	1,177	-	1,177
Hedging derivatives	-	-	-	-
Total passività	**-**	**1,177**	**-**	**1,177**

				31 December 2021
(Euro/thousand)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value:				
Financial assets at fair value through profit or loss	199,609			199,609
Derivatives through profit or loss	-	55	-	55
Hedging derivatives	-	-	-	-
Total assets	**-**	**55**	**-**	**199,664**
Liabilities				
Financial liabilities at fair value:				
Derivatives through profit or loss	-	41	-	41
Hedging derivatives	-	9,307	-	9,307
Total passività	-	9,348	-	9,348

All outstanding derivatives have been entered into with the subsidiary Prysmian Treasury S.r.l. and all belong to Level 2 of the fair value hierarchy.

C.3 RISKS RELATED TO CLIMATE CHANGE

The Company's activities are exposed to different types of risks related to climate change, as described in the Annual Integrated Report, to which reference should be made.
The Company assesses whether climate risks could have a material impact (e.g., the introduction of regulations to reduce emissions) and, if so, they are included in the significant assumptions.

1. PROPERTY, PLANT AND EQUIPMENT

Details of this line item and related movements are as follows:

(Euro/thousand)	Land and buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
Balance at 31 December 2021	**53,064**	**14,851**	**2,680**	**15,850**	**4,628**	**91,073**
Movements in 2022:						
- Investments	-	-	488	218	2,169	2,875
- Increases for leases (IFRS 16)	1,611			1,576		3,187
- Disposals	-	-	-	-	-	-
- Depreciation	(2,736)	(735)	(1,179)	(5,350)	-	(10,000)
- Impairment	-	-	-	-	-	-
- Reclassifications	-	-	743	1,396	(2,918)	(779)
Total movements	**(1,125)**	**(735)**	**52**	**(2,160)**	**(749)**	**(4,717)**
Balance at 31 December 2022	**51,939**	**14,116**	**2,732**	**13,690**	**3,878**	**86,356**
Of which:						
- Historical cost	76,460	23,527	11,490	36,288	3,989	151,755
- Accumulated depreciation and impairment	(24,521)	(9,411)	(8,758)	(22,598)	(111)	(65,399)
Net book value	**51,939**	**14,116**	**2,732**	**13,690**	**3,878**	**86,356**

(Euro/thousand)	Land and buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
Balance at 31 December 2020	**53.029**	**14.710**	**3.548**	**11.068**	**7.276**	**89.631**
Movements in 2021:						
- Investments	12	8	175	19	2.517	2.731
- Increases for leases (IFRS 16)	1.114			8.665		9.779
- Disposals	-	-	-	-	-	-
- Depreciation	(2.586)	(735)	(1.245)	(5.476)	-	(10.042)
- Impairment	-	-	-	-	(111)	(111)
- Reclassifications	1.495	868	202	1.574	(5.054)	(915)
Total movements	**35**	**141**	**(868)**	**4.781**	**(2.647)**	**1.443**
Balance at 31 December 2021	**53.064**	**14.851**	**2.680**	**15.850**	**4.628**	**91.073**
Of which:						
- Historical cost	74.849	23.527	10.259	33.098	4.739	146.472
- Accumulated depreciation and impairment	(21.785)	(8.676)	(7.579)	(17.248)	(111)	(55.399)
Net book value	**53.064**	**14.851**	**2.680**	**15.850**	**4.628**	**91.073**

"Land and buildings", with a net book value of Euro 51,939 thousand, have recorded a net decrease of Euro 1,125 thousand in 2022, reflecting the net effect of asset depreciation (Euro 2,736 thousand) and the effect of applying IFRS 16 (Euro 1,611 thousand).
"Plant and machinery" (Euro 14,116 thousand) and "Equipment" (Euro 2,732 thousand) mostly refer to instrumentation used for R&D activities and to various fixed installations within Prysmian Group's headquarters.

"Other assets" (Euro 13,690 thousand) mainly consist of office furniture and equipment and computer equipment for Euro 5,791 thousand, and capitalisations under IFRS 16 for Euro 7,899 thousand.
"Assets under construction and advances" (Euro 3,879 thousand) mostly refer to expenditure on plant and machinery for use in R&D and on other equipment intended for the Prysmian headquarters.

2. INTANGIBLE ASSETS

Details of this line item and related movements are as follows:

(Euro/thousand)	Patents	Concessions, licences, trademarks and similar rights	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2021	**41**	**38,820**	**69,876**	**-**	**18,103**	**126,839**
Movements in 2022:						
- Investments	-	669	8,825	-	13,741	23,235
- Disposals	-	-	-	-	-	-
- Amortisation	(4)	(5,477)	(19,541)	-	-	(25,022)
- Reclassifications	-	1,720	16,114	-	(17,055)	779
Total movements	(4)	(3,088)	5,398	-	(3,313)	(1,008)
Balance at 31 December 2022	**37**	**35,732**	**75,274**	**-**	**14,790**	**125,832**
Of which:						
- Historical cost	11,455	71,540	181,017	787	14,790	279,588
- Accumulated amortisation and impairment	(11,418)	(35,808)	(105,743)	(787)	-	(153,756)
Net book value	**37**	**35,732**	**75,274**	**-**	**14,790**	**125,832**

(Euro/thousand)	Patents	Concessions, licences, trademarks and similar rights	Software	Other intangible assets	Intangibles in progress and advances	Total
Balance at 31 December 2020	**45**	**43,597**	**65,700**	**84**	**15,164**	**124,590**
Movements in 2021:						
- Investments	-	2	5,951	-	14,878	20,831
- Disposals	-	-		-	-	(1,202)
- Amortisation	(4)	(5,359)	(14,050)	(84)	-	(19,497)
- Reclassifications	-	580	12,275	-	(11,940)	915
Total movements	**(4)**	**(4,777)**	**4,176**	**(84)**	**2,938**	**2,249**
Balance at 31 December 2021	**41**	**38,820**	**69,876**	**-**	**18,103**	**126,839**
Of which:						
- Historical cost	11,455	69,151	156,078	787	18,103	255,573
- Accumulated depreciation and impairment	(11,414)	(30,331)	(86,202)	(787)	-	(128,734)
Net book value	**41**	**38,820**	**69,876**	**-**	**18,103**	**126,839**

In 2022, gross capital expenditure on intangible assets came to Euro 23,235 thousand, most of which attributable to ongoing enhancement of information systems and Digital Transformation projects. In 2022, the group ERP system (SAP 1C), which had successfully migrated to the SAP S4/HANA platform in 2021, was implemented in Poland, Peru and Canada, bringing to 83 the total number of plants managed with the unique SAP 1C system, present in more than 30 countries. Another area of the business once again this year enjoying significant IT investments was the Treasury function, with consolidation of its operations of the SAP Treasury S4 platform.

"Concessions, licences, trademarks and similar rights" amount to Euro 35,732 thousand at 31 December 2022, with the change since the previous year attributable to amortisation (Euro 5,477 thousand), capitalisations in the year (Euro 1,720 thousand) and new investments (Euro 669 thousand).

"Software" amounts to Euro 75,274 thousand at 31 December 2022, with the change since the previous year attributable to amortisation (Euro 19,541 thousand), capitalisations in the year (Euro 16,114 thousand) and new investments (Euro 8,825 thousand).

"Intangibles in progress and advances" of Euro 14,790 thousand mostly refer to expenditure on rolling out the above SAP projects, and on developing other software.

3. INVESTMENTS IN SUBSIDIARIES

These present a balance of Euro 5,701,163 thousand at 31 December 2022, having recorded the following movements over the year:

(Euro/thousand)	31.12.2021	Capital contributions	Investment (impairment)/ revaluation	Capital contributions for stock options	31.12.2022
Prysmian Cavi e Sistemi S.r.l.	401,607			2,784	404,391
Draka Holding B.V.	4,789,983			6,144	4,796,127
Prysmian Cavi e Sistemi Italia S.r.l.	116,220			62	116,282
Prysmian Power Link S.r.l.	219,741			80	219,821
Fibre Ottiche Sud F.O.S. S.r.l.	105,441		(66,714)	25	38,752
Prysmian Treasury Srl	83,550			2	83,552
Prysmian Kabel und Systeme GmbH	3,434				3,434
Draka Kabely SRO	1				1
Electronic and Optical Sensing Solutions S.r.l.	-	35,803			35,803
Prysmian Servizi S.p.a.	-	3,000			3,000
Total investments in subsidiaries	5,719,977	38,803	(66,714)	9,097	5,701,163

The net change in the value of Investments in subsidiaries of Euro 18,814 thousand consists of an increase of Euro 47,900 thousand and a decrease of Euro 66,714 thousand for impairment.

The increase is due to capital contributions paid to Electronic and Optical Sensing Solutions S.r.l. and Prysmian Servizi S.p.a. and to increases linked to the pay-related component of stock option plans, with underlying Prysmian S.p.A. shares, for employees of other Group companies, as explained in Note 17. Personnel costs. Since it is not recharged, this component has been treated like a capital contribution and so reported as an increase in the value of the investments in the subsidiaries in which the plan beneficiaries are directly or indirectly employed. These increases are matched by a corresponding movement in the specific equity reserve. Further information can be found in Note 9. Share capital and reserves.

At the end of the financial year, the Company reviewed whether there was any evidence of impairment. This review identified the following companies for impairment testing: Draka Holding B.V., Fibre Ottiche Sud S.r.l., Prysmian Cavi e Sistemi Italia S.r.l., Prysmian PowerLink S.r.l. and Electronic and Optical Sensing Solutions S.r.l.. The carrying amount of the investments in these subsidiaries was compared with their recoverable amount, defined as the higher of value in use and fair value.

The cash flow projection used to calculate value in use took the post-tax cash flow in the 2023 budget for year one, projecting this to 2024-2025 using growth rates ranging between 1.09% and 3.4% depending on the individual company's country of operation. The WACC (Weighted Average Cost of Capital) used to discount cash flows for determining value in use was also determined according to company country of operation. The values of WACC thus determined were in a range of 7.73% to 9.84%. The perpetuity growth rate for projections after 2025 was 2%.

It should also be noted that any reasonably possible change in the relevant assumptions used to determine recoverable amount (+/-0.5% change in the growth rate, and +/-0.5% change in the discount rate) would not produce significantly different results.

Fair value, on the other hand, was calculated using the market multiples method, with reference to companies in the same sector. These impairment tests revealed the need for a partial write-down of Euro 66,714 thousand against the value of the investment in Fibre Ottiche Sud - F.O.S. S.r.l..
The following table summarises key information about investments held in subsidiaries:

Company name	Registered office	Share capital	% interest 2022	% interest 2021
Prysmian Cavi e Sistemi S.r.l.	Milan	Euro 50,000,000	100	100
Draka Holding B.V.	Amsterdam	Euro 52,229,321	100	100
Prysmian Cavi e Sistemi Italia S.r.l.	Milan	Euro 77,143,249	100	100
Prysmian Power Link S.r.l.	Milan	Euro 100,000,000	100	100
Fibre Ottiche Sud F.O.S. S.r.l.	Battipaglia	Euro 47,700,000	100	100
Prysmian Treasury Srl	Milan	Euro 80,000,000	100	100
Prysmian Kabel und Systeme GmbH	Berlin	Euro 15,000,000	6,25	6,25
Prysmian Pension Scheme Trustee Ltd	Hampshire	GBP 1	100	100
Prysmian Pension Scheme Trustee Ltd	Bratislava	Euro 21,246,001	0,005	0,005
Electronic and Optical Sensing Solutions S.r.l.	Milan	Euro 5,000,000	100	100
Prysmian Servizi S.p.a.	Milan	Euro 3,000,000	100	100
Jaguar Communication Consultancy Services Private Ltd.(1)	Mumbai	Indian Rupie 122,268,218	0,000001	0,000001
Prysmian Cabos e Sistemas do Brasil S.A.(1)	Sorocaba	Brazilian Reals 910,044,391	0,040177	0,040177

(1) Controlled indirectly

4. DEFERRED TAX ASSETS

Deferred tax assets report a nil balance at 31 December 2022, compared with Euro 9,400 thousand at 31 December 2021. Further information can be found in Note 14. Current tax payables and deferred tax liabilities.

5. TRADE AND OTHER RECEIVABLES

Details are as follows:

(Euro/thousand)			31.12.2022
	Non-current	Current	Total
Trade receivables	-	267,790	267,790
Allowance for doubtful accounts	-	(38)	(38)
Total trade receivables	**-**	**267,751**	**267,751**
Other receivables:			
Tax receivables	-	49,572	49,572
Financial receivables	173	-	173
Prepaid finance costs	284	1,185	1,469
Receivables from employees	24	1,301	1,325
Other	-	261,340	261,340
Total other receivables	**481**	**313,399**	**313,880**
Total	**481**	**581,150**	**581,631**

(Euro/thousand)			31.12.2021
	Non-current	Current	Total
Trade receivables	-	224,804	224,804
Allowance for doubtful accounts	-	(38)	(38)
Total trade receivables	**-**	**224,766**	**224,766**
Other receivables:			
Tax receivables	-	51,211	51,211
Financial receivables	172	-	172
Prepaid finance costs	1,420	1,185	2,605
Receivables from employees	18	1,418	1,436
Other	94,920	56,252	151,172
Total other receivables	**96,530**	**110,066**	**206,596**
Total	**96,530**	**334,832**	**431,362**

The following table breaks down trade and other receivables according to the currency in which they are expressed:

(Euro/thousand)	31 December 2022	31 December 2021
Euro	429,792	344,530
British Pound	28,869	23,268
US Dollar	75,378	37,095
Other currencies	47,592	26,469
Total	**581,631**	**431,362**

"Trade receivables" at 31 December 2022 mainly refer to amounts charged by Prysmian S.p.A. to its subsidiaries for head office services and the resale of strategic materials.
The book value of trade receivables approximates their fair value.
Trade receivables are all due within the next year and do not include any material past due balances.

"Tax receivables" of Euro 49,572 thousand mainly refer to:

- foreign tax credits (Euro 7,153 thousand);
- VAT credits (Euro 16,852 thousand);
- R&D tax credits (Euro 4,934 thousand);
- corporate income tax (IRES) credit for Italian companies participating in the national and world tax consolidation group (Euro 8,204 thousand);
- regional business tax (IRAP) credit (Euro 1,028 thousand);
- other tax receivables (Euro 11,401 thousand).

"Financial receivables" mainly refer to guarantees given for the benefit of employees.
"Prepaid finance costs" of Euro 1,469 thousand mainly consist of the Company's share of the costs incurred for the Revolving Credit Facility opened on 3 April 2019, which are being amortised over the term of the agreement, i.e. until April 2024.
At 31 December 2022, "Other" receivables of Euro 261,341 thousand mainly comprise:

- Euro 209,879 thousand in receivables from Group companies for recharges of the LTI (long-term incentive) plan 2020-2022;
- Euro 23,057 thousand in receivables from Group companies for recharges of the short-term incentive plan (BE IN 2022);
- Euro 6,215 thousand in receivables from Italian Group companies for the transfer of IRES (Italian corporate income tax) under the national tax consolidation (art. 117 et seq of the Italian Income Tax Code);

- Euro 9,211 thousand in receivables from Group companies mainly for the billing of patent and know-how licences;
- Euro 12,576 thousand in prepayments.

The change in "Other" receivables is mainly due to receivables from Group companies for the LTI plan 2020-2022, vesting in 2023, to receivables from Group companies for the new BE-IN incentive plan and to receivables from Italian Group companies for the transfer of IRES (Italian corporate income tax) for the purposes of the national tax consolidation (Euro 6,215 thousand versus Euro 11,324 thousand in 2021).

The book value of financial receivables and other current receivables approximates the respective fair value.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss, amounting to Euro 193,419 thousand (Euro 199,609 thousand at 31 December 2021), refer to monetary funds in which the Parent Company has temporarily invested its liquidity.

7. DERIVATIVES

Details of these balances are presented below:

(Euro/thousand)		31 December 2022
	Asset	Liability
Non-current		
Interest rate derivatives (cash flow hedges)	59,209	-
Total cash flow hedges	**59,209**	**-**
Total non-current	**59,209**	**-**
Current		
Interest rate derivatives (cash flow hedges)	12,676	-
Forward currency contracts on commercial transactions (cash flow hedges)	-	
Total cash flow hedges	**12,676**	**314**
Forward currency contracts on commercial transactions	1,410	314
Metal derivatives	99	818
Total other derivatives	**1,509**	**46**
Total current derivatives	**73,394**	**864**
Total	**73,394**	**1,177**

(Euro/thousand)	31 December 2021	
	Asset	Liability
Non-current		
Interest rate derivatives (cash flow hedges)	-	2,548
Total cash flow hedges	-	**2,548**
Total non-current	-	**2,548**
Current		
Interest rate derivatives (cash flow hedges)	-	6,477
Forward currency contracts on commercial transactions (cash flow hedges)	-	282
Total cash flow hedges	-	**6,759**
Forward currency contracts on commercial transactions	18	30
Metal derivatives	38	12
Total other derivatives	**55**	**41**
Total current derivatives	**55**	**6,800**
Total	**55**	**9,348**

The above derivatives are mostly with Prysmian Treasury S.r.l., the Group's central treasury company, except for Interest Rates Swaps (IRS) transforming variable into fixed rates which are arranged directly with leading financial institutions. Forward currency contracts have a notional value of Euro 50,963 thousand at 31 December 2022, of which Euro 13,634 thousand designated as cash flow hedges relating to a service agreement and to currency hedges of metal purchase and sale transactions.
Metal derivatives have a notional value of Euro 10,559 thousand.
Information about the notional value of Interest Rate Swaps can be found in Note 9. Share capital and reserves - Cash flow hedge reserve.

8. CASH AND CASH EQUIVALENTS

These amount to Euro 935 thousand at 31 December 2022, compared with Euro 100,097 thousand at 31 December 2021, and relate to the cash held on Euro and foreign currency bank current accounts repayable on demand.
The credit risk associated with cash and cash equivalents is limited insofar as the counterparties are major national and international banks.

9. SHARE CAPITAL AND RESERVES

Equity amounts to Euro 2,460,945 thousand at 31 December 2022, reporting an increase of Euro 166,082 thousand since 31 December 2021. The changes over the year are discussed in the following paragraphs on the individual components of equity.

Share capital

Share capital amounts to Euro 26,814 thousand at 31 December 2022, consisting of 268,144,246 ordinary shares (including 4,601,362 treasury shares), with a nominal value of Euro 0.10 each. The total number of outstanding voting shares is 263,542,884, inclusive of 10,669 treasury shares held indirectly.
Share capital at 31 December 2022 is unchanged compared with 31 December 2021.

The following table reconciles the number of outstanding shares at 31 December 2020, at 31 December 2021 and 31 December 2022:

(Euro/thousand)	Ordinary shares	Treasury shares	Total
Balance at 31 December 2020	**268.144.246**	**(4.748.764)**	**263.395.482**
Allotments and sales(1)		106.565	106.565
Balance at 31 December 2021	**268.144.246**	**(4.642.199)**	**263.502.047**
Allotments and sales(2)		40.837	40.837
Balance at 31 December 2022	**268.144.246**	**(4.601.362)**	**263.542.884**

(1) Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (106,565 shares).
(2) Allotment and/or sale of treasury shares under the YES Group employee share purchase plan (40,837 shares).

More details about treasury shares can be found in the subsequent note on "Treasury shares".

Share premium reserve

This amounts to Euro 1,281,071 thousand at 31 December 2022, the same as at 31 December 2021.

Capital increase costs

This reserve, which reports a negative balance of Euro 14,476 thousand at 31 December 2022, mainly relates to the costs incurred for the capital increase serving the public mixed exchange and cash offer for the ordinary shares of Draka Holding B.V., announced on 22 November 2010 and formalised on 5 January 2011, and the costs incurred for the capital increase resolved and approved in 2018.

Legal reserve

This reserve amounts to Euro 5,363 thousand at 31 December 2022, the same as at 31 December 2021.

Treasury shares reserve

This reserve, which amounts to Euro 91,648 thousand at 31 December 2022 (Euro 92,461 thousand at 31 December 2021), complies with statutory requirements (art. 2357-ter of the Italian Civil Code).

Treasury shares

The book value of treasury shares is Euro 91,648 thousand at 31 December 2022 and refers to 4,601,362 ordinary shares with a total nominal value of Euro 460,136.

Movements in treasury shares have been as follows:

	Number of shares	Total nominal value (in Euro)	% of share capital	Average unit value (in Euro)	Total carrying value (in Euro)
At 31 December 2020	**4,748,764**	**474,876**	**1,77%**	**20**	**94,583,533**
- Share buyback					
- Allotments and sales	(106,565)	(10,657)		20	(2,122,509)
At 31 December 2021	**4,642,199**	**464,220**	**1,73%**	**20**	**92,461,024**
- Share buyback					
- Allotments and sales	(40,837)	(4,084)		20	(813,371)
At 31 December 2022	**4,601,362**	**460,136**	**1,72%**	**20**	**91,647,652**

During 2022, the number of treasury shares decreased by a total of 40,837 to serve the YES share purchase plan for Group employees. Of this total, 3,356 shares were allotted to employees who had signed up to the YES employee share purchase plan, while 37,481 shares were sold to employees of another group company under the same plan.

Extraordinary reserve

This reserve amounts to Euro 52,688 thousand at 31 December 2022 (the same as at 31 December 2021), and was formed through the apportionment of net profit for 2006, approved by the shareholders on 28 February 2007.

IAS/IFRS first-time adoption reserve

This reserve was created in accordance with IFRS 1 and reflects the differences arising on first-time adoption of IAS/IFRS.
It amounts to Euro 30,177 thousand at 31 December 2022, the same as at 31 December 2021.

Capital contribution reserve

This reserve amounts to Euro 6,113 thousand at 31 December 2022, the same as at 31 December 2021.

Actuarial gains/(losses) on employee benefits

The reserve for remeasuring employee benefit plans reports a negative balance at 31 December 2022 of Euro 1,395 thousand for post-tax actuarial losses, recognised in other comprehensive income, in accordance with IAS 19.

Convertible bond reserve

This reserve amounts to Euro 49,550 thousand (net of the related tax effect) at 31 December 2022, having decreased by Euro 34,771 thousand since 31 December 2021, and refers to the non-monetary components of the Company's outstanding convertible bonds, discussed in more detail in Note 10. Borrowings from banks and other lenders.

Stock option reserve

This reserve amounts to Euro 166,559 thousand at 31 December 2022 (Euro 62,256 thousand at 31 December 2021), reporting a net increase of Euro 104,303 thousand since 31 December 2021 mainly due to:

- the transfer of Euro 274 thousand in costs to profit or loss for the period (Euro 57 thousand in 2021) in connection with the YES plan, a stock option plan involving Prysmian S.p.A. shares;
- an increase of Euro 809 thousand in the carrying amount of investments in subsidiaries, in which beneficiaries of the YES Plan involving Prysmian S.p.A. shares are directly or indirectly employed;

- an increase of Euro 79,030 thousand for the Long-term incentive (LTI) plan 2020-2022. Of this total, Euro 20,112 thousand relates to Prysmian S.p.A. personnel, while Euro 58,918 thousand refers to the grant date fair value of options allotted to LTI plan beneficiaries who are employees of other Group companies, of which Euro 5,518 thousand not recharged to the subsidiaries;
- an increase of Euro 24,190 thousand for the new incentive plan known as BE-IN, about which more details can be found in the consolidated financial statements. Of this total, Euro 315 thousand relates to Prysmian S.p.A. personnel, while Euro 23,875 thousand refers to the grant date fair value for other group employees who joined the plan, of which Euro 2,590 thousand not recharged to the subsidiaries.

Further information can be found in Note 17. Personnel costs.

Cash flow hedge reserve

The cash flow hedge reserve, presenting a post-tax positive balance of Euro 54,474 thousand at 31 December 2022 (negative Euro 6,860 thousand at 31 December 2021), reports hedging derivatives that qualify for hedge accounting under IFRS 9.
On 16 June 2022 and 8 July 2022, the Company entered into derivative contracts for a total value of Euro 1,200 million to hedge the Euro 1,200 million Sustainability-Linked Term Loan agreed with a syndicate of leading domestic banks on 7 July 2022 and maturing on 7 July 2027. The maturities and amortisation schedule of these derivatives are consistent with the terms of the loan.
The notional value of interest rate swaps at 31 December 2022 is therefore Euro 1,485 thousand.
Their fair value is reflected in the reserve of Euro 54,474 thousand reported at 31 December 2022.

Share issue reserve

The share issue reserve amounts to Euro 1,100 thousand at 31 December 2022, the same as at 31 December 2021.

Retained earnings

Retained earnings amount to Euro 659,138 thousand at 31 December 2022, reporting an increase of Euro 29,633 thousand since 31 December 2021, of which Euro 5,960 thousand drawn from the reserve to pay the 2021 dividend, net of an increase of Euro 822 thousand from selling YES plan shares to employees of a subsidiary and an increase of Euro 34,771 thousand following reclassification from the convertible bond reserve.
The following table analyses each component of equity, indicating its origin, permitted use and availability for distribution, as well as how it has been used in previous years.

(Euro/thousand)	Nature/ description	Amount	Permitted use (A,B,C)	Amount available for distribution	Uses in three previous years	
					to cover losses	other purposes
Share capital		**26,814**				
Capital reserves:						
.	Capital contribution reserve	6,113	A,B,C	6,113		
.	Share premium reserve	1,281,071	A,B,C	1,281,071		
.	Capital increase costs	(14,476)		(14,476)		
Earnings reserves:						
.	Extraordinary reserve	52,688	A,B,C	52,688		
.	IAS/IFRS first-time adoption reserve	30,177	A,B,C	30,177		
.	Legal reserve	5,363	B			
.	Share issue reserve	1,100	A,B,C	1,100		
.	Convertible bond reserve	49,550				
.	Retained earnings	659,138	A,B,C	659,138		69,560
Measurement reserves(*):						
.	Stock option reserve	166,559				
.	Cash flow hedge reserve	54,474				
.	Actuarial gains and losses on employee benefits	(1,395)				
Total reserves		**2,290,362**				
Undistributable amount				274,551		
Distributable amount				**2,015,811**		

Key:
A: to increase capital
B: to cover losses
C: distribution to shareholders
(*) These reserves are not available for distribution under art. 6 of Italian Legislative Decree 38/05.

Dividend distribution

On 12 April 2022, the shareholders of Prysmian S.p.A. approved the financial statements for 2021 and the distribution of a gross dividend of Euro 0.55 per share, for a total of some Euro 145 million. The dividend was paid out from 21 April 2022 to shares outstanding on the record date of 20 April 2022, with the shares going ex-dividend on 19 April 2022. A recommendation to pay a dividend of Euro 0.60 per share, for a total of some Euro 158 million in respect of the year ended 31 December 2022, will be presented to shareholders in the meeting convened in single call for 19 April 2023.

10. BORROWINGS FROM BANKS AND OTHER LENDERS

These amount to Euro 2,816,182 thousand at 31 December 2022, compared with Euro 3,477,377 thousand at 31 December 2021.

			31 December 2022
(Euro/thousand)	Non-current	Current	Total
Long-term financial payables			
Mediobanca Loan	99,905	294	100,199
Intesa Loan	149,781	836	150,617
CDP Loans	174,685	520	175,205
EIB Loans	244,798	996	245,794
Unicredit Loan	-	200,457	200,457
Sustainability-Linked Term Loan	1,191,474	6,114	1,197,588
Convertible Bond 2021	717,399	-	717,399
Lease liabilities	14,712	5,120	19,832
Other payables to banks and other lenders	-	9,090	9,090
Total	**2,592,754**	**223,428**	**2,816,182**

			31 December 2021
(Euro/thousand)	Non-current	Current	Total
Long-term financial payables			
Mediobanca Loan	99,819	144	99,963
Intesa Loan	149,656	315	149,971
CDP Loans	174,528	71	174,599
EIB Loans	109,931	4	109,934
Unicredit Loan	199,681	303	199,984
Term Loan	997,797	703	998,500
Non-convertible bond	-	763,087	763,087
Convertible Bond 2021	707,088	-	707,088
Convertible Bond 2017	-	249,824	249,824
Lease liabilities	17,173	5,721	22,895
Other payables to banks and other lenders	-	1,533	1,533
Total	**2,455,673**	**1,021,704**	**3,477,377**

Borrowings from banks and other financial institutions and Bonds are analysed as follows:

(Euro/thousand)	31 December 2022	31 December 2021
Mediobanca Loan	100,199	99,963
Intesa Loan	150,617	149,971
CDP Loans	175,205	174,599
EIB Loans	245,794	109,934
Term Loan	1,197,588	-
Sustainability-Linked Term Loan	-	998,500
Unicredit Loan	200,457	199,984
Other borrowings	9,090	1,533
Borrowings from banks and other financial institutions	**2,078,951**	**1,734,483**
Non-convertible bond	-	763,087
Convertible Bond 2017	-	249,824
Convertible Bond 2021	717,399	707,088
Total	**2,796,350**	**3,454,482**

Credit Agreements:

Prysmian S.p.A. had the following Credit Agreements in place during the course of 2022:

Revolving Credit Facility 2019
On 3 April 2019, the Group renewed a Euro 1,000 million five-year revolving credit facility with a syndicate of leading Italian and international banks. The funds may be drawn down for business and working capital needs, including the refinancing of existing facilities. The Revolving Credit Facility 2019 can also be used for the issue of guarantees. At 31 December 2022, this facility was not being used.

CDP Loans
On 28 October 2019, the Group entered into an agreement with Cassa Depositi e Prestiti S.p.A. (CDP) for a Euro 100 million long-term loan for 4 years and 6 months from the date of signing, with a bullet repayment at maturity.
The purpose of this loan is to finance part of the Group's capital expenditure and expenditure on research, development and innovation in Italy and Europe. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 100 million, with the objective of hedging variable rate interest flows over the period 2020-2024.
On 28 January 2021, a second loan was agreed with CDP for Euro 75 million with a term of 4 years and 6 months, for the purpose of financing part of the Group's expenditure on purchasing the "Leonardo Da Vinci" cable-laying vessel.
This loan, drawn down in full on 9 February 2021, is repayable in a lump sum at maturity on 28 July 2025. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 75 million, with the objective of hedging variable rate interest flows over the period 2021-2025.
At 31 December 2022, the fair value of the CDP Loans approximated their carrying amount.

EIB Loans
On 10 November 2017, Prysmian S.p.A. entered into a loan agreement with the European Investment Bank (EIB) for Euro 110 million to support the Group's R&D programs in Europe over the period 2017-2020. The loan was received on 29 November 2017 and is repayable in a lump sum at maturity on 29 November 2024. Interest rate swaps have been arranged in respect of this loan, for an overall notional value of Euro 110 million, with the objective of hedging variable rate interest flows over the period 2018-2024.

On 3 February 2022, the Group announced that it had finalised a loan from the European Investment Bank (EIB) for Euro 135 million to support its European R&D program in the energy and telecom cable systems sector over the period 2021-2024.
The EIB loan is specifically intended to support projects to be developed at R&D centres in five European countries: Italy, France, Germany, Spain and the Netherlands.

The loan was received on 28 January 2022 and is repayable in a lump sum at maturity on 29 January 2029.
At 31 December 2022, the fair value of the EIB Loans approximated their carrying amount.

Term Loan
The Term Loan, issued in June 2018 and used by the Group for the purpose of having the necessary financial resources to pay the General Cable purchase consideration, to refinance the existing debt of General Cable and its subsidiaries and to finance acquisition-related fees, commissions, costs and expenses, was repaid early on 14 July 2022 in the amount of Euro 1,000 million.

Sustainability-Linked Term Loan
On 7 July 2022, the Group entered into a medium-term Sustainability-Linked loan for Euro 1,200 million with a syndicate of leading Italian and international banks. The loan was drawn down in full on 14 July 2022 and primarily used to refinance the Euro 1 billion medium-term Term Loan obtained in 2018.
With the aim of strengthening its financial structure and the integration of ESG factors into the Group's strategy, Prysmian Group has chosen to include important environmental and social KPIs among the parameters determining the terms of the loan.
In fact, the Sustainability Linked Term Loan requires compliance with ESG indicators on an annual basis. The indicators to be met for 2022 are as follows:

- Scope 1 and Scope 2 CO2 emissions, calculated using the "market-based method", less than or equal to 668 ktCO2eq (please refer to "Environmental Responsibility" within the Consolidated Non-Financial Statement forming part of the Directors' Report);
- Number of at least 30 sustainability audits carried out from the own suppliers (please refer to "Sustainable Value Chain" within the Consolidated Non-Financial Statement forming part of the Directors' Report);
- A percentage greater than or equal to 40% of women hired with the status of "white collar" on the total recruitment of "white collar" by the Group (please refer to "Human Capital" within the Consolidated Non-Financial Statement forming part of the Directors' Report).

The achievement or not of these indicators leads to a positive or negative adjustment of the margin annually applied.

At 31 December 2022, the fair value of the Sustainability-Linked Term Loan approximated its carrying amount.

Unicredit Loan
On 15 November 2018, Prysmian S.p.A. entered into an agreement with Unicredit for a long-term cash loan for a maximum amount of Euro 200 million for 5 years from the date of signing. The loan was drawn down in full on 16 November 2018 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 3M and 6M Euribor, as chosen by the company. At 31 December 2022, the fair value of this loan approximated its carrying amount.

Mediobanca Loan
On 20 February 2019, the Group entered into an agreement with Mediobanca for a Euro 100 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 22 February 2019 and is repayable in a lump sum at maturity. The interest rate applied is indexed to 3M and 6M Euribor, as chosen by the company.
At 31 December 2022, the fair value of this loan approximated its carrying amount.

Intesa Loan
On 11 October 2019, the Group entered into an agreement with Intesa Sanpaolo for a Euro 150 million long-term loan for 5 years from the date of signing. The loan was drawn down in full on 18 October 2019 and is repayable in a lump sum at maturity. At 31 December 2022, the fair value of this loan approximated its carrying amount.

The fair value of loans has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

The following tables summarise the committed lines available to the Company at 31 December 2022 and 31 December 2021:

(Euro/thousand)			31 December 2022
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000,000	-	1,000,000
CDP Loans	175,000	(175,000)	
Intesa Loan	150,000	(150,000)	
Mediobanca Loan	100,000	(100,000)	
Sustainability-Linked Term Loan	1,200,000	(1,200,000)	
Unicredit Loan	200,000	(200,000)	
EIB Loans	245,000	(245,000)	
Total	**3,070,000**	**(2,070,000)**	**1,000,000**

(Euro/thousand)			31 December 2021
	Total lines	Drawn	Undrawn
Revolving Credit Facility 2019	1,000,000	-	1,000,000
CDP Loans	175,000	(175,000)	
Intesa Loan	150,000	(150,000)	
Mediobanca Loan	100,000	(100,000)	
Term Loan	1,000,000	(1,000,000)	
Unicredit Loan	200,000	(200,000)	
EIB Loans	110,000	(110,000)	
Total	**2,735,000**	**(1,735,000)**	**1,000,000**

More details about the nature and drawdown of the Group-level facilities shown above can be found in the Explanatory Notes to the Consolidated Financial Statements (Note 11. Borrowings from banks and other lenders).

Bonds

During the course of 2022, Prysmian Group had the bond issues in place described in the following paragraphs.

Non-convertible bond issued in 2015
The Non-Convertible Bond 2015, issued in March 2015, reached maturity in April 2022 and so has been fully repaid in the amount of Euro 750 million.

Convertible Bond 2017
The Convertible Bond 2017, issued in January 2017 and partially redeemed in January 2021, matured in January 2022 and so has been fully repaid in the amount of Euro 250 million.

Convertible Bond 2021
On 26 January 2021, the Group announced the successful placement of an equity-linked bond (the "Bonds") for the sum of Euro 750 million.
The Bonds have a 5-year maturity and denomination of Euro 100,000 each and are zero coupon. The issue price was Euro 102.50, representing a yield to maturity of minus 0.49% per annum. The initial price for the conversion of the Bonds into the Company's ordinary shares is Euro 40.2355, representing a 47.50% premium on the weighted average price by volume of Prysmian ordinary shares on the Milan Stock Exchange between the start and end of the book-building process on 26 January 2021.
The shareholders' meeting held on 28 April 2021 authorised the convertibility of the equity-linked bond and approved the proposal for a share capital increase serving the conversion of the convertible bond for a maximum nominal amount of Euro 1,864,025.50 by issuing up to 18,640,255 ordinary shares with a nominal value of Euro 0.10 each.

As provided for in the Bond regulations, the Group has the option to call all - but not just a part - of the Bonds at their principal amount from 12 February 2024, should the share price exceed 130% of the conversion price for at least 20 days within a period of 30 consecutive trading days.
On 14 June 2021, the Bond was admitted to listing on the multilateral trading facility of the Vienna Stock Exchange.

The following table summarises the values of the Convertible Bond 2021 as at 31 December 2022:

(Euro/thousand)	
Value of Convertible Bond 2021	768,750
Equity reserve for convertible bond	(49,550)
Change in conversion option	(16,130)
Issue date net balance	**703,070**
Interest - non-monetary	17,562
Related costs	(3,232)
Balance at 31 December 2022	**717,399**

At 31 December 2022, the fair value of the Convertible Bond 2021 (equity component and debt component) was Euro 780 million, of which Euro 658 million attributable to the debt component and Euro 122 million to the equity component. In the absence of trading on the relevant market, the fair value of the bond's debt and equity components has been determined using valuation techniques that refer to observable market data (Level 2 of the fair value hierarchy).

BORROWINGS FROM BANKS AND OTHER LENDERS AND LEASE LIABILITIES

The following table reports movements in Borrowings from banks and other lenders and in Lease liabilities:

(Euro/thousand)	CDP	EIB	Unicredit Mediob. and Intesa	Non conv. bond	Conv. bonds	Term loan	Other borrowings and lease liabilities	Total
Balance 31.12.2021	**174,599**	**109,934**	**449,919**	**763,087**	**956,913**	**998,500**	**24,427**	**3,477,377**
New funds	135,000	-	-	-		-	1,200,000	**1,335,000**
Repayments/ Conversions				(750,000)	(249,824)	(1,000,000)	-	**(1,999,824)**
Amortisation of bank and financial fees and other expenses	458	(132)	381	475	1,063	(6,323)	-	**(4,378)**
New IFRS 16 leases							(3,063)	**(3,063)**
Interest and other movements	449	992	974	(13,562)	9,248	5,412	7,559	**11,072**
Total movements	**607**	**135,860**	**1,355**	**(763,087)**	**(239,513)**	**199,089**	**4,496**	**(661,193)**
Balance 31.12.2022	**175,206**	**245,794**	**451,274**	**(0)**	**717,400**	**1,197,588**	**28,923**	**2,816,182**

The following tables provide an analysis by maturity and currency of borrowings from banks and other lenders (excluding lease liabilities) at 31 December 2022 and 2021:

(Euro/thousand)			31 December 2022
	Variable rate euro	Fixed rate euro	Total
Due within 1 year	203,104	15,204	218,308
Due between 1 and 2 years	459,513	-	459,513
Due between 2 and 3 years	74,813	-	74,813
Due between 3 and 4 years	-	717,399	717,399
Due between 4 and 5 years	1,191,474	-	1,191,474
Due after more than 5 years	134,843	-	134,843
Total	**2,063,746**	**732,603**	**2,796,350**
Average interest rate in period, as per contract	1,0%	1,3%	1,1%
Average interest rate in period, including IRS effect[(a)]	1,5%	1,3%	1,5%

(a) Interest rate swaps have been put in place to hedge interest rate risk on variable rate loans in Euro. At 31 December 2022, the total hedged amount equates to 73.7% of Euro-denominated variable-rate debt at that date. Interest rate hedges consist of interest rate swaps which exchange a variable rate (3 or 6-month Euribor for loans in Euro) with an average fixed rate (fixed rate + spread) of 1.5% for Euro-denominated debt. The percentages representing the average fixed rate refer to 31 December 2022.

(Euro/thousand)	31 December 2021		
	Variable rate euro	Fixed rate euro	Total
Due within 1 year	3,106	1,012,911	1,016,017
Due between 1 and 2 years	1,197,467		1,197,467
Due between 2 and 3 years	459,126	-	459,126
Due between 3 and 4 years	74,784	-	74,784
Due between 4 and 5 years	-	707,088	707,088
Due after more than 5 years	-	-	-
Total	**1,734,483**	**1,719,999**	**3,454,482**
Average interest rate in period, as per contract	1.0%	1.8%	1.4%
Average interest rate in period, including IRS effect	1.3%	1.8%	1.5%

NET FINANCIAL DEBT

(Euro/thousand)	Note	31 December 2022	of which related parties (Note 25)	31 December 2021	of which related parties (Note 25)
Long-term financial payables					
CDP Loans	10	174,685		174,528	
Mediobanca Loan	10	99,905		99,819	
Intesa Loan	10	149,781		149,656	
EIB Loans	10	244,798		109,931	
Term Loan	10	-		997,797	
Sustainability-Linked Term Loan	10	1,191,474		-	
Convertible Bond 2021	10	717,399		707,088	
Unicredit Loan	10	-		199,681	
Interest rate swaps	7	-		2,548	
Lease liabilities	10	14,712		17,173	
Total long-term financial payables		**2,592,754**		**2,458,221**	
Short-term financial payables					
CDP Loans	10	520		71	
Mediobanca Loan	10	294		144	
Intesa Loan	10	836		315	
EIB Loans	10	996		4	
Non-convertible bond	10	-		763,087	
Term Loan	10	-		703	
Sustainability-Linked Term Loan	10	6,114		-	
Convertible Bond 2017	10	-		249,824	
Unicredit Loan	10	200,457		303	
Lease liabilities	10	5,120		5,721	
Short-term loans from Group companies	10	742,742	742,742	194,941	194,941
Other financial payables	10	9,090		1,533	
Interest rate swaps	7	-		6,476	
Total short-term financial payables		**966,169**		**1,223,121**	
Total financial liabilities		**3,558,923**		**3,681,342**	
Long-term financial receivables	5	177		172	
Long-term bank fees	5	284		1,420	
Non-current interest rate swaps	7	59,209		-	
Current interest rate swaps	7	12,676		-	
Short-term financial receivables	6	193,417		199,609	
Short-term bank fees	5	-		-	
Cash and cash equivalents	5	1,185		1,185	
Net financial debt	8	935		100,097	
Indebitamento finanziario netto		**3,291,040**		**3,378,858**	

The following table presents a reconciliation of the Company's net financial debt to the amount reported in accordance with the requirements of CONSOB communication no. 5/21 of 29 April 2021 concerning compliance with the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138):

(Euro/thousand)	Note	31 December 2022	of which related parties (Note 25)	31 December 2021	of which related parties (Note 25)
Net financial debt - as reported above		**3,291,040**		**3,378,858**	
Adjustments to exclude:					
Long-term financial receivables and other assets	5	177		172	
Long-term bank fees	5	284		1,420	
Hedging derivatives (assets)		71,885			
Adjustments to include:					
Net non-cash flow hedge forward currency contracts on commercial transactions, excluding non-current assets	7	(592)	(592)	5	5
Net non-cash flow hedge metal derivatives, excluding non-current assets	7	(53)	(53)	(269)	(269)
Recalculated net financial debt		**3,362,741**		**3,380,187**	

11. TRADE AND OTHER PAYABLES

Details are as follows:

(Euro/thousand)			31 December 2022
	Non-current	Current	Total
Trade payables	-	**651,916**	**651,916**
Total trade payables	**-**	**651,916**	**651,916**
Other payables:	**-**		
Tax and social security payables	-	9,092	9,092
Advances from customers	-	-	-
Payables to employees	-	10,707	10,707
Accrued expenses	-	492	492
Other	-	8,015	8,015
Financial payables	-	742,746	742,746
Total other payables	**-**	**771,052**	**771,052**
Total	**-**	**1,422,968**	**1,422,968**

(Euro/thousand)			31 December 2021
	Non-current	Current	Total
Trade payables	-	562,306	562,306
Total trade payables	**-**	**562,306**	**562,306**
Other payables:	-		
Tax and social security payables	-	8,060	8,060
Advances from customers	-	-	-
Payables to employees	-	10,098	10,098
Accrued expenses	-	401	401
Other	281	62,706	62,706
Financial payables	-	194,949	194,949
Total other payables	**281**	**276,214**	**276,496**
Total	**281**	**838,520**	**838,802**

Trade payables mainly comprise invoices received from suppliers of strategic metals and only to a minor extent those received from suppliers of other goods and outside professional services involving organisational, legal and IT advice.

Other payables, totalling Euro 771,052 thousand, comprise:

- social security payables for contributions on employee wages and salaries and amounts payable into supplementary pension funds;
- tax payables mainly for tax withheld from employees and not yet paid to the tax authorities;
- payables to employees for accrued wages and salaries not yet paid;
- other payables, mainly referring to amounts owed to Group companies for various reasons;
- financial payables of Euro 742,746 thousand, mainly relating to the intercompany current account with Prysmian Treasury S.r.l.

Trade payables include around Euro 467,759 thousand for the supply of strategic metals, for which a payment extension of more than 60 days has been obtained.

The following table breaks down trade and other payables according to the currency in which they are expressed:

(Euro/thousand)	31 December 2022	31 December 2021
Euro	1,396,943	821,844
US Dollar	17,221	10,149
British Pound	1,928	1,609
Other currencies	6,876	5,200
Total	**1,422,968**	**838,802**

12. PROVISIONS FOR RISKS AND CHARGES

The following table reports movements in this balance during the reporting period:

(Euro/thousand)	Legal and contractual risks	Other risks and charges	Total
Balance at 31 December 2021	**22,337**	**15,435**	**37,772**
Movements in 2022:			
- Increases	12,050	55	12,105
- Uses	(444)	(6,131)	(6,575)
- Releases	-	(100)	(100)
- Other	1	-	1
Total movements	**11,607**	**(6,176)**	**5,431**
Balance at 31 December 2022	**33,944**	**9,259**	**43,203**

The provisions for risks, amounting to Euro 43,203 thousand at 31 December 2022, report a net increase of Euro 5,431 thousand since 31 December 2021 after adjusting them to an appropriate level to cover the potential liabilities concerned.
These provisions include the provision for the antitrust investigations discussed in the following paragraphs.

Antitrust - European Commission proceedings in the high voltage underground and submarine cables business
The European Commission started an investigation in late January 2009 into several European and Asian electrical cable manufacturers to verify the existence of alleged anti-competitive practices in the high voltage underground and submarine cables markets.

On 2 April 2014, the European Commission adopted a decision under which it found that, between 18 February 1999 and 28 January 2009, the world's largest cable producers, including Prysmian Cavi e Sistemi S.r.l. ("Prysmian CS"), had engaged in anti-competitive practices in the European market for high voltage submarine and underground power cables. The European Commission held Prysmian CS jointly liable with Pirelli & C. S.p.A. ("Pirelli") for the alleged infringement in the period 18 February 1999 - 28 July 2005, ordering them to pay a fine of Euro 67.3 million, and it held Prysmian CS jointly liable with Prysmian S.p.A. ("Prysmian") and The Goldman Sachs Group Inc. ("Goldman Sachs") for the alleged infringement in the period 29 July 2005 - 28 January 2009, ordering them to pay a fine of Euro 37.3 million. Prysmian, Prysmian CS, Pirelli and Goldman Sachs each filed a separate appeal against this decision with the General Court of the European Union, in first instance, and later with the Court of Justice of the European Union. In rulings handed down on 24 September 2020, 28 October 2020 and 27 January 2021 respectively, the Court of Justice definitively dismissed the appeals brought by Prysmian and Prysmian CS, Pirelli and Goldman Sachs, thus upholding the liability and fine envisaged under the European Commission's original decision. Further to the ruling dismissing the appeal by Prysmian and Prysmian CS, the European Commission requested Prysmian Group to pay the sum of approximately Euro 20 million, corresponding to half of the fine for the period from 29 July 2005 to 28 January 2009. Following the ruling dismissing the Pirelli appeal, the European Commission requested Prysmian Group to pay the sum of approximately Euro 37 million, corresponding to half of the fine for the period from 18 February 1999 to 28 July 2005. Using the provisions already set aside, the Group made these payments by the required deadline during previous reporting periods.

In a ruling handed down on 14 November 2019, the Court of Justice of the European Union also dismissed the appeal brought by General Cable, thus definitively confirming the fine previously levied against it by the European Commission in its April 2014 decision. As a result, the Group went ahead and paid a fine for Euro 2 million during a previous reporting period.

In November 2014 and October 2019 respectively, Pirelli filed two civil actions, recently combined, against Prysmian CS and Prysmian in the Court of Milan, seeking (i) to be held harmless from any claim brought by the European Commission in enforcement of its decision and for any expenses incidental to such enforcement; (ii) to be held harmless from any third-party claims for damages relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for the damages allegedly suffered and quantified as a result of Prysmian CS and Prysmian having requested, in certain pending legal actions, that Pirelli be held liable for the unlawful conduct found by the European Commission in the period from 1999 to 2005. As part of the same proceedings, Prysmian CS and Prysmian, in addition to requesting full dismissal of the claims brought by Pirelli, have filed symmetrical and opposing counterclaims to those of Pirelli in which they have requested (i) to be held harmless from any claim brought by the European Commission in enforcement of its decision and for any expenses incidental to such enforcement; (ii) to be held harmless from any third-party claims for damages relating to the conduct forming the subject of the European Commission's decision and (iii) to be compensated for damages suffered as a result of the legal actions brought by Pirelli. This action is currently pending.

In view of the circumstances described and the developments in the proceedings, the Directors, assisted also by legal counsel, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

Antitrust - Claims for damages resulting from the European Commission's 2014 decision
During the first few months of 2017, operators belonging to the Vattenfall Group filed claims in the High Court of London against a number of cable manufacturers, including companies in the Prysmian Group, to obtain compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. In June 2020, the Prysmian companies concerned presented their defence as well as serving a summons on another party to whom the EU decision was addressed. In July 2022, an agreement was reached for an out-of-court settlement of Vattenfall's claims against the Group companies. However, the legal proceedings brought by the Group companies against the other party to whom the EU decision was addressed are continuing.

On 2 April 2019, a writ of summons was served, on behalf of Terna S.p.A., on Pirelli, Nexans and companies in the Prysmian Group, demanding compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision. This action has been brought before the Court of Milan. On 24 October 2019, the Prysmian Group companies concerned responded by presenting their preliminary defence. By an order dated 3 February 2020, the Court upheld the points raised by the defendants, giving Terna until 11 May 2020 to complete its writ of summons and scheduling a hearing for 20 October 2020. Terna duly completed its summons, which was filed within the required deadline. The proceedings are at a pre-trial stage.

On 2 April 2019, a writ of summons was served, on behalf of Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, on a number of cable manufacturers, including companies in the Prysmian Group, on Pirelli and Goldman Sachs. This action, brought in the Court of Amsterdam, once again involved a claim for compensation for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. On 18 December 2019, the Prysmian Group companies concerned presented their preliminary defence, the hearing of which took place on 8 September 2020. On 25 November 2020, the Court of Amsterdam handed down a ruling under which it upheld the submissions made and declined jurisdiction over defendants not based in the Netherlands, thus excluding them from the proceedings. On 19 February 2021, the plaintiffs announced that they had filed an appeal against this ruling. The Prysmian Group companies concerned, together with the other third-party first-instance defendants, have entered an appearance in court contesting the plaintiff's claims. The appeal decision is pending.

In September 2022, the Group was informed that companies in the RWE Group had brought an action in the British courts against Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l. involving a claim for compensation for damages supposedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision. Furthermore, in February 2023, the Group received notification of an application by British consumer representatives requesting authorisation from the competent local court to initiate proceedings against a number of cable manufacturers, including Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l., and which also involved a claim for compensation for damages supposedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission in its April 2014 decision.

In view of the circumstances described and the developments in the proceedings, the Directors, assisted also by legal counsel, have recognised what they consider to be an adequate level of provisions to cover the potential liabilities related to the matters in question.

In addition, on 4 April 2019, the Group learned that another two legal actions had been brought in the Court of London, one by Scottish and Southern Energy (SSE) group companies and the other by Greater Gabbard Offshore Winds Limited and SSE group companies, both of which involving claims for damages purportedly suffered as a result of the alleged anti-competitive practices sanctioned by the European Commission. Both proceedings have been concluded through settlements agreed between the parties during 2021 for the first action and in June 2022 for the second action.

Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l were summoned by Nexans France SAS and Nexans SA to appear before the Court of Dortmund (Germany) in notifications dated 24 and 25 May 2018 respectively. The plaintiffs have asked the Court concerned to ascertain the existence of joint and several liability between Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.l., on the one hand, and Nexans France SAS and Nexans SA, on the other, for any damages suffered by third parties in Germany as a result of the alleged cartel in the market for high voltage underground and submarine power cables sanctioned in the European Commission's decision. The Court concerned issued a stay of execution dated 3 June 2019 pending the outcome of the appeal against the European Commission's decision brought before the European Courts by both Prysmian and Nexans. Following the conclusion of the appeal proceedings pending before the European Court of Justice, Nexans resumed the previously stayed legal action, but then filed a notice in March 2022, abandoning the action and thus ending the dispute.

Antitrust - Other investigations
In Brazil, the local antitrust authority initiated proceedings against a number of manufacturers of high voltage underground and submarine cables, including Prysmian, notified of such in 2011. On 15 April 2020, the CADE Tribunal issued the operative part of the decision under which it held Prysmian liable for the alleged infringement in the period from February 2001 to March 2004 and ordered it to pay a fine of BRL 10.2 million (approximately Euro 1.8 million). Using the provisions already set aside in previous years, the Group made these payments by the required deadline. Prysmian Group has filed an appeal against the CADE ruling. The appeal decision is pending.

In addition, in January 2022, an investigation was initiated by the German antitrust authority (Federal Cartel Office) concerning alleged coordination in setting the standard metal surcharges applied by the industry in Germany. Further information can be found in the Directors' Report accompanying the Group's consolidated financial statements in the section entitled "Significant events during the year".

As at 31 December 2022, the amount of the provision for legal and contractual risks is Euro 33,944 thousand (Euro 22,337 thousand in 2021).
Despite the uncertainty of the outcome of the investigations and legal actions in progress, the amount of this provision is considered to represent the best estimate of the liability based on the information now available.
The provision for other risks amounts to Euro 9,259 thousand at 31 December 2022, reporting a net decrease of Euro 6,176 thousand over the year. The provision refers to risks deemed probable in connection with tax assessment notices or tax audits carried out by the competent authorities.

13. EMPLOYEE BENEFIT OBLIGATIONS

Prysmian S.p.A. provides post-employment benefits through schemes that include defined benefit plans, like the statutory severance benefit and seniority bonuses.
Employee benefit obligations amount to Euro 6,085 thousand at 31 December 2022 (Euro 7,284 thousand at 31 December 2021) and are detailed as follows:

(Euro/thousand)	31 December 2022	31 December 2021
Statutory severance benefit	4,418	5,297
Termination and other benefits	1,667	1,987
Total	**6,085**	**7,284**

Employee benefit obligations have had the following impact on the income statement:

(Euro/thousand)	31 December 2022	31 December 2021
Statutory severance benefit	453	329
Termination and other benefits	(187)	(195)
Total	**266**	**134**

STATUTORY SEVERANCE BENEFIT

Details are as follows:

(Euro/thousand)	31 December 2022	31 December 2021
Opening balance	**5,297**	**4,979**
Current service costs	410	306
Interest costs	43	23
Actuarial (gains)/losses recognised in equity	(1,029)	303
Disbursements	(303)	(314)
Total movements	**(879)**	**318**
Closing balance	**4,418**	**5,297**

The actuarial gains recognised at 31 December 2022 (Euro 1,029 thousand) mainly relate to the change in the associated economic parameters (the discount and inflation rates).

Under Italian law, the amount due to each employee accrues with service and is paid when the employee leaves the company. The amount due upon termination of employment is calculated on the basis of the length of service and the taxable remuneration of each employee. The liability is adjusted annually for the official cost of living index and statutory interest, and is not subject to any vesting conditions or periods, or any funding obligation; there are therefore no assets that fund this liability.
The rules governing this liability were revised by Legislative Decree 252/2005 and Law 296/2006 (Finance Act 2007): amounts accrued since 2007 by companies with at least 50 employees now have to be paid into the INPS Treasury Fund or to supplementary pension schemes, as decided by employees, which now take the form of "defined contribution plans". All companies nonetheless still account for revaluations of amounts accrued before 2007,

while those companies with fewer than 50 employees continue to accrue amounts for this liability not allocated to supplementary pension schemes.

The benefits relating to this plan are paid to participants in the form of capital, in accordance with the related rules. In certain circumstances, the benefit plan also allows the payment of partial advances against the full amount of the accrued benefit.

The main risk is the volatility of the inflation rate and the discount rate, as determined by the market yield on AA-rated corporate bonds denominated in Euro. Another risk factor is the possibility that members leave the plan earlier than expected or that higher advance payments than expected are requested, resulting in an actuarial loss for the plan, due to an acceleration of cash flows.
The actuarial assumptions used to value statutory severance benefit are as follows:

	31 December 2022	31 December 2021
Discount rate	3.80%	0.85%
Expected future salary increase	2.40%	1.75%
Inflation rate	**2.40%**	**1.75%**

The following table presents a sensitivity analysis of the effects of an increase/decrease in the most significant actuarial assumptions used to determine the present value of statutory severance benefit, namely the discount rate and inflation rate:

		31 December 2022
Change in inflation rate	**-0.25%**	**0.25%**
Effects on obligation	-1.46%	1.49%
Change in discount rate	**-0.50%**	**0.50%**
Effects on obligation	4.49%	-4.29%

Average headcount in the period is reported below, compared with closing headcount at the end of each period:

				2022
	Average	%	Closing	
Desk staff and management	388	91%	396	91%
Non-desk staff	40	9%	40	9%
Total	**428**	**100%**	**436**	**100%**

				2021
	Average	%	Closing	
Desk staff and management	374	90%	380	90%
Non-desk staff	41	10%	41	10%
Total	**415**	**100%**	**421**	**100%**

14. DEBITI PER IMPOSTE CORRENTI E FONDO IMPOSTE DIFFERITE

Current tax payables amount to Euro 2,165 thousand at 31 December 2022 (Euro 12,970 thousand at 31 December 2021). At 31 December 2022, the Company is reporting a tax credit for IRES (Italian corporate income tax) for the Italian companies that participate in the national and world tax consolidation, as presented in Note 5. Trade and other receivables.

Deferred tax liabilities reflect the effect of temporary differences between the balance-sheet value of liabilities at 31 December 2022 and their corresponding tax values.
Deferred tax liabilities amount to Euro 10,005 thousand at 31 December 2022, compared with a nil balance at 31 December 2021. The change is primarily due to higher interest rates, being the variable that generated the largest difference between balance-sheet values at 31 December 2022 and the corresponding tax values.
Details are as follows:

(Euro/thousand)	31 December 2022	31 December 2021
Deferred taxes:		
- Deferred tax liabilities	(17,671)	(221)
- Deferred tax assets	7,666	9,622
Total deferred tax assets (liabilities)	**(10,005)**	**9,400**

Movements in deferred taxes are analysed as follows:

(Euro/thousand)	Employee benefit obligations	Provisions for risks	Other	Total
Balance at 31 December 2021	**687**	**5,277**	**3,436**	**9,400**
Impact on income statement	-	(119)	329	210
Impact on equity	(247)	-	(19,368)	(19,615)
Balance at 31 December 2022	**440**	**5,158**	**(15,603)**	**(10,005)**

Further information can be found in Note 22. Taxes.

15. REVENUES AND OTHER INCOME

This line item reports Euro 245,035 thousand, compared with Euro 292,852 thousand in 2021, and is detailed as follows:

(Euro/thousand)	2022	2021
Royalties	123,965	122,651
Head office services	85,526	78,930
Other revenues and sundry income	35,544	91,271
of which non-recurring	*327*	*63,266*
Total	**245,035**	**292,852**

Royalties mostly refer to amounts charged to Prysmian Group subsidiaries for the use of patents, know-how and trademarks; they amount to Euro 123,965 thousand at 31 December 2022 (Euro 122,651 thousand in the previous year).
Head office services of Euro 85,526 thousand (Euro 78,930 thousand in the previous year), refer to charges invoiced by Prysmian S.p.A., under specific contracts, to its sub-holding company Prysmian Cavi e Sistemi S.r.l. for coordination and other services provided by head office functions to Group companies.
Other revenues and sundry income of Euro 35,544 thousand mainly consist of proceeds received under legal settlements, expense recharges and other miscellaneous income.

16. RAW MATERIALS, CONSUMABLES AND SUPPLIES

Consumables amount to Euro 9,150 thousand, compared with Euro 7,000 thousand in 2021.

17. PERSONNEL COSTS

Details are as follows:

(Euro/thousand)	2022	2021
Wages and salaries	63,018	48,636
of which Fair Value Stock Options	*20,519*	*9,440*
Social security	10,840	10,235
Retirement pension costs	2,382	2,338
Statutory severance benefit	410	306
Personnel costs for business reorganisation	219	1,332
Other personnel costs	1,086	1,305
Total	**77,955**	**64,151**

Personnel costs report an increase of Euro 13,804 thousand on the previous year, mainly due to the increase in the fair value of stock options (Euro 11,079 thousand more than in the previous year).

Share-based payments

At 31 December 2022, Prysmian S.p.A. had share-based compensation plans in place for managers and employees of Group companies and members of the Company's Board of Directors. These plans are described below.

Employee share purchase plan (2022) – YES 2.0

The plan is based on financial instruments and reserved for employees of Prysmian S.p.A. and/or of its subsidiaries, including some of the Company's Directors.
The plan has offered the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares, except for certain managers for whom the discount was 15%, and the executive Directors and key management personnel, for whom the discount was 1% on the stock price.
The plan has therefore qualified as "of particular relevance" within the meaning of art. 84-bis, par. 2 of the Issuer Regulations.
The shares purchased or received free of charge are subject to a retention period, during which they cannot be sold.
All those who signed up to the Plan also received an entry bonus of three to eight free shares, taken from the Company's portfolio of treasury shares, only available with their first-time purchase.

The fair value of the options has been determined using the Montecarlo binomial pricing model, based on the following assumptions:

	Windows
Grant date	12 April 2022
Share purchase date	from 16 June 2022 to 16 September 2025
End of retention period	from 16 June 2025 to 16 September 2027
Residual life (in years)	2.75
Share price at grant date (Euro)	€30.87
Risk-free interest rate	from 0.32% to 0.54%
Expected dividend %	1.80%
Option fair value at grant date (Euro)	from €23.94 to €19.27

Costs of Euro 94 thousand have been recognised as "Personnel costs" in the income statement at 31 December 2022 for the fair value of options granted under this plan.

On 28 April 2021, the shareholders of Prysmian S.p.A. approved the extension of the share ownership plan for Prysmian Group employees. In line with past practice, the extension provides the opportunity to purchase Prysmian's ordinary shares on preferential terms, with a maximum discount of 25% on the stock price, given in the form of treasury shares. The shares purchased will be subject to a retention period, during which they cannot be sold. The extension has added new purchase windows in the years 2022, 2023 and 2024.
Beneficiaries of the plan also include the executive directors of Prysmian S.p.A. as well as key management personnel, for whom the discount will be 1%.

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

Long-term incentive plan 2020-2022

The long-term incentive plan (LTI), approved by the shareholders on 28 April 2020 pursuant to art. 114-bis, par. 1, of Italian Legislative Decree no. 58/1998, is in response to the following key drivers of change:

- simplification and alignment with best market practices;
- sustainability of performance over time;
- greater participation in the creation of long-term value by extending the number of beneficiaries to a wider group of managers and professionals;
- retention to support the phase of post-merger integration with General Cable, especially in certain regions with a particularly competitive talent market.

The Plan extends to some 800 Group employees and involves the allocation of a number of options calculated according to the achievement of operational, economic and financial performance conditions. The Plan consists of the following components: Performance Share, Deferred Share and Matching Share. The Performance Share component consists of the free allocation of shares to plan participants subject to the achievement of performance conditions, measured over a three-year period and subject to continued employment. The vesting period is three years (2020-2022), with disbursement of the shares envisaged in 2023. The Deferred Share component involves the deferred receipt, through the free allocation of shares subject to continued employment during the vesting period, of 50% of the bonus earned for the years 2020, 2021 and 2022. The vesting of the annual bonus depends on the achievement of specific economic, financial, operational and sustainability objectives defined in advance each year. Lastly, the Matching Share component is combined with the Deferred Shares and consists of the free allocation to participants of 0.5 additional shares for each Deferred Share granted and arising from deferred payment of the bonus for each year. In the case of the Chief Executive Officer and Top Management (consisting of about 40 individuals, including Executive Directors, Key Management Personnel, front-line positions reporting to the CEO and second-line managers of key areas), the

Matching Share component is subject to the achievement of a pre-determined performance condition related to sustainability (ESG). The actual allocation of shares, in particular with reference to the Performance Shares, is subject to the level of achievement of the following performance conditions: cumulative Adjusted EBITDA, cumulative Free Cash Flow, relative TSR measured against a 9-member peer group and ESG, measured by a set of indicators.

The following table provides details about movements in the plan:

	31 December 2022
	Number of options
Options at start of year	4,306,263
Granted	4,705,543
Change in expected participations	28,775
Cancelled	-
Exercised	-
of which for Prysmian S.p.A. employees	-
Options at end of year	9,040,581

Costs of Euro 20,110 thousand have been recognised as "Personnel costs" in the income statement at 31 December 2022 for the fair value of options granted under this plan.

In accordance with IFRS 2, the options allotted have been measured at their grant date fair value. The fair value of options related to performance shares, for the entire period of the plan, and to deferred and matching shares vesting in 2020 has been calculated using the following assumptions:

	31 December 2022
Grant date	28 April 2020
Residual life at grant date (in years)	2.68
Exercise price (Euro)	0
Risk-free interest rate	-0.70%
Expected dividend %	2.30%
Option fair value (market based) at grant date (Euro)	€13.54
Option fair value (not market based) at grant date (Euro)	€13.85

As regards deferred and matching shares vesting in 2021, option fair value has been calculated using the following assumptions:

	31 December 2022
Grant date	28 April 2021
Residual life at grant date (in years)	1.68
Exercise price (Euro)	0
Risk-free interest rate	-0.72%
Expected dividend %	2.30%
Option fair value (not market based) at grant date	€23.14

As regards deferred and matching shares vesting in 2022, option fair value has been calculated using the following assumptions:

Grant date	12 April 2022
Residual life at grant date (in years)	0.72
Exercise price (Euro)	0
Risk-free interest rate	0.00%
Expected dividend %	1.80%
Option fair value (not market based) at grant date	€26.16

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

BE-IN long-term incentive plan

On 12 April 2022, the shareholders of Prysmian S.p.A. approved an equity-settled stock grant plan for employees of Prysmian S.p.A. and Prysmian Group companies, except for managers already covered by individual incentive schemes; the plan aims to foster wide participation in future value creation and to strengthen the level of employee engagement; the plan is subject to local consultation with the relevant trade union representatives, where required.

The plan, participation in which is on a voluntary basis, envisages three allotment cycles for 2022, 2023 and 2024 and provides for the allotment of a maximum of 3,000,000 shares.
By voluntarily joining the plan, the employee agrees to receive, in lieu of payment of part of their monetary bonus, or in some cases even without converting a monetary bonus, a value equating to a number of shares, to be calculated on the basis of the allotment value, defined as the average share price over the 30 trading days preceding the grant date. The number of shares allotted may be increased by an additional number of shares, up to a maximum of 50% of the shares allotted.
The number of shares received by each participant will be determined according to the amount of the allotment value.

Allotted shares will be freely transferable from the grant date. If these shares are held for the entire holding period, the employee will be entitled to receive a number of additional "loyalty shares". If, during the holding period, the employee sells all or part of the shares received, they will no longer be entitled to receive additional shares.
The shares will be credited to participants annually within specific time frames, identified on a local basis during the plan's implementation process.
Shares will therefore be credited to participants in 2023, 2024 and 2025 in relation to performance in 2022, 2023 and 2024, respectively, and the respective additional shares will be credited to participants in 2024, 2025 and 2026.
During the plan's implementation process, some of these provisions may be adjusted not only to ensure that the plan nonetheless complies with applicable local rules, legislation and tax and social security regulations but also to facilitate its implementation for the sake of wider participation.

Costs of Euro 315 thousand have been recognised as "Personnel costs" in the income statement at 31 December 2022 for the fair value of options granted under this plan.

The fair value of options under this plan has been determined using the following assumptions:

Grant date	12 April 2022
Residual life at grant date (in years)	1.35
Exercise price (Euro)	0
Risk-free interest rate	2.14%-2.52%
Expected dividend %	1.80%
Option fair value at grant date of conversion and premium shares	€32.93
Option fair value at grant date of loyalty shares	€28.38

The information memorandum, prepared under art. 114-bis of Legislative Decree 58/98 and describing the characteristics of the above plan, is publicly available on the Company's website at http://www.prysmiangroup.com/, from its registered offices and from Borsa Italiana S.p.A.

As at 31 December 2022, there were no outstanding loans or guarantees by the Parent Company or its subsidiaries to any of the directors, senior managers or statutory auditors.

18. AMORTISATION, DEPRECIATION AND IMPAIRMENT

Details are as follows:

(Euro/thousand)	2022	2021
Depreciation of buildings, plant, machinery and equipment	3,363	3,405
Depreciation of other property, plant and equipment	1,668	1,355
Amortisation of intangible assets	25,022	19,497
Impairment of other assets	-	100
Depreciation and impairment of right-of-use assets (IFRS 16)	4,969	5,280
Total	**35,022**	**29,637**

Amortisation and depreciation charges amount to Euro 35,022 thousand in 2022, posting a net increase of Euro 5,385 thousand on the previous year (increase of Euro 6,744 thousand in the previous year), mainly due to higher intangible asset amortisation.

19. OTHER EXPENSES

Other expenses amount to Euro 134,392 thousand in 2022, compared with Euro 165,100 thousand in the previous year, analysed as follows:

(Euro/thousand)	2022	2021
Professional services	49,123	41,119
IT costs	34,706	33,827
Insurance	3,686	3,263
Maintenance services	9	15
Operating and other costs	27,985	28,488
Utilities	1,730	851
Travel costs	2,842	1,589
Rental costs	1,211	596
Increases in provisions for risks	50	361
Release of provisions for risks	-	(495)
Non-recurring other expenses and provisions/(releases):	-	
Increase in provisions for risks	12,000	401
Release of provisions for risks	-	-
Business reorganisation costs	67	1,319
Other non-recurring costs	983	53,766
Total non-recurring other expenses/(income)	13,050	55,486
Total	**134,392**	**165,100**

Professional services of Euro 49,123 thousand (Euro 41,119 thousand in 2021) include costs for the use of personnel seconded from other Group companies of Euro 15,328 thousand (Euro 11,974 thousand in 2021) and costs incurred to manage the patents portfolio of Euro 3,460 thousand (Euro 3,593 thousand in 2021).
Professional services also include the compensation of the directors and statutory auditors of Prysmian S.p.A. and the fees of the independent auditors for audit and related services, details of which can be found in Notes 25, 27 and 31.
Operating and other costs mainly refer to costs incurred for promotional activities and attendance at exhibitions and trade fairs.
Rental costs amount to Euro 1,211 thousand (Euro 596 thousand in 2021).
As regards "Non-recurring other expenses and provisions", the change primarily reflects the recognition of Euro 12,000 thousand in provisions for risks.

20. FINANCE INCOME AND COSTS

Finance costs are detailed as follows:

(Euro/thousand)	2022	2021
Interest on loans	16,801	16,435
Interest on non-convertible bond	5,188	18,750
Interest on convertible bond 2017- non-monetary component	162	5,285
Interest on convertible bond 2021- non-monetary component	9,248	8,314
Amortisation of bank and financial fees and other expenses	6,357	7,305
Interest on lease liabilities	127	243
Employee benefit interest costs	60	34
Other bank interest	10,444	1,044
Costs for undrawn credit lines	2,737	3,649
Sundry bank fees	748	248
Other	10,799	1,419
Interest Rate Swaps	11,572	7,272
Non-recurring other finance costs:		
Antitrust bank guarantee and interest costs	-	-
Finance costs for partial redemption of convertible bond	-	1,929
Total non-recurring other finance costs	-	1,929
Finance costs	**74,243**	**71,928**
Foreign currency exchange losses	14,819	8,185
Total finance costs	**89,062**	**80,113**

Amortisation of bank and financial fees and other expenses mainly reflects the Company's share of costs.

Other bank interest mainly refers to the EIB Loans (Euro 1,324 thousand), the CDP Loans (Euro 1,662 thousand) and interest on the intercompany current account with Prysmian Treasury S.r.l. (Euro 7,458 thousand).

Finance income is detailed as follows:

(Euro/thousand)	2022	2021
Interest income from banks and other financial institutions	14	104
Other finance income	61,026	42,426
Non-recurring other finance income:		
Recovery of Antitrust guarantee costs	-	-
Gain on conversion of conv. bond 2021 from equity linked to convertible	-	15,638
Total non-recurring other finance income	-	15,638
Finance income	**61,040**	**58,168**
Foreign currency exchange gains	14,058	7,395
Total finance income	**75,098**	**65,563**

Other finance income mainly refers to fees charged to Group companies for guarantees given by the Company for their benefit.

21. DIVIDENDS FROM SUBSIDIARIES

During 2022, Prysmian S.p.A. recorded a total of Euro 179,672 thousand in dividends received from its subsidiaries Draka Holding B.V., Prysmian Cavi e Sistemi S.r.l., Prysmian Treasury S.r.l. and Prysmian PowerLink S.r.l. The total amount of dividends reported in P&L also includes income of Euro 63,329 thousand to account for share-based payments, reflecting the difference between the grant date fair value of shares and their fair value at the reporting date. For more details, see Note 34. Share-based payments.

22. TAXES

Details are as follows:

(Euro/thousand)	2022	2021
Current income taxes	7,310	20,617
Deferred income taxes	(210)	1,137
Total	**7,100**	**21,754**

Current income taxes report an expense of Euro 7,310 thousand in 2022, compared with an expense of Euro 20,617 thousand in 2021.
Information about deferred taxes can be found in Note 14. Current tax payables and deferred tax liabilities.

Taxes charged on profit before taxes differ from those calculated using the theoretical tax rate applying to the Company for the following reasons:

(Euro/thousand)	2022	Tax rate	2021	Tax rate
Profit before taxes	150,868		160,721	
Theoretical tax expense at nominal tax rate	36,208	24.0%	38,573	24.0%
Dividends from subsidiaries	(40,965)	(27.2%)	(27,702)	(17.2%)
Impairment/(Revaluation) of investments in subsidiaries	16,011	10.6%	1,200	0.7%
Other permanent differences	10,560	7.0%	5,524	3.4%
IRAP for the year	2,440	1.6%	1,333	0.8%
Other	(12,739)	(8.4%)	17,897	11.1%
Net effect of group tax consolidation for the year	(4,415)	(2.9%)	(15,071)	(9.4%)
Effective income taxes	**7,100**	**4.8%**	**21,754**	**13.5%**

The Company, along with all its Italian resident subsidiaries, participates, as head of the tax group, in a group tax consolidation, pursuant to art. 117 et seq of the Italian Income Tax Code. The intercompany transactions arising under such a group tax consolidation are governed by specific rules and an agreement between the participating companies, which involve common procedures for applying the tax laws and regulations.

The following companies are members of the tax group:

- Fibre Ottiche Sud – F.O.S. S.r.l.
- Prysmian Cavi e Sistemi S.r.l.
- Prysmian Cavi e Sistemi Italia S.r.l.
- Prysmian Treasury S.r.l.
- Electronic and Optical Sensing Solutions S.r.l.
- Prysmian PowerLink S.r.l.

The rate used to calculate the tax charge is 24% for IRES (Italian corporate income tax), and 5.57% for IRAP (Italian regional business tax).

23. CONTINGENT LIABILITIES

As a global operator, the Company is exposed to legal risks primarily, by way of example, in the areas of product liability, and environmental, antitrust and tax rules and regulations. The outcome of existing or future legal disputes and proceedings cannot be predicted with certainty. The outcome of such proceedings could result in the payment of costs that are not covered, or not fully covered, by insurance, which would therefore have a direct effect on the Company's financial condition and results.
As at 31 December 2022, there were no contingent liabilities against which the Company had not set aside provisions for risks and charges and for which the related legal and tax proceedings not believed to give rise to significant liabilities.

24. COMMITMENTS

The Company has the following types of commitments at 31 December 2022:

a) Commitments to purchase property, plant and equipment and intangible assets

Contractual commitments, already given to third parties at 31 December 2022 and not yet reflected in the financial statements, amount to Euro 2,932 thousand (Euro 1,677 thousand at 31 December 2021).

b) Comfort letters in support of bank guarantees given to Group companies

Comfort letters in support of bank guarantees given in the interest of Group companies amount to Euro 67 thousand at 31 December 2022, all of which relating to P.T. Prysmian Cables Indonesia (Euro 74 thousand at 31 December 2021).

c) Other guarantees given in the interest of Group companies

These amount to Euro 7,409,383 thousand at 31 December 2022 (Euro 5,503,604 thousand at 31 December 2021), analysed as follows:

(Euro/thousand)	2022	2021
Prysmian Cavi e Sistemi S.r.l.	30,228	48,759
Prysmian Netherlands B.V.	40,293	49,258
Prysmian PowerLink S.r.l.	5,575,651	3,872,694
Prysmian Cables & Systems Limited	19,037	28,043
Prysmian Cables and Systems USA, LLC	1,674,947	1,445,036,51
Fibre Ottiche Sud - F.O.S. S.r.l.	9,855	13,280
Prysmian Cables Spain SA	49,516	42,720
Prysmian Re Company Ltd	9,855	3,814
Total	**7,409,383**	**5,503,604**

The comfort letters and guarantees given in the interest of Group companies in (b) and (c) mainly refer to projects and supply contracts and to the offsetting of VAT credits under the Group VAT settlement.

d) Comfort letters in support of bank guarantees given in the interest of the Company

These amount to Euro 20,063 thousand, versus Euro 20,079 thousand in the previous year.

As required by art. 2427 point 22-ter, it is reported that, in addition to the above disclosures about commitments, there are no other agreements that are not reflected in the statement of financial position that carry material risks or rewards and which are critical for assessing the Company's assets and liabilities, financial position and results of operations.

25. RELATED PARTY TRANSACTIONS

Transactions between Prysmian S.p.A. and its subsidiaries mainly refer to:

- services (technical, organisational and general) provided by head office to subsidiaries;
- charging of royalties for the use of patents to the Group companies that benefit from them;
- financial transactions entered into by the Parent Company on behalf of, and with, Group companies.

All the above transactions fall within the ordinary course of business of the Parent Company and its subsidiaries. The related party disclosures also include the compensation paid to Directors, Statutory Auditors and Key Management Personnel.

More details about related party transactions are provided in the table of "Intercompany and related party transactions (disclosure under art. 2428 of the Italian Civil Code)" appended to the present Explanatory Notes. The following tables summarise related party transactions in the year ended 31 December 2022.

					31 December 2022
(Euro/thousand)	Investments in subsidiaries	Trade and other receivables and derivatives	Trade and other payables and derivatives	Employee benefit obligations and other provisions	Tax payables
Subsidiaries	5,701,163	511,498	767,793		-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	1,435	5,374	-
Total	**5,701,163**	**511,498**	**769,228**	**5,374**	**-**

					31 December 2021
(Euro/thousand)	Investments in subsidiaries	Trade and other receivables and derivatives	Trade and other payables and derivatives	Employee benefit obligations and other provisions	Tax payables
Subsidiaries	5,719,977	359,940	205,187		-
Other related parties:					
Compensation of directors, statutory auditors and key management personnel	-	-	1,955	5,486	-
Total	**5,719,977**	**359,940**	**207,142**	**5,486**	**-**

(Euro/thousand)	2022							
	Revenues and other income	Raw materials, consumables and supplies	Cost of goods and services	Fair value change in metal derivatives	Personnel costs	Finance income/ (costs)	Dividends/ (Impairment) of investments	Taxes
Subsidiaries	245,035	2,642	37,382	(27)	-	51,448	176,285	12,353
Other related parties:								
Compensation of directors, statutory auditors and key management personnel	-	-	1,238	-	3,703	-	-	-
Total	**245,035**	**2,642**	**38,620**	**(27)**	**3,703**	**51,448**	**176,285**	**12,353**

(Euro/thousand)	2021							
	Revenues and other income	Raw materials, consumables and supplies	Cost of goods and services	Fair value change in metal derivatives	Personnel costs	Finance income/ (costs)	Dividends/ (Impairment) of investments	Taxes
Subsidiaries	222,026	4,870	87,712	243	-	38,968	148,551	12,353
Other related parties:								
Compensation of directors, statutory auditors and key management personnel	-	-	1,082	-	9,835	-	-	-
Total	**222,026**	**4,870**	**88,794**	**243**	**9,835**	**38,968**	**148,551**	**12,353**

Transactions with subsidiaries

These refer to services supplied to and received from Group companies and to current account transactions with the Group's central treasury company.

Top management compensation

Top management compensation is analysed as follows:

(Euro/thousand)	2022	2021
Salaries and other short-term benefits - fixed part	2,010	3,617
Salaries and other short-term benefits - variable part	1,692	1,178
Other benefits	150	118
Share-based payments	6,262	2,563
Other costs	1,119	2,358
Total	**11,233**	**9,835**
of which Directors	11,233	8,134

26. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

As required by Consob Communication DEM/6064293 dated 28 July 2006, the effects of non-recurring events and transactions on the Company's income statement are shown below, involving net non-recurring expenses totalling Euro 12,655 thousand in 2022 and net non-recurring income of Euro 22,807 thousand in 2021.

(Euro/thousand)	2022	2021
Non-recurring other income	327	63,266
Non-recurring other expenses	(12,983)	(54,167)
Non-recurring finance costs	-	(1,929)
Non-recurring finance income	-	15,638
Total	**(12,655)**	**22,807**

The statement of financial position and net financial debt contain no material amounts in connection with non-recurring events.

27. COMPENSATION OF DIRECTORS AND STATUTORY AUDITORS

Directors' compensation amounts to Euro 11,233 thousand in 2022 (Euro 8,134 thousand in 2021). Statutory auditors' compensation for duties performed in Prysmian S.p.A. amounts to Euro 195 thousand in 2022 (Euro 195 thousand in 2021). Compensation includes emoluments, and any other types of remuneration, pension and medical benefits, received for their service as directors or statutory auditors of Prysmian S.p.A.. Further details can be found in the Remuneration Report.

28. ATYPICAL OR UNUSUAL TRANSACTIONS

In accordance with the disclosures required by Consob Communication DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions took place during the year.

29. GROUP FINANCIAL COVENANTS

The credit agreements in place at 31 December 2022, details of which are presented in Note 10. Borrowings from banks and other lenders, require the Group to comply with a series of covenants on a consolidated basis. The main covenants, classified by type, are listed below:

a) Financial covenants

- Ratio between EBITDA and Net finance costs (as defined in the relevant agreements);
- Ratio between Net Financial Debt and EBITDA (as defined in the relevant agreements).

The covenants contained in the relevant credit agreements are as follows:

EBITDA/Net finance costs(1) not less than:	Net financial debt/EBITD(1) not more than:
4,00x	3,00x

(1) The ratios are calculated on the basis of the definitions contained in the relevant credit agreements. The Net Financial Debt-EBITDA ratio can go as high as 3.5 following extraordinary transactions like acquisitions, no more than three times, including on non-consecutive occasions.

b) Non-financial covenants

A number of non-financial covenants have been established in line with market practice applying to transactions of a similar nature and size. These covenants involve restrictions on the grant of secured guarantees to third parties and on amendments to the Company's by-laws.

Default events

The main default events are as follows:

- default on loan repayment obligations;
- breach of financial covenants;
- breach of some of the non-financial covenants;
- declaration of bankruptcy by Group companies or their involvement in other insolvency proceedings;
- issuing of particularly significant court orders;
- occurrence of events that may adversely and significantly affect the business, the assets or the financial conditions of the Group.

Should a default event occur, the lenders are entitled to demand full or partial repayment of the amounts lent and not yet repaid, together with interest and any other amount due. No collateral security is required.
Actual financial ratios reported at period end, calculated at a consolidated level for the Prysmian Group, are as follows:

	31.12.2022	31.12.2021
EBITDA / Net finance costs(1)	27.26x	15.82x
Net financial debt / EBITDA(1)	0.83x	1.63x

(1) The ratios are calculated on the basis of the definitions contained in the relevant credit agreements.

The above financial ratios comply with both covenants contained in the relevant credit agreements and there are no instances of non-compliance with the financial and non-financial covenants indicated above.

30. STATEMENT OF CASH FLOWS

Operating activities generated a net cash inflow of Euro 51,595 thousand in 2022, inclusive of Euro 7,273 thousand as the difference between net taxes paid to tax authorities and those collected from the Group's Italian companies for IRES (Italian corporate income tax) transferred under the national tax consolidation (art. 117 et seq of the Italian Income Tax Code).

Investing activities generated a net cash inflow of Euro 114,758 thousand, primarily from Euro 179,672 thousand in dividend receipts, as partially offset by Euro 38,803 thousand in capital contributions to subsidiaries.
Financing activities generated a net outflow of Euro 265,516 thousand. This included a total of Euro 1,249,824 thousand in loan repayments and Euro 750,000 thousand in bond redemptions. New funds raised in the period consisted of Euro 1,335,000 thousand from new loans.

Net finance costs presented in the income statement amount to Euro 13,964 thousand and include non-cash items; excluding these items, net cash finance costs reflected in the statement of cash flows amount to Euro 5 thousand. Non-cash items included in net finance costs mostly refer to non-cash interest expense on bonds and to loan arrangement costs.
After all these effects the Company's overall net cash outflow for 2022 was Euro 99,162 thousand.

31. INFORMATION PURSUANT TO ART.149-DUODECIES OF THE CONSOB ISSUER REGULATIONS

Pursuant to art. 149-duodecies of the Consob Issuer Regulations, the following table shows the fees in 2022 for audit work and other services provided by the independent auditors EY S.p.A.:

(Euro/thousand)	Supplier of services	Fees for 2022	Fees for 2021
Audit services	EY S.p.A.	798	756
Certification services	EY S.p.A.	363	410
Total		**1,161**	**1,165**

32. STATE AID

With regard to the transparency rules governing state aid contained in art. 1, par. 125-129 of Italian Law 124/2017, as amended by art. 35 of Legislative Decree 34/2019 (the so-called "growth decree"), published in Italy's Official Journal no. 100 dated 30 April 2019, reference should be made to the National State Aid Register for details of the state aid and de minimis aid reported therein.

33. RESEARCH AND DEVELOPMENT

The Group's research and development activities are mostly concentrated within Prysmian S.p.A.. The central team, in coordination with R&D and engineering centres in the various countries, has developed numerous projects over the year in the field of both energy and telecom cables; significant advances have been made in the area of materials and optical fibre technology.
R&D costs incurred in 2022 have been expensed in full to income and amounted to Euro 30,485 thousand versus Euro 27,236 thousand in 2021.

34. ACCOUNTING POLICIES

DIVIDENDS

Dividend income is recognised in the income statement when the right to receive the dividends is established, normally coinciding with the shareholders' resolution declaring the same, irrespective of whether such dividends are paid out of an investee company's pre- or post-acquisition earnings.
The distribution of dividends to shareholders is recognised as a liability in the Company's financial statements when the distribution of such dividends is approved.

SHARE-BASED PAYMENTS

Le stock option sono valutate in base al fair value determinato alla data di assegnazione delle stesse. Tale valore Stock options are valued on the basis of the fair value determined on their grant date. This value is charged to the income statement on a straight-line basis over the option vesting period with a matching entry in equity. This recognition is based on the estimated number of stock options that will effectively vest in favour of eligible employees, taking into consideration any conditions applying to their enjoyment, irrespective of the market value of the shares.
This value is recognised:

a) as an expense in the income statement, with a matching credit to an equity reserve, for options vesting in favour of the Company's employees;
b) if the related cost is recharged, the part relating to the grant date fair value is recognised in equity, while the difference between the grant date fair value and the vesting date fair value or reporting date fair value is recognised as a dividend in the income statement;
c) as an increase in the value of investments in subsidiaries, with a matching credit to an equity reserve, for options vesting in favour of employees of Group companies.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried at cost, less any impairment losses.
If there is specific evidence of impairment, the value of investments in subsidiaries, determined on the basis of cost, is tested for impairment. This involves comparing the carrying amount of investments with their recoverable amount, defined as the higher of fair value and value in use.

The value of investments is tested for impairment in at least one of the following circumstances:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets, including any associated goodwill, reflected in the consolidated financial statements;
- the investee's reported EBITDA is less than 50% of that projected in the business plan, if this performance indicator is relevant to the company in question;
- the dividend distributed by the investee exceeds the total comprehensive income of the investee in the period to which the dividend refers.

If the recoverable amount of an investment is less than its carrying amount, then the carrying amount is reduced to the recoverable amount. This reduction represents an impairment loss, which is recognised through profit or loss.

For the purposes of impairment testing, the fair value of investments in listed companies is determined with reference to market value, regardless of the size of holding. The fair value of investments in unlisted companies is determined using valuation techniques, amongst which the market multiples approach.

Value in use is determined using the "Discounted Cash Flow - equity side" method, which involves calculating the present value of estimated future cash flows generated by a subsidiary, including cash flows from operating activities and consideration arising from the investment's ultimate sale, net of its cash position at the valuation date.

If the reasons for a previously recognised impairment loss cease to apply, the carrying amount of the investment is reinstated but to no more than its original cost, with the related revaluation recognised through profit or loss.

TREASURY SHARES

Treasury shares are reported as a deduction from equity. The original cost of treasury shares and revenue arising from any subsequent sales are treated as movements in equity.

35. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Management to apply accounting policies and methods which, at times, rely on subjective judgements and estimates based on past experience and assumptions deemed to be reasonable and realistic according to the circumstances.

The application of these estimates and assumptions influences the amounts reported in the financial statements, meaning the statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows, as well as the accompanying disclosures. Ultimate amounts, previously reported on the basis of estimates and assumptions, may differ from original estimates because of uncertainty surrounding the assumptions and conditions on which the estimates were based.

The following is a brief description of the accounting policies that require the Management of Prysmian S.p.A. to exercise greater subjectivity of judgement when preparing estimates and a change in whose underlying assumptions could have a material impact on the financial statements.

a) Provisions for risks and charges

Provisions are recognised for legal and tax risks to reflect the risk of an adverse outcome. The value of the provisions recorded in the financial statements against such risks represents the best estimate by Management at the reporting date. This estimate requires the use of assumptions depending on factors that may change over time and which could, therefore, have a material impact on the current estimates made by Management to prepare the Company's financial statements.

b) Impairment of assets

In accordance with the accounting standards applied by the Group, property, plant and equipment and intangible assets with finite useful lives and equity investments are tested for impairment when indicators suggest it will be difficult to realise recoverable value through use of the assets, which are written down accordingly. Verification of the existence of these indicators requires Management to make subjective judgements based on information available within the Company and from the market, as well as on past experience. In addition, if a potential impairment loss is identified, the Company determines the amount of such impairment using suitable valuation techniques. Correct identification of indicators of potential impairment, as well as the estimates for determining its amount, depend on factors which can vary over time, thus influencing judgements and estimates made by Management. Irrespective of the existence of indicators of potential impairment or otherwise, all intangible assets not yet ready for use must be tested for impairment once a year. The Company has not recorded any intangible assets with an indefinite useful life in its financial statements.

c) Climate change

As more fully explained in the Directors' Report accompanying the consolidated financial statements and in the Consolidated Non-Financial Statement, the Company, together with the entire Prysmian Group, has embarked on an ambitious "Net Zero" strategy, aligned with the requirements of the Paris Agreement. At the same time, the Prysmian Group analyses and assesses the risks and opportunities of climate change and has set targets for the reduction of greenhouse gas emissions classified as Scope 1 and 2 (direct and indirect emissions generated by its own activities) and as Scope 3 (generated by the value chain). The consequences in terms of investments, costs and other impacts on cash flows have been considered when preparing financial forecasts, consistent with the state of progress of this process. The replacement program for certain assets, aimed at achieving the "Net Zero" strategy, involves reviewing the useful lives of these assets, with a consequent acceleration of their depreciation process. The 2022 impairment tests have taken into account the impacts on investment flows, as far as they can be currently estimated, without any significant effects on the test results. It is also possible that in the future the carrying amount of assets or liabilities recognised in the Company's financial statements may be subject to different impacts as the strategy of managing climate change evolves.

d) Depreciation and amortisation

The cost of property, plant and equipment and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful lives of the assets concerned. The useful economic life of the Company's property, plant and equipment and intangible assets is determined by Management when assets are acquired. This is based on past experience for similar assets, market conditions and expectations regarding future events that could impact useful life, including developments in technology. Therefore, actual economic life may differ from estimated useful life. The Company periodically reviews technological and industry developments to update residual useful lives. This periodic review may result in a revision of the depreciation/amortisation period and consequently of the depreciation/amortisation charge for future years.

e) Taxes

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date. Deferred tax assets are recognised to the extent that it is likely there will be sufficient future taxable income against which they can be recovered.

f) Employee benefit obligations

The present value of the pension plans reported in the financial statements depends on an independent actuarial calculation and on a number of different assumptions. Any changes in assumptions and in the discount rate used are duly reflected in the present value calculation and may have a significant impact on the figures reported in the financial statements. The assumptions used for the actuarial calculation are examined by the Company annually. Present value is calculated by discounting future cash flows at an interest rate equal to that on high-quality corporate bonds issued in the currency in which the liability will be settled and which takes account of the duration of the related pension plan.
Further information can be found in Note 13. Employee benefit obligations and Note 17. Personnel costs.

g) Incentive and share purchase plans

The employee share purchase plan, directed at almost all the Group's employees, provides an opportunity for them to obtain shares on preferential terms and conditions. The operation of this plan is described in Note 17. Personnel costs.
The grant of shares is subject to continued employment with the Group in the months between signing up to one of the plan's purchase windows and the purchase of the shares themselves on the equity market. The plan's financial and economic impact has therefore been estimated on the basis of the best possible estimates and information currently available.

36. EVENTS AFTER THE REPORTING PERIOD

Prysmian Group, a Euro 120 million loan granted by CDP in favour of innovation and digitalization

On 6 March 2023, Prysmian Group announced a new loan of Euro 120 million granted by Cassa Depositi e Prestiti (CDP) in order to support Research & Development plans, focused on the implementation of innovative technologies, contribute to the consolidation of business digitalization processes and at the same time to reduce emissions to promote the energy transition.
The development of the R&D activity carried out by Prysmian is also in line with the Paris Agreement, and the European Green Deal and Horizon Europe directives for the promotion of clean, renewable energy, ensuring the interconnection of integrated systems of renewable resources through cable systems.

37. FILING OF FINANCIAL STATEMENTS

The financial statements of Prysmian S.p.A. at 31 December 2022 will be filed within the legally required term at its registered office and will be available for viewing on the websites of the company at www.prysmiangroup.com, the central storage mechanism at www.emarketstorage.com and the Italian Stock Exchange at www.borsaitaliana.it.
The financial statements of the sub-holding company Prysmian Cavi e Sistemi S.r.l. will be filed at the registered office in Via Chiese 6, Milan; the financial statements of the sub-holding company Draka Holding B.V. will not be presented, as permitted by Dutch law.

Milan, 9 March 2023

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Claudio De Conto

LIST OF INVESTMENTS IN SUBSIDIARIES AT 31 DECEMBER 2022

(Euro/thousand)	Registered office	Net book value	% owned	Share capital in Euro	Total equity	Prysmian share of equity	Net profit/ (loss) for the year
Italian subsidiaries							
Prysmian Cavi e Sistemi S.r.l.	(loss) for the year	404,391	100	50,000	351,795	351,795	(14,517)
Prysmian Cavi e Sistemi Italia S.r.l.	Milano, Via Chiese, 6	116,282	100	77,143	73,674	73,674	(6,274)
Prysmian PowerLink S.r.l.	Milano, Via Chiese, 6	219,821	100	100,000	117,579	117,579	(11,382)
Fibre Ottiche Sud F.O.S. S.r.l.	Battipaglia, Strada Provinciale 135	38,752	100	47,700	38,752	38,752	(28,574)
Prysmian Treasury S.r.l.	Milano, Via Chiese, 6	83,552	100	80,000	116,433	116,433	24,797
Electronic and Optical Sensing Solutions S.r.l.	Milano, Via Chiese, 6	35,803	100	5,000	23,607	23,607	(251)
Prysmian Servizi S.p.a.(*)	Milano, Via Chiese, 6	3,000	100	3,000	3,000	3,000	-
Total Italian subsidiaries		**901,601**					
Foreign subsidiaries							
Draka Holding B.V.	Amsterdam, Olanda	4,796,127	100	52,229	4,656,115	4,656,115	46,584
Prysmian Kabel und Systeme GmbH	Berlino, Germania	3,434	6.25	15,000	90,133	5,633	(853)
Prysmian Kablo SRO	Bratislava, Slovacchia	1	0.005	21.246	12.910	-	(527)
Jaguar Communication Consultancy Services Private Ltd.	Mumbai, India	-	0.0000010	1,817	(3)	-	(4)
Prysmian Cabos e Sistemas do Brasil S.A.	Sorocaba, Brasile	-	0.040177	144,003	34,000	14	724
Total foreign subsidiaries		**4,799,562**					
Grand total		**5,701,163**					

(*) Company established on November 25th 2022

INTERCOMPANY AND RELATED PARTY TRANSACTIONS (DISCLOSURE UNDER ART. 2428 OF THE ITALIAN CIVIL CODE)

				Revenues		Costs			
(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Goods and services	Finance income	Dividends and (impairment)/revaluation of investments	Income (expense) from group tax consolidation	Goods and services	Finance costs
Associated Cables Pvt. Ltd	-	2	-	-	-	-	-	-	-
Auto Cable Tunisie	-	3	-	-	-	-	-	-	-
Cables Electricos Ecuatorianos C.A.	-	3	-	-	-	-	-	-	-
Cobre Cerrillos S.A.	-	2,960	(105)	(836)	-	-	-	76	-
Conducen, SRL	-	1,735	(187)	(890)	-	-	-	188	-
Draka Belgium N.V.	-	-	-	(1)	-	-	-	-	-
Draka Comteq Berlin GmbH & Co KG	-	215	-	(724)	-	-	-	-	-
Draka Comteq Cabos Brasil SA	-	-	(23)	-	-	-	-	-	-
Draka Comteq Fibre BV	-	990	(138)	(494)	-	-	-	278	-
Draka Comteq France SAS	-	5,056	(70)	(2,982)	-	-	-	70	-
Draka Comteq Germany GmbH & Co.KG	-	3,140	(129)	(50,403)	-	-	-	147	-
Draka Comteq UK Limited	-	435	(49)	(642)	-	-	-	139	-
Draka Durango S. de R.L. de C.V.	-	1	(23)	(1)	-	-	-	-	-
Draka Elevator Products INC	-	3,072	(13)	(1,256)	-	-	-	(1)	-
Draka Elevator Products, Inc.	-	20	-	(28)	-	-	-	-	-
Draka Fileca S.A.S.	-	1,105	-	(854)	-	-	-	-	-
Draka Holding B.V.	4,796,127	9,345	(330)	(1,213)	-	(168,598)	-	778	-
Draka Kabely SRO	-	8,951	(48)	(157,948)	-	-	-	122	-
Draka Paricable SAS	-	-	-	(15)	-	-	-	-	-
Draka Philippines Inc.	-	1,448	(19)	(37,012)	-	-	-	15	-
Draka Transport USA LLC	-	(299)	-	(2,364)	-	-	-	-	-
EHC Canada Inc.	-	634	-	-	-	-	-	-	-
EHC Engineered Polymer (Shanghai) Co. Ltd.	-	19	-	-	-	-	-	-	-
EHC Escalator Handrail (Shanghai) Co. Ltd.	-	333	-	-	-	-	-	-	-
EHC Germany GmbH	-	21	-	-	-	-	-	-	-
EHC Lift Components (Shanghai) Co. Ltd.	-	23	-	-	-	-	-	-	-

(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Revenues		Costs			
				Goods and services	Finance income	Dividends and (impairment)/revaluation of investments	Income (expense) from group tax consolidation	Goods and services	Finance costs
EHC USA Inc.	-	8	-	-	-	-	-	-	-
Electronic and Optical Sensing Solutions S.r.l.	35,803	1,242	-	(263)	-	(530)	(133)	-	-
EURELECTRIC TUNISIE S.A.	-	262	-	-	-	-	-	-	-
Fibre Ottiche Sud - F.O.S. S.r.l.	38,752	1,151	(1,039)	(618)	-	66,537	-	940	-
General Cable Celcat, Energia e Telecomunicacoes SA	-	6,298	(16)	(82,081)	-	-	-	39	-
General Cable Company Ltd.	-	2,226	-	(1,696)	-	-	-	-	-
General Cable Condel, Cabos de Energia e Telecomunicacoes SA	-	3	-	-	-	-	-	-	-
General Cable Corporation	-	(46)	-	(4)	-	-	-	(4)	-
General Cable de Mexico, S.A de C.V.	-	128	54	(523)	-	-	-	21	-
Grupo General Cable Sistemas, S.L.	-	6,333	(8)	(83,211)	-	-	-	43	-
Jaguar Communication Consultancy Services Private Ltd.	-	484	-	-	-	-	-	-	-
LLC Prysmian RUS	-	1,404	(59)	(297)	-	-	-	-	-
LLC Rybinskelektrokabel	-	288	(86)	-	-	-	-	5	-
MCI-Draka Cable Co. Ltd	-	4,145	(101)	(569)	-	-	-	43	-
Nantong Zhongyao Draka Elevator Products Co. LTD	-	-	-	-	-	-	-	-	-
Norddeutsche Seekabelwerke GmbH	-	2,121	(340)	(477)	-	-	-	615	-
Oman Aluminium Processing Industries LLC	-	3	(3,872)	-	-	-	-	48,136	-
Oman Cables Industry (SAOG)	-	358	(355)	(375)	-	-	-	610	-
Omnisens SA	-	998	-	(15)	-	-	-	-	-
P.O.R. S.A.S.	-	-	(1,391)	-	-	-	-	1,391	-
P.T. Prysmian Cables Indonesia	-	560	(11)	(1,006)	-	-	-	15	-
Power Cables Malaysia SND – BHD	-	-	(5)	-	-	-	-	-	-
Prestolite de Mexico, S.A. de C.V.	-	429	-	-	-	-	-	-	-
Productora de Cables Procables S.A.S.	-	1,023	(13)	(574)	-	-	-	8	-
Projects Germany GmbH	-	58	-	(19)	-	-	-	-	-

(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Revenues		Costs			
				Goods and services	Finance income	Dividends and (impairment)/revaluation of investments	Income (expense) from group tax consolidation	Goods and services	Finance costs
Prysmian - OEKW GmbH	-	288	-	(16)	-	-	-	-	-
Prysmian (CHINA) Investment Company Ltd	-	1,620	(27)	(6)	-	-	-	(15)	-
Prysmian Australia PTY Ltd	-	5,261	(379)	(5,242)	-	-	-	407	-
Prysmian Cable (Shanghai) Trading Co Ltd - Suzhou Branch	-	9	-	-	-	-	-	-	-
Prysmian Cables & Systems Limited	-	28,010	(1,150)	(239,366)	(344)	-	-	2,119	-
Prysmian Cables (Shangai) Trading CO. Ltd	-	2,061	(44)	(164)	-	-	-	-	-
PRYSMIAN CABLES AND SYSTEMS (US) INC.	-	1	-	-	-	-	-	-	-
Prysmian Cables and Systems Canada LTD	-	2,421	(10)	(5,323)	-	-	-	36	-
Prysmian Cables and Systems USA, LLC	-	66,240	(4,217)	(26,094)	(13,737)	(3)	-	22,699	-
Prysmian Cables et Systèmes France SAS	-	27,861	(459)	(277,957)	(406)	-	-	936	-
Prysmian Cables Spain, S.A. (Sociedad Unipersonal).	-	21,818	(599)	(118,935)	(265)	-	-	962	-
Prysmian Cables y Sistemas de Mexico S. de R.L. de C.V.	-	729	(60)	(48)	-	-	-	59	-
Prysmian Cabluri Si Sisteme S.A.	-	14,953	(215)	(90,789)	-	-	-	217	-
Prysmian Cabos e Sistemas do Brasil S.A.	-	8	(410)	(166)	-	-	-	528	-
Prysmian Cavi e Sistemi Italia S.r.l.	116,282	11,424	(692)	(46,203)	-	(1,699)	-	1,078	-
Prysmian Cavi e Sistemi S.r.l.	404,390	51,256	-	(77,521)	-	(35,786)	368	3	-
Prysmian Construction Services Inc.	-	32	-	-	-	-	-	-	-
Prysmian Energia Cables y Sistemas de Argentina S.A.	-	190	(54)	(136)	-	-	-	8	-
Prysmian Group Baltics AS	-	9,976	(26)	(72,713)	-	-	-	26	-
Prysmian Group Denmark A/S	-	945	-	(46)	-	-	-	-	-
Prysmian Group Finland OY	-	21,428	(399)	(248,649)	-	-	-	1,231	-
Prysmian Group Norge AS	-	3,257	-	(808)	-	-	-	50	-
Prysmian Group North Europe AB	-	9,314	(110)	(45,507)	-	-	-	203	-
Prysmian Group Specialty Cables LLC	-	1,236	-	(1,426)	-	-	-	-	-

(Euro/thousand)	Investments in subsidiaries	Receivables	Payables	Revenues		Costs			
				Goods and services	Finance income	Dividends and (impairment)/revaluation of investments	Income (expense) from group tax consolidation	Goods and services	Finance costs
Prysmian Hong Kong Holding Limited	-	23	-	(71)	-	-	-	-	-
Prysmian Kabel und Systeme GmbH	3,434	22,195	(448)	(60,107)	-	-	-	642	-
Prysmian Kablo SRO	1	1,155	(5)	(2,978)	-	-	-	20	-
Prysmian MKM Magyar Kabel Muvek Kft	-	15,914	(65)	(320,628)	-	-	-	103	-
Prysmian Netherlands B.V.	-	16,919	(342)	(165,843)	(739)	-	-	641	-
Prysmian New Zealand Ltd.	-	260	-	(41)	-	-	-	-	-
Prysmian Poland SP. ZOO	-	220	-	(26)	-	-	-	-	-
Prysmian Power Link Srl	219,822	42,388	(642)	(124,611)	(38,638)	(21,081)	(1,844)	986	-
Prysmian Powerlink Services Ltd.	-	270	-	(36)	-	-	-	-	-
Prysmian PowerLink Srl	-	588	-	-	-	-	-	-	-
Prysmian RE Company Designated Activity Company	-	4,434	-	(4,434)	-	-	-	-	-
Prysmian Servizi S.p.A.	3,000	-	-	-	-	-	-	-	-
Prysmian Spain SA EPC-Branch South Africa	-	-	(44)	-	-	-	-	131	-
Prysmian Technology Jiangsu Co. Ltd.	-	1,059	-	(109)	-	-	-	5	-
Prysmian Tianjin Cables Co. Ltd.	-	30	-	-	-	-	-	-	-
Prysmian Treasury Srl	83,552	13,171	(748,509)	(753)	(14,412)	(15,125)	(5,087)	(366)	17,080
Prysmian Wuxi Cable Company Ltd	-	3,651	-	(1,075)	-	-	-	-	-
RAVIN CABLES LIMITED (India)	-	25	-	-	-	-	-	-	-
SILEC Cable, S.A.S.	-	14,288	(11)	(82,581)	-	-	-	144	-
Sindutch Cable Manufacturer Sdn Bhd	-	731	(40)	(1,084)	-	-	-	43	-
Singapore Cables Manufacturers Pte Ltd	-	5,627	(62)	(386)	-	-	-	62	-
Société Ivoirienne De Cables S.A.	-	8	-	(1)	-	-	-	-	-
Suzhou Draka Cable Co. Ltd	-	3,785	(242)	(328)	-	-	-	237	-
Turk Prysmian Kablo Ve Sistemleri A.S.	-	20,195	(106)	(23,721)	-	-	-	147	-
Totale	**5,701,163**	**515,958**	**(767,746)**	**(2,475,314)**	**(68,541)**	**(176,287)**	**(6,696)**	**87,016**	**17,080**

4. CERTIFICATION OF THE FINANCIAL STATEMENTS

pursuant to art. 81-ter of CONSOB regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. The undersigned Valerio Battista, as Chief Executive Officer, Stefano Invernici and Alessandro Brunetti, as managers responsible for preparing the financial reports of Prysmian S.p.A., certify, also taking account of the provisions of paragraphs 3 and 4, art. 1-bis of Italian Legislative Decree 58 dated 24 February 1998, that during 2022 the accounting and administrative processes for preparing the financial statements:

   - have been adequate in relation to the business's characteristics and
   - have been effectively applied.

2. The adequacy of the accounting and administrative processes for preparing the financial statements at 31 December 2022 has been evaluated on the basis of a procedure established by Prysmian in compliance with the internal control framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted standard model internationally.

3. It is also certified that:

   3.1 The financial statements at 31 December 2022:
   - a) have been prepared in accordance with applicable international accounting standards recognised by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
   - b) correspond to the underlying accounting records and books of account;
   - c) are able to provide a true and fair view of the issuer's statement of financial position and results of operations.

   3.2 The directors' report contains a fair review of performance and the results of operations, and of the issuer's situation, together with a description of the principal risks and uncertainties to which it is exposed.

Milan, 9 March 2023

Valerio Battista	**Stefano Invernici**	**Alessandro Brunetti**
CHIEF EXECUTIVE OFFICER	MANAGERS RESPONSIBLE FOR PREPARING COMPANY FINANCIAL REPORTS	

PROPOSAL TO APPROVE THE FINANCIAL STATEMENTS AND TO ALLOCATE NET PROFIT FOR 2022

Shareholders,
We are submitting the financial statements for the year ended 31 December 2022 for your approval and recommend that you adopt the following:

RESOLUTION

The Shareholders' Meeting:
- acknowledges the report by the Board of Directors,
- acknowledges the reports by the Board of Statutory Auditors and by the Independent Auditors,
- has examined the financial statements at 31 December 2022, which close with a net profit of Euro 143,767,869 and

RESOLVES

a) to approve:

- the report on operations by the Board of Directors;
- the financial statements at 31 December 2022;

as presented by the Board of Directors - as a whole and in their individual parts, along with the proposed provisions - which report a net profit of Euro 143,767,869;

b) to allocate the net profit for the year as follows:

- Euro 950,000 to the "Reserve for share issues pursuant to art. 2349 of the Italian Civil Code", subject to approval by today's shareholders' meeting of both the long-term incentive plan, which also envisages the possibility of granting new issue shares, and the capital increase to service said incentive plan;
- Euro 158 million to pay a gross unit dividend of Euro 0.60 to each ordinary voting share (taking account of directly held treasury shares), drawn from the residual net profit for the year and around Euro 15 million from "Retained earnings".

The dividend will be paid out from 26 April 2023, with record date 25 April 2023 and ex-div date 24 April 2023.

Milan, 9 March 2023

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN
Claudio De Conto


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5. AUDITORS' REPORT

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Prysmian S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prysmian S.p.A. (the Company), which comprise the statement of financial position as of 31 December 2022, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and illustrative notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Audit Response
Recoverability of the book value of investments in subsidiaries	
As of 31 December 2022, the investments in subsidiaries recorded in the Company's financial statements amount to Euro 5,701 million. Processes and valuation methods to determine the recoverable amount of investments in subsidiaries, based alternatively on the fair value according to the multiples method or the value in use measured through the discounted cash flow approach, also supplemented by specific management's considerations, include assumptions, sometimes complex, which imply, by their nature, estimates by the Directors, especially with regard to the forecast of their future profitability and to the determination of long term growth and discount rates applied to forecasted future cash flows. Considering the required judgment and the complexity of the assumptions adopted in estimating the recoverable amount of the investments in subsidiaries, we assessed this matter as a key audit matter. Financial statements disclosures related to the valuation of investments in subsidiaries are reported in note "3. Investments in subsidiaries".	Our audit procedures related to the key audit matter included, among the others, the analysis of the procedure implemented by the Company regarding the valuation of investments in subsidiaries, the analysis of forecasted future cash flows and the reconciliation of forecasted future cash flows of subsidiaries with the Group budget prepared for the 2023 fiscal year, taking into account the impairment testing procedure approved by the Board of Directors. In addition, our procedures included the analysis of the quality of the forecasts taking into account the historical accuracy of the previous forecasts and the analysis of the calculation of long term growth and discount rates. In our procedures we analyzed the models applied to determine the fair value according to the multiples method and the value in use measured through the discounted cash flow approach, taking into account management's supplementary specific considerations, also involving our experts in valuation techniques, who performed independent calculation and sensitivity analysis on the key assumptions in order to identify the change in assumptions that could have a significant impact on the valuation of the recoverable amount. Finally, we analyzed the disclosure provided in the financial statements of the Company as of 31 December 2022.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Prysmian S.p.A., in the general meeting held on 16 April 2015, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Prysmian S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the Delegated Regulation) to the financial statements, to be included in the annual financial report.

We have performed the procedures required under auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements at 31 December 2022 with the provisions of the Delegated Regulation.

In our opinion, the financial statements at 31 December 2022 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Prysmian S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Prysmian S.p.A. at 31 December 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under auditing standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Prysmian S.p.A. at 31 December 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Prysmian S.p.A. at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Prysmian S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Milan, 17 March 2023

EY S.p.A.
Signed by: Massimo Meloni, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

6. REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS OF PRYSMIAN S.P.A. PURSUANT TO ART. 153 ITALIAN LEGISLATIVE DECREE 58/1998

Shareholders,

This report describes the activities performed by the Board of Statutory Auditors of Prysmian S.p.A. (the "Company" and together with its subsidiaries, the "Group") during the year ended 31 December 2022.
Prysmian S.p.A. is the holding company at the head of a Group that is one of the world's leading operators in the cable industry, active in the development, design, production, supply and installation of a wide range of land and submarine cables for various applications in the energy and telecommunications sectors.

During the year ended 31 December 2022, Prysmian's Board of Statutory Auditors, appointed by the shareholders in their meeting of 12 April 2022, carried out the supervisory activities required by law, also taking into account the Standards contained in the Rules of Conduct for Boards of Statutory Auditors, recommended by the Italian accounting profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), and Consob communications on company oversight and activities by the Board of Statutory Auditors.
The Board of Statutory Auditors therefore reports that, during the year ended 31 December 2022, it systematically acquired - starting from the date of its appointment - the information required to perform its duties both through participation in meetings of the Board of Directors, the Control and Risks Committee, the Remuneration and Nominations Committee and the Sustainability Committee, and through interviews with managers and representatives of company structures, as well as review of documentation and verification activities.
The governing bodies have reported to us at least once every quarter on the activities carried out, on the most important transactions in financial and economic terms, on any transactions in potential conflict of interest, as well as on any atypical or unusual transactions and on any other activity or transaction considered necessary to bring to our attention.

****

1. In performing its supervisory and audit activities, the Board of Statutory Auditors confirms that it has verified that the transactions of major financial and economic significance approved and executed comply with the law and the Company's By-laws and are not manifestly imprudent, risky, in potential conflict of interest, in contrast with resolutions adopted by the shareholders in general meetings, nor such as to compromise the integrity of the Company's net assets.
   Furthermore, we confirm that we have not found any atypical and/or unusual transactions with Group companies, third parties or related parties, nor have we received information in this regard from the Board of Directors, the Independent Auditors, or the director responsible for the internal control and risk management system. The Board of Directors have provided adequate information in their Report about the effects of ordinary transactions entered into with subsidiaries on an arm's length basis that have an important financial or economic impact.

2. The Directors have identified and described the main related party and intercompany transactions as part of the comments to the separate and consolidated financial statements (hereinafter also referred to as the "financial statements" for brevity); reference should be made to these sections, also for a description of the characteristics of such transactions and their effects on profit or loss.
   With regard to related party transactions, the Board of Statutory Auditors reports that, in compliance with the Consob

requirements set out in Resolution 17221 of 12 March 2010 (and subsequent amendments and additions thereto), the Company has adopted a specific procedure, which is summarised in the "Report on Corporate Governance and Ownership Structure of Prysmian S.p.A. - 2022", to which reference should therefore be made. This procedure, which has been revised and updated over time, can be consulted on the Company's website www.prysmiangroup.com in the "Company/Governance" section.

The Board of Statutory Auditors has monitored the compliance of the procedures adopted with the principles recommended by Consob and their actual observance, and has no remarks to make as to the fairness of ordinary related party transactions and their alignment with the Company's interests.

3. The Board of Statutory Auditors considers that the information regarding related party transactions provided by the Directors in the Notes to the financial statements of Prysmian S.p.A. is adequate.

4. EY S.p.A. (hereinafter also referred to as the "Independent Auditors") have issued unqualified Audit Reports, dated today, on the separate and consolidated financial statements for the year ended 31 December 2022, pursuant to art. 14 of Italian Legislative Decree 39 dated 27 January 2010 and art. 10 of Regulation (EU) 537/2014.

The Independent Auditors' Report contains the following opinions and representations:

i. the opinion that the separate financial statements and consolidated financial statements of Prysmian S.p.A. give a true and fair view of the statement of financial position of the Company and the Group at 31 December 2022, of their results of operations and cash flows for the year then ended, in compliance with the International Financial Reporting Standards adopted by the European Union, and with the provisions that implement art. 9 of Italian Legislative Decree 38 dated 28 February 2005. The reports set out - as required by the regulations - the key audit matters, indicated below.

- In the separate financial statements: recoverability of the carrying amount of investments in subsidiaries.
- In the consolidated financial statements: recognition of revenues and margins from construction contracts and risks related to ongoing and completed contracts; and recoverability of the carrying amount of goodwill.

The aforementioned Audit Reports do not contain any emphasis of matter.

ii. a consistency opinion that the Directors' Reports accompanying the separate and consolidated financial statements at 31 December 2022 and certain specific information contained in the "Report on Corporate Governance and Ownership Structure", as required by art. 123-bis, para. 4 of Italy's Unified Finance Act, for which the Company's directors are responsible, have been prepared in compliance with the law;

iii. a compliance opinion that the separate and consolidated financial statements have been prepared in XHTML format, in accordance with the provisions of European Commission Delegated Regulation (EU) 2019/815;

iv. a statement that, based on their knowledge and understanding of the business and related environment gained during the audit, they have no matters to report with regard to any material misstatements in the Directors' Reports.

EY S.p.A. has also issued today the following other reports:

- the Additional Report to the Board of Statutory Auditors, in its capacity as the Audit Committee, prepared in accordance with art. 11 of Regulation (EU) 537/2014, which will be forwarded to the Board of Directors as required by current regulations.
- the Report on the Consolidated Non-Financial Statement, prepared pursuant to art. 3, para. 10 of Italian Legislative Decree 254 dated 30 December 2016 and art. 5 of Consob Regulation 20267 dated 18 January 2018, in which it represents that no evidence has come to its attention that causes it to believe that Prysmian Group's Consolidated

Non-Financial Statement for the year ended 31 December 2022 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the aforementioned Decree and with the GRI standards.
EY S.p.A. has also issued today their Statement of Independence, as required by art. 6 of Regulation (EU) 537/2014, from which no evidence emerges that could compromise their independence.
Lastly, the Board of Statutory Auditors acknowledges the Transparency Report prepared by the Independent Auditors and published on their website in accordance with art. 18 of Italian Legislative Decree 39/2010.

5. During 2022, and up to the date of preparing this Report, the Board of Statutory Auditors has not received any complaints under art. 2408 of the Italian Civil Code.

6. During 2022, and up to the date of preparing this Report, the Board of Statutory Auditors has not received any other formal complaints. During the course of its activities and based on the information obtained, the Board of Statutory Auditors has not observed any omissions, misconduct, irregularities or any other circumstances that would require reporting to the external Supervisory Authority or disclosure in the present report.

7. In addition to the duties required by law in respect of listed companies, EY S.p.A. and firms within the EY network have been engaged to perform additional services other than the statutory audit, the fees for which have been disclosed in the notes to the consolidated financial statements as required by art. 149-duodecies of the Issuer Regulations, to which reference should be made. The permitted non-audit services were approved in advance on a case-by-case basis in accordance with the procedure adopted by the Board of Statutory Auditors, which reviewed their compliance and relevance with reference to the criteria contained in Regulation (EU) 537/2014.

8. The Board of Statutory Auditors has monitored the independence of the audit firm, which issued, today, the annual statement confirming its independence, pursuant to art. 6, para. 2), letter a), of Regulation (EU) 537/2014 and para. 17 of Italian International Audit Standard 260 (ISA Italia 260).
   Having reviewed the above statement of independence issued by EY S.p.A. and its transparency report, as well as the engagements awarded to EY S.p.A. and firms in its network, the Board of Statutory Auditors believes there are no critical issues concerning the independence of EY S.p.A.

9. On 9 March 2023, the Board of Statutory Auditors issued the Board of Directors with its opinion, provided in accordance with art. 2389, para. 3, of the Italian Civil Code, on the variable remuneration of the Chief Executive Officer and other Executive Directors for 2022, also in relation to such remuneration due to them under the LTI plan. In accordance with Italy's Corporate Governance Code (the "Corporate Governance Code"), the Board of Statutory Auditors was consulted when setting the parameters underlying the achievement of functional objectives for the variable remuneration of the Chief Compliance & Internal Audit Officer.

10. As disclosed in the "Report on Corporate Governance and Ownership Structure of Prysmian S.p.A. - 2022", the Company's Board of Directors held 8 meetings during 2022; the Control and Risks Committee held 9 meetings; the Remuneration and Nominations Committee held 11 meetings; the Sustainability Committee held 10 meetings. In addition, two meetings of the Independent Directors were held in 2022.
    The Board of Statutory Auditors previously in office until 12 April 2022 met 4 times. The current Board of Statutory

Auditors has met 10 times since its appointment on 12 April 2022 until the end of 2022 (of which 2 meetings were held, in whole or in part, jointly with the Control and Risks Committee).
In addition, at least one member of the Board of Statutory Auditors was present in 2022 at:
(ii) every meeting of the Board of Directors;
(iii) every meeting of the Control and Risks Committee, the Remuneration and Nominations Committee and the Sustainability Committee.
There is also a Monitoring Board, an independent collegial body established in accordance with art. 6, para. 1 (b) of Italian Legislative Decree 231/2001; the current Monitoring Board has been in office since 28 April 2021 and will remain so until approval of the financial statements for the year ended 31 December 2023.
When appointing the Monitoring Board's members, the Board of Directors also heeded the recommendation contained in the Corporate Governance Code to appoint at least one non-executive director and/or member of the Board of Statutory Auditors and/or head of the Company's legal or audit functions, in order to ensure coordination between the various parties involved in the internal control and risk management system. The Monitoring Board is therefore composed of two external members (one of whom has been appointed Chairman) and an internal member, in the person of the Group's Chief Compliance & Internal Audit Officer. The composition of the Monitoring Board remained unchanged in 2022.
The Board of Statutory Auditors met with the Monitoring Board during the course of the year for a mutual exchange of information. The Monitoring Board has reported on its activities during the year and has not notified the Board of Statutory Auditors of any significant matters.

11. The Board of Statutory Auditors has examined and monitored, to the extent of its remit, the observance of good management practices, by participating in the meetings of the Board of Directors and the various Committees, by gathering information from the Chief Executive Officer and the Company's management, the Chief Compliance & Internal Audit Officer, the Managers responsible for preparing financial reports, the Risk Management structure headed by the Group Chief Risk Officer and the other second-tier control functions, as well as through interviews with the aforementioned persons and representatives of the independent audit firm EY S.p.A., for the purpose of mutual exchange of relevant data and information; as a result of the aforementioned activities, the Board of Statutory Auditors has no observations to make in this regard.
The Board of Statutory Auditors has monitored compliance with the law and the Company's by-laws. In particular, with regard to the decision-making processes of the Board of Directors, the Board of Statutory Auditors has verified, also through direct participation in Directors' meetings, that the management decisions taken by the Directors complied with the law and the Company's by-laws and that the related resolutions were adequately supported by processes of information, analysis, verification and debate, including, when deemed necessary, by consulting committees and external professionals for advice. The Board of Statutory Auditors has also verified, to the best of its knowledge, that the Directors had made the declarations pursuant to art. 2391 of the Italian Civil Code.
No critical issues have emerged as a result of meetings with the Boards of Statutory Auditors and sole Statutory Auditors of the Company's Italian subsidiaries.

12. The Board of Directors plays a role of strategic guidance and supervision, in that it is responsible, among other things, for defining the strategies of the Company and the Group, as well as overseeing their implementation. The Board pursues the Company's interests, with a view to creating long-term value for the benefit of shareholders, as well as

taking into account the interests of other stakeholders relevant to the Company.
To execute its resolutions and to manage the business, the Board of Directors, in compliance with legal and statutory limits, may delegate appropriate powers to one or more directors, who must report to the Board of Directors and the Board of Statutory Auditors - promptly and in any case at least on a quarterly basis - on the activities carried out, on the Company's general performance and outlook and on its transactions with the most significant financial and economic impact.
The Company is currently managed by a Board of Directors consisting of twelve directors. The three-year term of office of the current Board of Directors began on 28 April 2021 and will end on the date the shareholders meet to approve the financial statements for the year ended 31.12.2023. The Shareholders' Meeting of 28 April 2021 appointed the current Board of Directors, which took office on the same date.
Since then through to the current date, the office of Chairman has been held by Claudio De Conto, the Company's legal and judicial representative, while the office of Chief Executive Officer has been conferred on Valerio Battista. The Chief Executive Officer is considered the main person responsible for managing the Company, after the Board of Directors, in its meeting of 28 April 2021, vested him with powers to represent the Company legally and judicially, and with all ordinary management powers and authority necessary or useful for the performance of the Company's business in its various forms, none excluded with the exception of those otherwise attributed by law and/or regulation or by the By-laws, to be exercised as a sole signatory, unless otherwise specified, and with the right to sub-delegate.
The Chief Executive Officer is also responsible for creating and maintaining - in execution of the guidelines established by the Board of Directors - the internal control and risk management system, pursuant to recommendations 32b) and 34 of the Corporate Governance Code.
Directors Pier Francesco Facchini (CFO) and Massimo Battaini (COO) have been granted management powers by the Board of Directors and are therefore, together with the CEO, Executive Directors.
The Company has adopted an organisational model that envisages governance of the main activities necessary for the management, control and development of its business. Under this model, the following functions report to the Chief Executive Officer as at the date of this Report:

- Communication;
- Finance, Administration & Control & IT;
- HR & Organization;
- Corporate Affairs;
- Innovation;
- Corporate Strategy & Development;
- Sustainability;
- Strategic Advisor;
- Project Division;
- Energy Division;
- Telecom Division;
- Chief Operating Officer.

The role of Manager responsible for preparing financial reports is entrusted jointly - taking into account the Company's organisational structure - to the head of Group Administration, in the person of Stefano Invernici, and to the head of Group Planning & Control, in the person of Alessandro Brunetti.

The Audit function, which reports directly to the Board of Directors, is entrusted to the Chief Compliance & Internal Audit Officer, in the person of Alessandro Nespoli.

The Board of Statutory Auditors has become acquainted with, to the extent of its remit, the organisational architecture chosen by the Company and its implementation and development; it has thus monitored the adequacy of the organisational structure and its operation, taking into account the Company's objectives, and, as a result of these activities, has no observations to make in this regard.

13. The Board of Statutory Auditors has monitored the implementation and proper operation of the Company's internal control and risk management system (hereinafter, for the sake of brevity: the internal control system), assessing its adequacy, with a view to continuous improvement, including through: (i) meetings with the Control and Risks Committee; (ii) periodic meetings with the Chief Compliance & Internal Audit Officer; (iii) periodic meetings with the Chief Risk Officer and with the Managers responsible for preparing the Company's financial reports; (iii) periodic meetings with the heads of other corporate functions, with particular reference to those functions entrusted with second-tier control activities; and (iv) obtaining documentation.

    The purpose of these periodic meetings was, among other things, to review the activities carried out by these functions, risk mapping and audit programmes, also in light of the Company's significant growth in size and changes in its procedures and organisation. The Board of Statutory Auditors has also examined the periodic reports of the Control and Risks Committee and of the Chief Compliance & Internal Audit Officer concerning, in particular, audits of the operation of the internal control system in the various business areas.

    The Board of Statutory Auditors has also systematically met with the appointed Independent Auditors for a periodic exchange of information between the various audit bodies.

    The internal control system is currently structured and operates according to the principles and criteria of the Corporate Governance Code. It is an integral part of the Company's general organisational structure and involves a plurality of players acting in a coordinated manner according to the respective responsibilities of: (i) the Board of Directors, for strategic guidance and supervision; (ii) the CEO and management, with particular reference to the functions responsible for performing second-tier controls, for supervision and management; (iii) the Control and Risks Committee and the Chief Compliance & Internal Audit Officer, for monitoring and providing support to the Board of Directors; and (iv) the Board of Statutory Auditors. for supervision.

    The establishment and maintenance of the internal control system is currently entrusted to the Chief Executive Officer and, within their area of responsibility, to the Managers responsible for preparing the Company's financial reports, so as to ensure the overall adequacy of the system and its actual operation, in a risk-based perspective, which is also taken into account when defining the agenda of Directors' meetings.

    In accordance with the Self-Regulatory Principles adopted by the Company, in exercising its responsibility for the internal control and risk management system, the Board of Directors also relies on the Audit function, which is organisationally independent and provided with adequate and sufficient resources to perform its activities. In particular, in the course of 2022 the Audit function also called upon the support - when necessary, to perform its activities - of independent consulting firms.

    With specific reference to the structure of the internal control system, the Board of Statutory Auditors has also observed the gradual implementation and evolution of the process implemented by the Company, in line with benchmark best practices, which have allowed the Company's approach to risk management and compliance to evolve from a "traditional" model towards an integrated, coordinated approach, both methodologically and organisationally, also with a view to strengthening second-tier control activities.

Effective 24 January 2006, the Board of Directors adopted its own Organisation, Management and Control Model (the "231 Organisational Model"), which is periodically reviewed and updated. The Group's other Italian companies have in turn adopted their own 231 Organisational Models in line with the specific nature and different businesses of each. On 1 March 2022, the Board of Directors approved the latest revision of the Company's Organisational Model; among other things, this revision reflected changes in the organisational and legislative framework and, following risk assessment, updated processes and sensitive activities potentially exposed to the risk of offences, also in order to align them with current operating practices, as well as certain key controls, in accordance with the regulations currently in force.

Further information about the internal control system can be found in the "Report on Corporate Governance and Ownership Structure of Prysmian S.p.A. - 2022".

The Board of Statutory Auditors has examined the overall assessment of the internal control and risk management system by the Chief Compliance & Internal Audit Officer and the Control and Risks Committee.

The Board of Statutory Auditors considers the internal control and risk management system to be adequate overall. In particular, the Board of Statutory Auditors has monitored the actions taken by the Company – making, where deemed necessary, suggestions and proposals for improvements - for the continuous strengthening of the internal control system, and has recommended that the Company continue along this path.

14. The Board of Statutory Auditors - also in its capacity as the Audit Committee - has assessed and monitored the adequacy of the administrative and accounting system and its reliability in correctly representing business operations, by obtaining information from the heads of the relevant company departments, examining documents and monitoring the activities and analysing the results of the work performed by EY S.p.A.; we have no observations to make as a result of these activities.

    The Board of Statutory Auditors has acknowledged the certifications issued by the Chief Executive Officer and the Managers responsible for preparing financial reports regarding the adequacy - in relation to the characteristics of the business - and the effective application during 2022 of the administrative and accounting procedures for the preparation of the statutory financial statements.

    With reference to impairment testing of goodwill and assets with an indefinite useful life, in application of international accounting standards, the Board of Statutory Auditors has overseen (i) the adoption - and periodic updating - by the Board of Directors of a specific procedure and, subsequently, (ii) the results of the related tests carried out by management, which have confirmed the recoverability of these assets.

    The Independent Auditors have issued today their Additional Report, prepared in accordance with art. 11 of Regulation (EU) 537/2014, which has not revealed the presence of any weaknesses detected in the system of internal controls over the financial reporting process, of sufficient importance to warrant being brought to the attention of the Board of Statutory Auditors.

    The Board of Statutory Auditors has overseen the Company's preparation of the Consolidated Non-Financial Statement of Prysmian S.p.A. and its subsidiaries. In addition, the Company has prepared an Integrated Annual Report containing its Consolidated Non-Financial Statement for 2022. EY S.p.A. was engaged to perform a limited assurance audit of this statement, as a result of which it has issued today its report in accordance with art. 3, para. 10, of Italian Legislative Decree 254/2016 and art. 5 of Consob Regulation 20267/2018. In this report, the Independent Auditors have concluded, on the basis of the work performed, that no matters have come to its attention that would suggest that the Consolidated Non-Financial Statement has not been prepared, in all material aspects, in accordance with the requirements of art. 3 and art. 4 of the aforementioned decree and the selected GRI Standards, as described in the "Methodology" section of the Consolidated Non-Financial Statement.

The Board of Statutory Auditors has reviewed the related report by EY S.p.A. and has overseen compliance with the provisions established by Italian Legislative Decree 254/2016.

15. The Board of Statutory Auditors has confirmed, also through meetings with the Managers responsible for preparing financial reports and the Independent Auditors, compliance with the requirement of art. 114, para. 2, of Italian Legislative Decree 58/1998, for subsidiaries to provide all the information necessary to fulfil the disclosure obligations required by law and Regulation (EU) 596/2014. Subsidiaries transmit the required information in a timely manner.

    The Board of Statutory Auditors has also found that the information provided by subsidiaries located outside the European Union is adequate for the audit of the annual and interim financial reports, as required by art. 15 of the Market Regulations adopted under Consob Resolution 20249 dated 28 December 2017.

16. The Board of Statutory Auditors has confirmed, through direct checks and information obtained from EY S.p.A., that the financial statements and directors' report comply with the rules and laws concerning preparation and layout.

17. The Company has adopted Italy's Corporate Governance Code (2020 version), drawn up by the Corporate Governance Committee of the Italian Stock Exchange. The Board of Statutory Auditors has monitored the arrangements for implementing the Corporate Governance Code for Listed Companies adopted by the Company, as described in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 9 March 2023.

    In addition, the Board of Statutory Auditors confirms that it has taken part in induction sessions aimed at deepening its knowledge of the company and group organisation, business sectors and strategies, in line with the recommendations of the Corporate Governance Code.

18. The Board of Statutory Auditors has overseen the activities to confirm the requirements and correct application of the criteria for directors' independence. The Board of Statutory Auditors has also verified that its own members meet the independence requirements, pursuant to art. 148, para. 3, of Italian Legislative Decree 58/1998, and has carried out a self-assessment, concluded on 3 March 2023, which concerned, among other things, the operation of the board itself. Furthermore, it has been verified that the members of the Board of Statutory Auditors, pursuant to art. 19 of Italian Legislative Decree 39/2010, are, as a whole, competent in the sector in which the Company operates.

    Further information about the Company's corporate governance can be found in the specific section of the "Report on Corporate Governance and Ownership Structure of Prysmian S.p.A. - 2022".

    The Board of Statutory Auditors has monitored that the aforementioned Report provides full disclosure about how the Company has adopted and implemented the recommendations of the Corporate Governance Code.

    In addition, the Board of Statutory Auditors has verified that the 2023 Report on Remuneration Policy and Compensation Paid, prepared in accordance with art. 123-ter of Italian Legislative Decree 58/1998 and approved by the Board of Directors on 9 March 2023, has been prepared in accordance with applicable requirements and provides adequate information about the Company's remuneration policy and compensation paid during the year. This Report also takes into account the amendments made, further to Consob Resolution 21623 of 10 December 2020, to art. 84-quater and to Schedule No. 7-bis of Annex 3A of the Issuers' Regulations, following the transposition of Directive (EU) 2017/828 on the encouragement of long-term shareholder engagement (SHRD 2).

19. The supervisory and audit activities carried out by the Board of Statutory Auditors have not revealed any significant facts that should be disclosed or mentioned in this Report.

20. Given the results of the specific work performed by the Independent Auditors to audit the accounts and verify the reliability of the financial statements, as well as our own supervisory activities, the Board of Statutory Auditors can find no reasons to object to the approval of the proposed resolutions presented by the Board of Directors to the Shareholders' Meeting. The Board of Statutory Auditors expresses a favourable opinion on the approval of the financial statements for 2022, together with the Directors' Report, and has no objections to the Board of Directors' proposal for the allocation of the net profit for the year, and for the distribution of a dividend from the net profit for the year and from retained earnings.

Milan, 17 March 2023

The Board of Statutory Auditors

Stefano Sarubbi

Laura Gualtieri

Roberto Capone

Linking the
sustainable future